



CYPRUS INVESTMENT FUNDS ASSOCIATION
ANNUAL REVIEW 2020



Annual Review 2020 &
Financial Statements
for the year ended
31 December 2019

President's Statement.....	2
Why Cyprus.....	5
Cyprus Funds Sector.....	6
Investment Funds at the European Level.....	8
Worldwide Investment Funds.....	12
About CIFA.....	14
Our Mission.....	15
Our Goals.....	16
CIFA Board of Directors.....	17
Activities.....	18
Events.....	22
Technical Committees.....	24
CIFA Corporate Membership.....	33
Financial Statements.....	38

CONTENTS



President's Statement

Even though 2020 was a challenging year for everyone due to the COVID-19 pandemic, the Cyprus fund industry was extraordinarily resilient and continued attracting promoters and fund managers. Thus, we feel proud the coordinated action to lay the industry's foundations, which started a few years ago, is now bearing fruit and the country is considered a reliable jurisdiction of choice for the fund industry.

According to the latest data disclosed by the Cyprus Securities and Exchange Commission (CySEC), at the end of the second quarter of 2020, total Assets Under Management increased to almost €8 billion. This equals a quarterly increase of 5.3% despite the difficulties and uncertainty the COVID-19 pandemic has created. Since 2016, assets under the management of entities regulated in Cyprus have increased by 196%, while a significant number of applications are pending approval. The sector's success story is also demonstrated from collaborations with internationally renowned custodians and Cyprus Funds' acceptance in Clearstream's Vestima platform, Bloomberg and Thomson Reuters.

As a European Union Member State, Cyprus benefits from harmonised EU financial services regulations that provide for flexibility and clarity. Its geographical location also serves as a convenient 'bridge', offering competitive access to Europe, the Middle East, and Africa. Concerning asset management, Cyprus has aligned its national regime by closely mirroring the rules established under the UCITS, AIFM, and MiFID Directives. CySEC prudently regulates the industry, which comprises an English-speaking and highly-educated workforce. Most importantly, the costs associated with setting up and managing a fund are significantly lower compared to other EU jurisdictions. Many funds and fund managers capitalised on these advantages and chose Cyprus as the base for their activities. Following Brexit and its consequences, we also managed to attract many fund managers from the UK.

In 2020, the House of Representatives passed the Mini Alternative Investment Fund Managers Law, which sets up a regulatory and licensing regime for Cyprus-based sub-threshold alternative investment fund managers. The Law that will regulate Fund Administrators is under discussion at the House of Representatives. We are optimistic it will be approved in 2021 to complete the country's legal framework regarding the fund industry and further our efforts in establishing Cyprus as a destination of choice for the sector's key players.

In its "Autumn 2020 Economic Forecast", the European Commission projected that Cyprus' GDP growth will fall by 6.2% in 2020 and then increase by 3.75% and 3% in 2021 and 2022 respectively, when output is expected to slightly exceed its pre-pandemic levels. Even though the recovery is expected to be driven by domestic demand and private consumption, at CIFA, we firmly believe investments made by foreign investment funds will significantly contribute to the speedy return to pre-pandemic levels. We have already witnessed investment funds investing in several sectors in Cyprus, such as shipping, hospitality, education, healthcare and renewable energy.

CIFA is a full member of the European Fund and Asset Management Association

As a European Union Member State, Cyprus benefits from harmonised EU financial services regulations that provide for flexibility and clarity.



(EFAMA), an Associate Member of the International Capital Market Association (ICMA), and a member of the International Investment Funds Association (IIFA). To ensure professionals in the sector keep up to date with international regulatory developments, a Memorandum of Understanding with the Chartered Institute for Securities and Investors (CISI) for collaboration in capacity building and best practices is in place. More recently, we also signed a Memorandum of Cooperation with the CFA Society Cyprus and another one with the Institute of Certified Public Accountants of Cyprus.

As you are all aware, one of CIFA's missions is to promote abroad Cyprus' funds industry as a competitive investment fund jurisdiction. In 2020, CIFA represented the sector in numerous economic forums worldwide, physically or digitally. In 2021, we will continue doing so, as it is our firm belief it's the right time to take advantage of the momentum that has been built around the sector's

potential.

Internally, CIFA's technical committees continued their work solving problems and improving the industry. I'm pleased to see motivated and highly-skilled individuals helping the sector to unlock future potential.

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, Invest Cyprus, CySEC and other professional bodies of public interest. Through strategic actions and professional behaviour, they have contributed to establishing Cyprus as a fund jurisdiction with high standards.

We remain optimistic that in the forthcoming years, the Cyprus fund industry will continue to be the fastest-growing European centre in terms of net Assets under Management and we hope the industry will soon reach the €20 billion threshold in Assets under Management.

Andreas Yiasemides

President – Cyprus Investment Funds Association (CIFA)



Why Cyprus

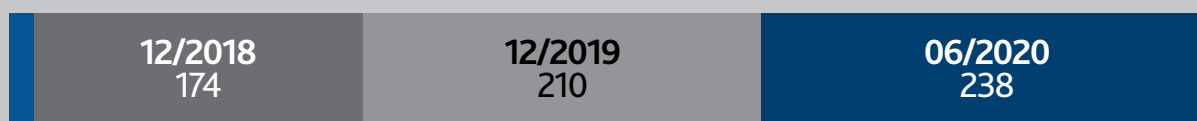
Cyprus is fast becoming one of the top emerging investment fund centres in Europe in light of its continuous efforts to upgrade its legislative and regulatory regime, which is backed up by its strong network of financial and professional services providers. Determined to stay at the forefront of industry 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

CYPRUS FUNDS SECTOR

AT A GLANCE (Second Quarter of 2020)

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



12/2014
13

CySEC-Authorised Management Companies and UCIs

June 2020

AIFMs

AIFM (External Fund Managers)	33
AIFM (Internally Managed Fund)	1

Sub-threshold AIFMs

AIF (Internally Managed)	1
AIFLNP (Internally Managed)	57
Special Purposes Entities	11

UCITS Management Companies

4

Externally Managed UCIs

UCITS	10
AIF (Externally Managed)	53
AIFLNP (Externally Managed)	37
RAIF (Registered AIF)	30

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

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)

Investment in Specific Sectors

Energy

€111.8 million (1.40% of total AuM)

Sustainable Investments

€33.4 Million (0.42% of Total AuM)

Shipping

€10.7 Million (0.13% of Total AuM)

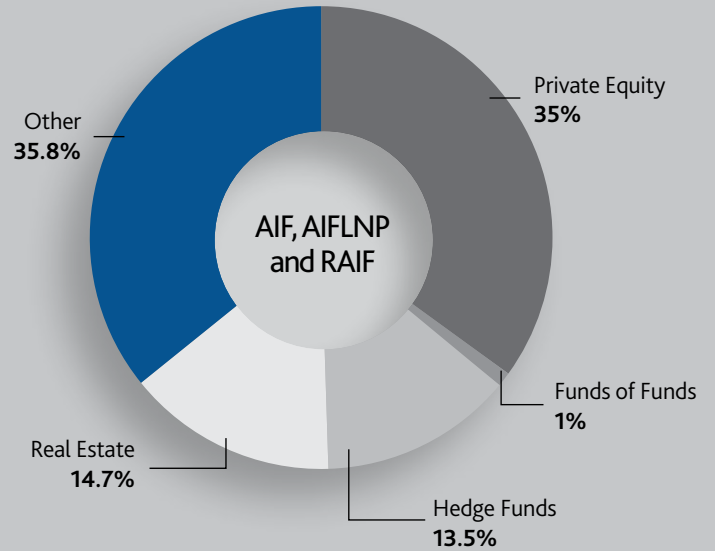
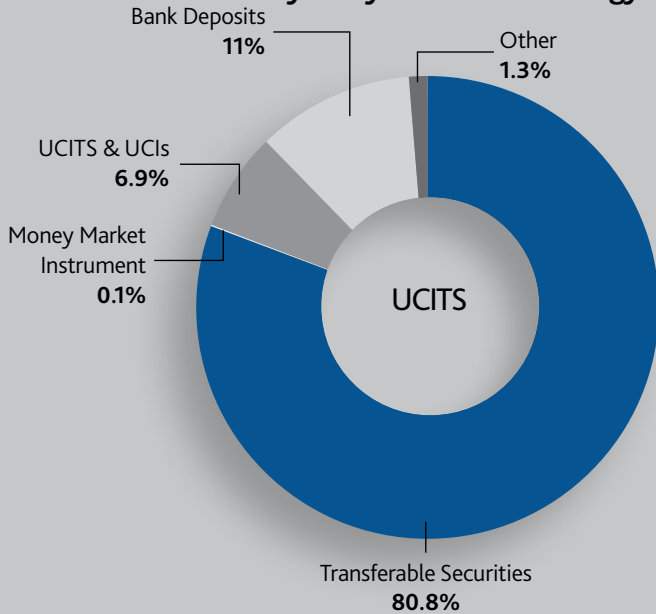
Fintech

€23.2 Million (0.29% of Total AuM)

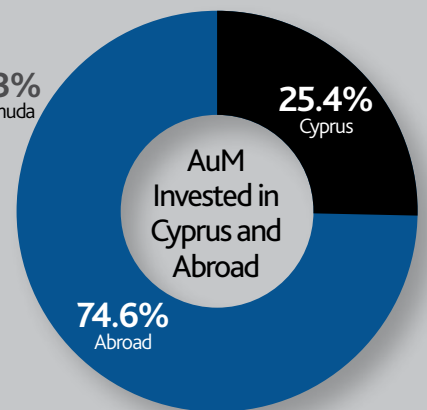
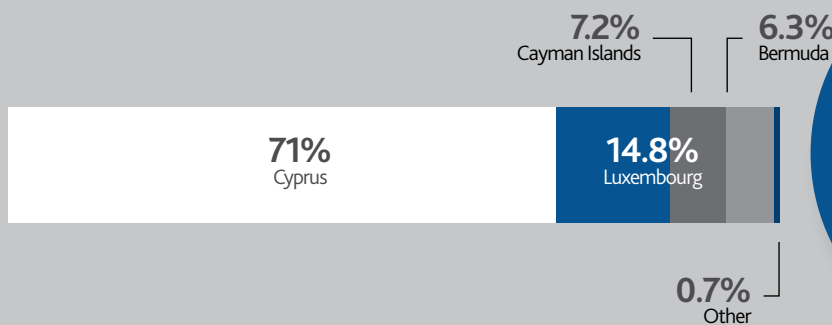
Assets Under Management (AuM): **€7.97 billion**

Net Asset Value (NAV): **€6.31 billion**

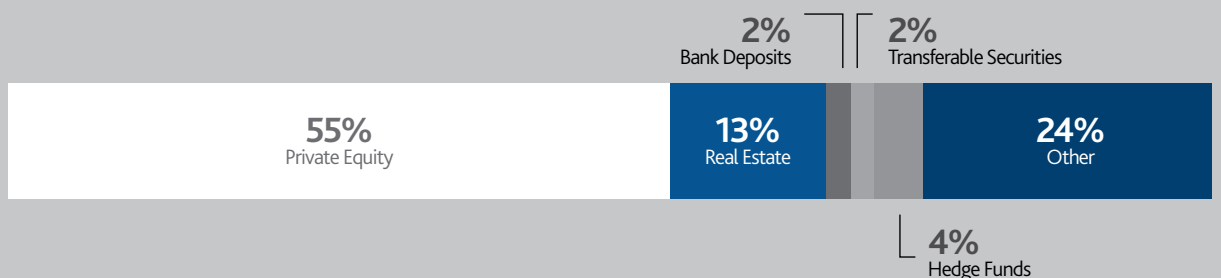
AuM Analysed by Investment Strategy



AuM Based on Domicile of UCIs Under Management



Investment Strategy of UCIs Invested in Cyprus





INVESTMENT FUNDS AT THE EUROPEAN LEVEL

Source: EFAMA

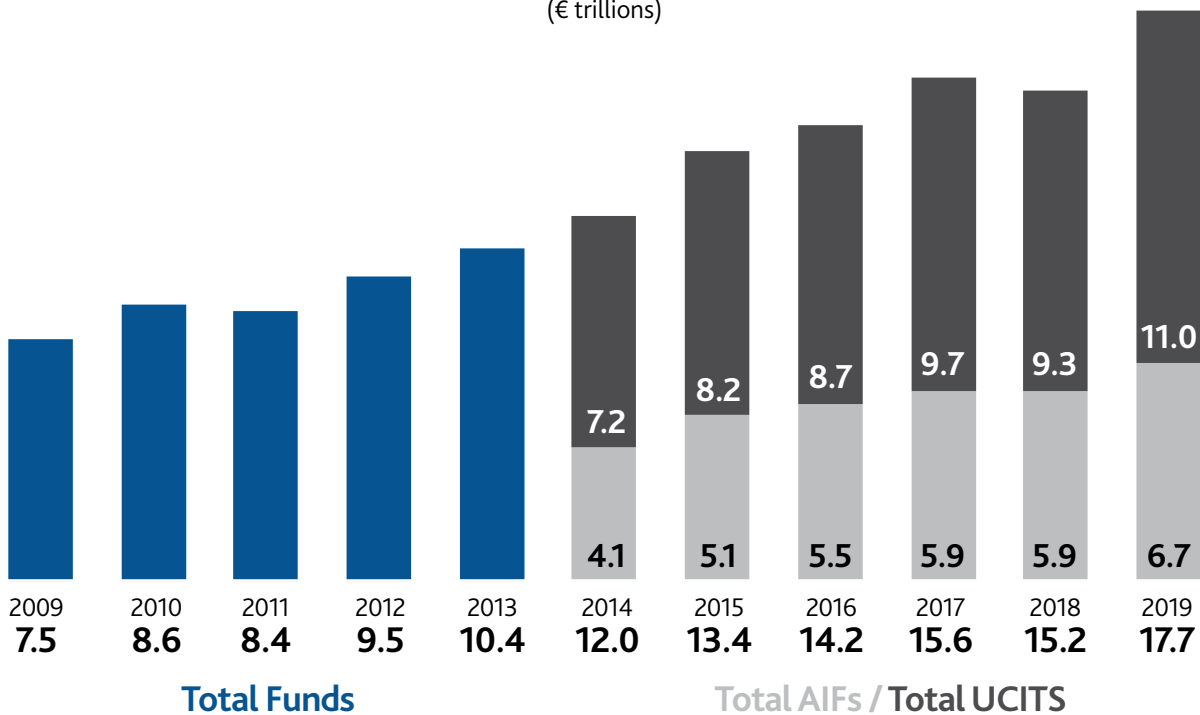
Key Facts and Figures

Net assets of European investment funds grew strongly during 2019. Asset growth was mainly driven by the strong performance of the bond and equity markets.

The continuous asset growth of European investment funds was interrupted in 2018, due to the sharp fall in stock markets in the later months of the year. Asset growth recovered strongly in 2019 to reach 16%.

Net Assets of European Investment Funds at end 2019

(€ trillions)



Net sales of UCITS and AIFs rebounded to €542 billion in 2019, rallying from the low reached in 2018 (€258 billion).

Net sales of European investment funds more than doubled in 2019, despite lingering concerns over trade tensions and economic growth. UCITS saw net sales bounce back from €121 billion in 2018 to €391 billion in 2019. Net sales of AIFs also rose from €137 billion to €151 billion.

Strong net inflows into bond funds accounted for more than 75% of total net sales of UCITS in 2019.

A more dovish monetary policy, in response to weaker global growth, pushed bond yields down and convinced investors that low interest rates were there to stay. Turning to low-risk assets such as bonds in these circumstances appeared a safe move. Equity funds suffered from net outflows in 2019 (€6 billion), as investors remained fearful of weaker growth for much of the year.

Equity funds accounted for the largest share of European investment fund assets (29%) at the end of 2019.

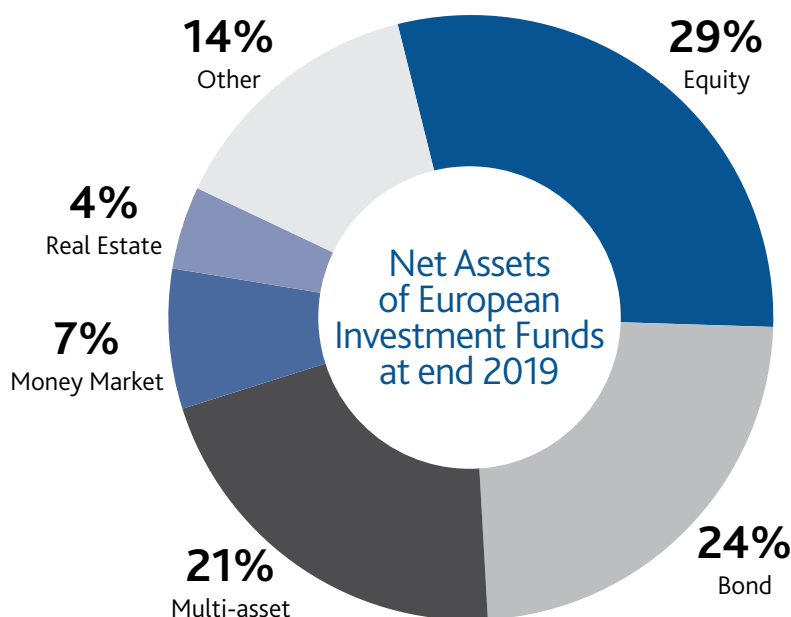
Bond funds were the second-largest type of fund, accounting for 24% of total net assets. Multi-asset funds represented 21%, followed by money market funds (7%) and real estate funds (4%). Other UCITS and AIFs made up the remaining 14%.

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

Net assets of UCITS ETFs rose from €448 billion - 5.4% of total UCITS assets - in 2015 to €859 billion - 7.8% - at end 2019. Net sales of ETFs rose from €18 billion in 2018 to €104 billion in 2019, almost 27% of the total net sales of UCITS.

Total net sales of UCITS and AIFs represented 46% of the net asset growth over the last decade.

UCITS and AIFs attracted €4,708 billion in new net inflows over the last ten years. These cumulative net sales represented 46% of the growth in the net assets of UCITS and AIFs. Market appreciation accounted for the remaining €5,549 billion - 54% of net asset growth.





Fund Demand

From a 'demand-side' perspective, focusing on where funds are bought and who owns them, irrespective of their country of domiciliation, the European fund market amounted to €13.1 trillion at end 2019.

Net assets of funds owned by investors in Europe increased by 10% in 2019, aided by the strong performances of stock and bond markets over the course of the year. Fund ownership in Europe has increased by 129% since 2009.

The countries with the highest levels of fund ownership at end 2019 were Germany, the United Kingdom, France, the Netherlands and Italy.

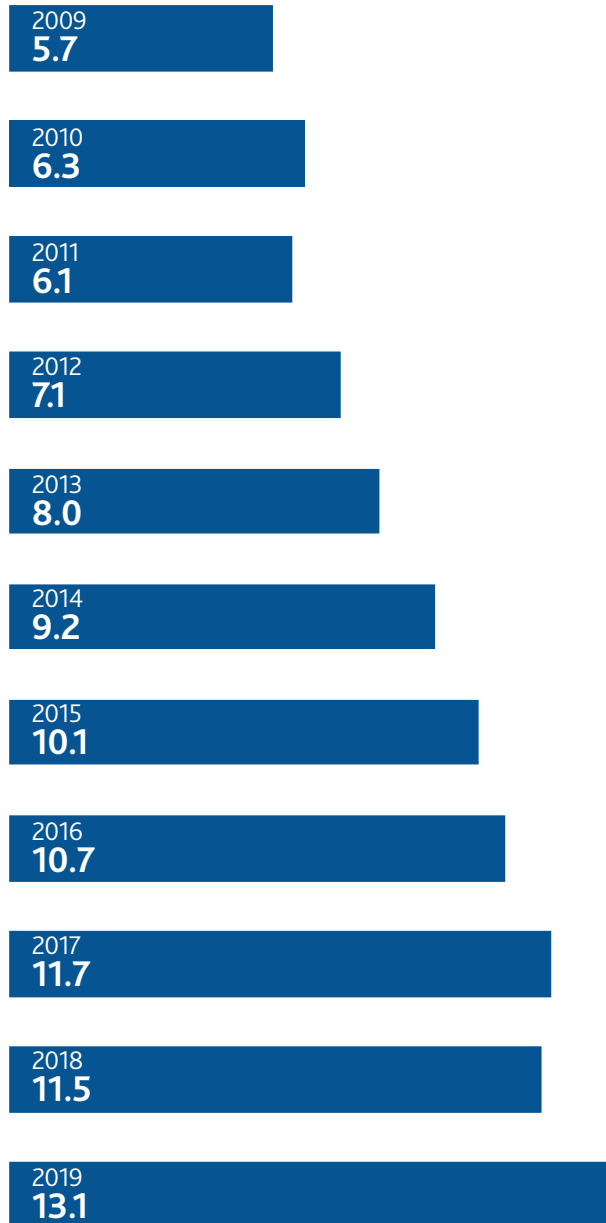
The four largest European countries feature in this list, reflecting the relative sizes of their economies and populations. The Netherlands belongs to this group due to the size of its occupational pension funds, which tend to invest a significant share of their portfolios in investment funds.

Insurers and pension funds are the main type of investors in European funds.

Insurers and pension funds held investment fund assets for an amount of €5.5 trillion at the end of 2019 - 42% of total fund ownership in Europe. Other financial intermediaries were in second place, with a share of 24.8%. This can be partly explained by the fact that many funds invest an increasing proportion of their assets in other long-term investment funds. Since 2018, households have been the third-largest category of investors in funds in Europe.

Investment Fund Ownership

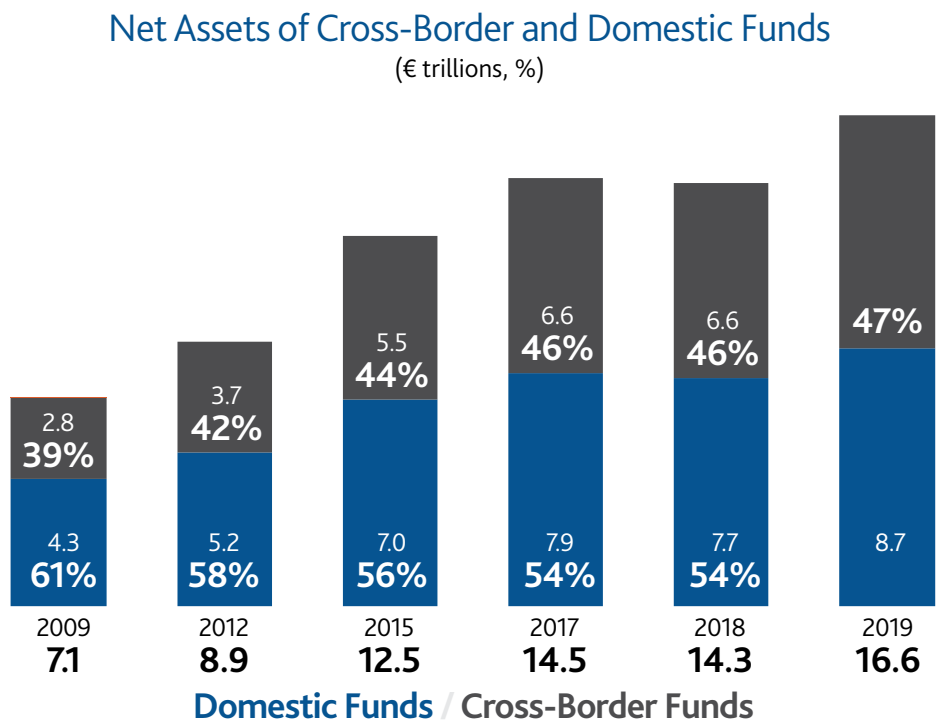
(€ trillions)



Cross-Border Funds

Home-domiciled European funds can be sold to investors at home (domestic funds) or abroad (cross-border funds). Net assets managed by European cross-border funds have grown strongly since 2009.

The European cross-border fund market grew from €2.8 trillion - 39% of total net assets of European funds in 2009, to €7.8 trillion - 47% of the total fund market in 2019.



Cross-border funds can be sold both within and outside Europe.

The strong growth in the cross-border market in 2013-16 was mainly attributable to net sales of cross-border funds within Europe. In 2018 and 2019, net sales in Europe dropped significantly, as European investors reacted to the rise in economic and financial instability. At the same time, demand for European funds from investors in the rest of the world remained robust.

Luxembourg and Ireland are the two largest cross-border fund domiciles in Europe.

Together, these two fund domiciles accounted for 92% of the total European cross-border fund market. The vast majority of funds domiciled in other European countries are sold domestically.

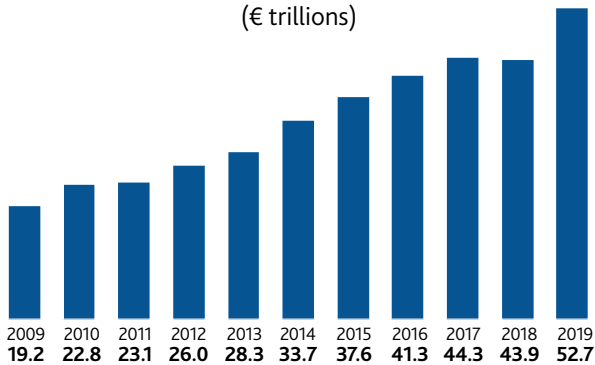
WORLDWIDE INVESTMENT FUNDS

Source: EFAMA

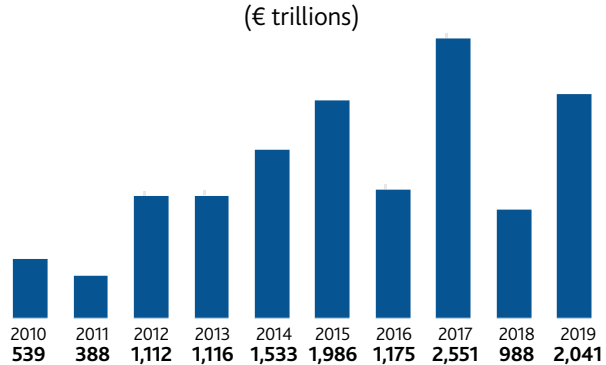
Overview

Net assets of worldwide investment funds rose significantly in 2019, to end the year at €52.7 trillion, an increase of 20% over the end of 2018. Net sales of worldwide investment funds also picked up, totalling €2,041 billion in 2019, compared to €988 billion in 2018 and an average of €1,265 billion over the 2010-18 period. Over the past decade, worldwide investment fund net assets have increased by 174%, thanks to market appreciation and net sales totalling €13.4 trillion.

Worldwide Investment Fund Assets
(€ trillions)

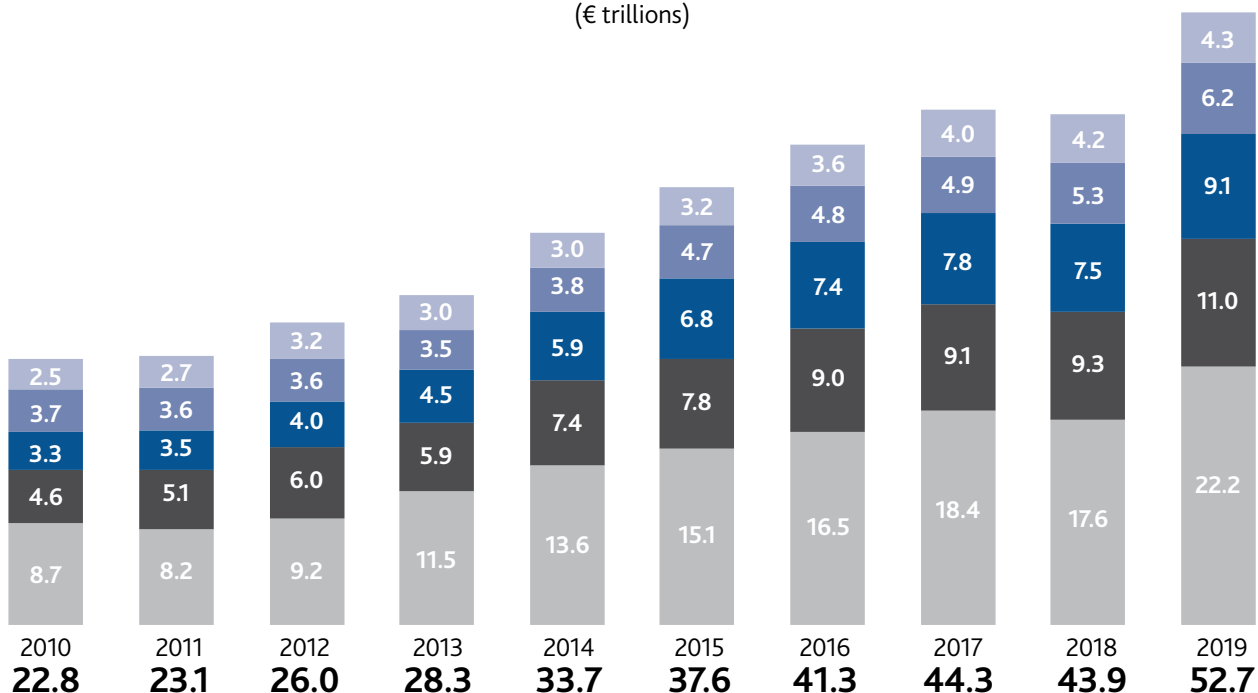


Worldwide Investment Fund Net Sales
(€ trillions)



Worldwide net assets can be broken down by types of fund. Worldwide equity funds amounted to €22.2 trillion at the end of 2019. Bond funds were the second-largest category, with €11.0 trillion in net assets. Multi-asset funds represented €9.1 trillion, with MMFs at €6.2 trillion.

Worldwide Assets of Investment Funds by Fund Type
(€ trillions)



Equity – Bond – Multi-Asset – Money Market – Other

Net Assets of UCITS and AIFs by Country

The growth in UCITS assets in 2019 varied between European countries. Overall, growth was predominantly positive, with only Hungary registering a net asset decline. Exceptional asset growth was seen in Turkey (109%), aided by an appreciation in the TRY exchange rate and strong inflows into MMFs. In addition, Cyprus (80%), Greece (34%), Ireland (28%), the Netherlands (28%), Sweden (27%) and Switzerland (27%) also registered strong asset growth. Total AIF net assets grew slightly less than UCITS assets, again with significant variations between countries. In 22 countries net AIF assets grew, while six countries registered a decrease. The highest growth rates were recorded in Liechtenstein (42%), Czech Republic (27%) and Cyprus (27%).

Net Assets of Investment Funds (€ billions)

Country	UCITS 2019	UCITS Growth Rate 2019	AIFs 2019	AIFs Growth Rate 2019
Austria	86.3	14%	107.7	11%
Belgium	143.7	16%	21.7	-8%
Bulgaria	0.8	14%	0.0	2%
Croatia	3.0	18%	0.6	14%
Cyprus	0.4	80%	4.9	27%
Czech Republic	13.1	23%	1.5	27%
Denmark	144.2	15%	171.4	16%
Finland	109.9	13%	14.9	14%
France ¹	822.8	5%	1,137.5	10%
Germany	407.9	17%	1,949.8	15%
Greece	6.1	34%	2.8	-19%
Hungary	1.3	-6%	18.3	2%
Ireland	2,315.5	28%	732.9	20%
Italy	244.5	3%	76.1	-1%
Liechtenstein	29.1	9%	24.8	42%
Luxembourg	3,920.8	17%	798.1	13%
Malta	3.1	16%	12.3	7%
Netherlands	43.2	28%	904.3	14%
Norway	134.6	19%		
Poland	28.1	11%	34.8	2%
Portugal	12.3	21%	11.2	-4%
Romania	4.7	13%	4.9	17%
Slovakia	5.3	9%	2.1	21%
Slovenia	3.0	22%	0.1	16%
Spain	245.8	10%	60.5	-5%
Sweden	398.4	27%	22.8	13%
Switzerland	564.5	27%	149.8	19%
Turkey	15.4	109%	13.7	4%
United Kingdom	1,282.4	17%	468.8	17%
Europe	10,990	18%	6,748.3	14%

¹ Following the introduction of the new EFAMA classification for UCITS and AIFs in 2014, a significant number of UCITS funds domiciled in France were reclassified as AIFs.



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 300 members from more than 120 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.



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



Panikos
Teklos
Vice President



George
Campanellas
Vice President



Maria
Panayiotou
Board Secretary



Christoforos
Antoniades
Board Member



Antonis
Antoniou
Board Member



Andreas
Athinodorou
Board Member



Marinos
Christodoulides
Board Member



Christos
Kalogeris
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 2020, 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.

Communication Activities

To increase international awareness about Cyprus' growing investment funds sector and to gain greater exposure for CIFA and its members, the association has been communicating its message through editorial contributions and interviews in a number of local and international channels, including:



Cyprus Investment Funds Guide (October 2020)

The 2020 edition of CIFA's Cyprus Investment Funds Guide was published in cooperation with CountryProfiler. The official publication provides international readers with an in-depth look at Cyprus investment funds and introduces key contacts within the sector. The 64-page Guide includes topics such as: Cyprus Fund Domicile Statistics; Introduction to the Cyprus Securities and Exchange Commission; Funds Sector Profile; Cyprus AIFs and UCITS; Passporting; Fund Hosting; Redomiciliation of Foreign Entities; Listing on the Cyprus Stock Exchange; Taxation; and a business directory of key players in the Cyprus funds industry. The Guide is available in hard copy and as a download from CIFA's website as well as on CountryProfiler's online business and investment portal – CyprusProfile.com. Printed copies of the Guide are distributed at all events organised or attended by CIFA.



Cyprus Country Report (October 2020)

CountryProfiler's annual Cyprus Country Report is read by a high-calibre international audience of senior executives and professional advisors worldwide. The 184-page publication includes articles about Cyprus' economy, foreign direct investment and detailed sector profiles including investment funds, as well as insights from some of Cyprus' most influential political, economic and business leaders shaping the future of the country and its industries.



EFAMA Fact Book 2020 (18th Edition)

The European Asset Management Association (EFAMA) annual Fact Book offers comprehensive information on recent trends in the European investment fund industry and analyses a number of issues that are at the centre of the future development of the industry. Important trends relate to recent developments in the investment fund markets in and outside Europe, to the growth perspectives of the industry, the role of investment funds in pension provision, ownership of investment funds and much more. The Fact Book also includes reports on the investment fund market in 29 European EFAMA member countries, including Cyprus, as well as a statistical section presenting historical data and assets under management of the largest European managers.

Sustainable investment in the European asset management industry: Defining and sizing ESG strategies

For this edition of Market Insights, EFAMA collaborated with its member associations and strategy consultants at INDEFI to estimate the level and nature of ESG investment by European asset managers at the end of 2019, distinguishing between the ESG strategies applied at the firm level and those applied at the level of individual fund and discretionary mandate. The assets under management covered in the report include €12.5 trillion of investment fund assets and €11.4 trillion of mandate assets.



Khaleej Times Supplement (December 2020)

CIFA contributed articles to promote the Cyprus fund industry in the UAE region in a special Khaleej Times supplement on Cyprus in December 2018, November 2019 and December 2020. Khaleej Times is the first English newspaper to be launched in the UAE and has a multinational readership of 450,000. The broadsheet is the highest circulated of the English language newspapers throughout the Gulf. It reaches out to all parts of the UAE. Additionally, it covers Bahrain, Oman, Kuwait, Qatar and Saudi Arabia through a dedicated distribution network.

Khaleej Times

CyprusProfile.com

CIFA's participation on CountryProfiler's business and investment portal for Cyprus has enabled the association to increase local and international awareness about developments in the country's fund sector. CyprusProfile.com includes in-depth profiles on the country's key sectors, including investment funds, as well as sector-related articles, interviews, insights and publications. CIFA's 2020 Cyprus Investment Funds Guide is also available for download from CyprusProfile.com.



Local and International Media Coverage

CIFA, and its event participation over the course of the year, has also been covered by various international and local media, such as, but not limited to, Hedgeweek, Funds Europe Journal, HFM Week, Private Equity, International Investment, Gold Magazine, Sigmalive, Stock Watch, Phileleftheros, Kathimerini, Cyprus Mail, CyprusProfile.com, Gold News, Capital Today and Financial Mirror.







Events 2020

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.

Webinar: MENA and the Cyprus Investment Funds Industry Developments & Trends during COVID-19

3 June 2020

Invest Cyprus Road Show (Digital Series) – Israel

18 June 2020

Funds Industry Participation by CIFA

Invest Cyprus Road Show (Digital Series) – India

26 June 2020

Funds Industry Participation by CIFA

Invest Cyprus Roadshow (Digital Series) - Hong Kong

28 July 2020

Funds Industry Participation by CIFA

Invest Cyprus Roadshow (Digital Series) – UK

30 September 2020

Funds Industry Participation by CIFA

Invest Cyprus Roadshow (Digital Series) - Saudi Arabia

15 October 2020

Funds Industry Participation by CIFA

Invest Cyprus Roadshow (Digital Series) - Southeast Asia

27 October 2020

Funds Industry Participation by CIFA

Cyprus Investment Funds Platform and Solutions to Swiss Fund and Asset Managers (Virtual Event)

29 November 2020

Invest Cyprus Roadshow (Digital Series) - USA

10 November 2020

Funds Industry Participation by CIFA

6th CIFA International Funds Summit (Virtual Event)

16-17 November 2020

The event attracted more than 500 participants, including 300 key professional from overseas.

16th Cyprus Summit – The Economist Events (Virtual Event)

24 November 2020

Invest Cyprus Roadshow (Digital Series) - Kazakhstan

2 December 2020

Funds Industry Participation by CIFA

Invest Cyprus Roadshow (Digital Series) – Belarus

10 December 2020

Funds Industry Participation by CIFA

Invest Cyprus Roadshow (Digital Series) – Russia

15 December 2020

Funds Industry Participation by CIFA

During 2020, CIFA also took part in business events organised by the Cyprus Chamber of Commerce and Industry, and the Institute of Chartered Accountants of England and Wales (ICAEW).

Events Planned for 2021

In 2021, CIFA will host the annual Investment Funds Summit and participate in Invest Cyprus' promotional events, including their digital series of Roadshows in Israel, USA, UK, India, China, Russia, France, Germany, South Africa, Lebanon, Egypt, Saudi Arabia, Kazakhstan, and South East Asia. In addition, CIFA will take part in business events organised by the Cyprus Chamber of Commerce and Industry, ICAEW and The Economist.

Thu, 24th 2020
11:00 am - 12:00pm



webinar

Switzerland and the Cyprus Investment Funds and Asset Management Industry

The changing fund and asset management landscape – what Cyprus can offer to Swiss Fund and Asset Managers



invest Cyprus

ROAD SHOW

DIGITAL SERIES 2020

VIRTUAL EVENT

16TH CYPRUS SUMMIT

Europe: Putting solidarity to the test
Cyprus: In need of a new growth model?

November 24th 2020 • 2:00 pm (EET) • 07:00 am (EST)





6th INTERNATIONAL FUNDS SUMMIT

16-17 November 2020

Global Funds Industry:
The Next Chapter




 George Campanellas
Invest Cyprus


 Andreas Yiannides
CIFA


 John Borgides
MIFG


 Tanguy van de Werve
efama


 Rachel Turner
Deloitte


 David Zahn
UBS


 Rachel Whittaker
LIBS


 Karen Wilson
IOECC


 Daniel Fanchy
UBS


 Lex Sokolin
Deloitte

INVEST CYPRUS ROADSHOW

Digital Destinations 2020



Destination	Date
USA	10 November
United Kingdom	30 September
Israel	18 June
Russia	23 December
India	25 June
Hong Kong/China	18 July
Pakistan	1 December
Saudi Arabia	23 October
Belarus	10 December
Southeast Asia	21 October



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

Technical Committee Summary Reports

AIF Committee

Chairperson:
Antonis Rouvas

2020 was clearly affected by the COVID-19 pandemic. The AIF Committee held two meetings during 2020. The most notable matters that were considered during the year and which were discussed in the said meetings were the following:

Legal and regulatory framework

The Committee discussed the experience of the industry following the introduction of the new AIF Law in mid-2018. A specific area that was addressed was the experience and feedback over the last 2 years on the new type of fund that was introduced with the new law, namely the Registered Alternative Investment Fund (RAIF).

New developments in the fund industry and promotion of Cyprus as a fund jurisdiction

The latest trends in the funds industry were discussed and it was agreed that our goal is to attract more international fund managers in Cyprus, capitalising on the numerous benefits that Cyprus offers as a jurisdiction. To this extent it was noted that as an industry, we need to make sure that the quality of services offered is of the highest quality and at least equivalent to other established jurisdictions. It was agreed that in order to attract larger fund managers, in terms of AuM, we need to target fund managers that are willing to have a slight change to their business model, use local depositaries, etc.

It was suggested that we should make our case more appealing by emphasising other aspects and benefits of the country and not just tax benefits.

It has been acknowledged that the AIF products of Cyprus are competitive and offer many advantages and more digital outreach should be pursued during the period that traveling is restricted due to the pandemic.

Future goals of the Committee

The Committee agreed that more 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 UCITS Committee is regularly meeting every second month, through conference calls. 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
Committee**
Chairperson:
Alexios Kartalis

The following actions have already been taken

- Now prices of all local UCITS are uploaded on CIFA's website on a weekly basis.
- A request was made to CySEC to extend the deadline for the submission of the quarterly report that was accepted. That offers great relief to the management companies.

Next steps

- The Committee will look at the tax issues around UCITS.
- The Committee will continue to make targeted presentations to selected audiences, after the end of the pandemic.

For 2021 we expect a rebound in the markets, that may impact positively the UCITS industry, should the pandemic come to an end.

The Asset Management and Distribution Committee has already been held two times and a number of actions were taken or 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 tax framework for asset managers and investors.

**Asset
Management
and
Distribution
Committee**
Chairperson:
George W. Sams

Executive Summary

• Final tax proposal presented to BoD CIFA for Funds

Mr. Sams informed the Committee about the tax proposal which aims to make Cyprus a more attractive funds regime similar to Ireland and Luxembourg. Meetings with the Board of Directors of CIFA and the Tax Commissioner on this issue and a proposal has been prepared. This proposal has been forwarded to the Chairman of the CIFA Tax Committee, Mr. Neophytou for review and comments before its final submission to the Tax Authorities.

• Tax Incentives for Asset Management

There was an extensive discussion with regards to tax incentives, which can be given to investors in mutual funds, and could contribute to the development of the fund industry in Cyprus. Such tax incentives are given to insurance companies, which have an important advantage in attracting new investors.

• Increase awareness for Asset Management within Cyprus

Given the ultra-low interest rate environment, the members of the Committee expect increased interest for investments in mutual funds from retail clients, apart from professional clients, who dominated the market so far.

Retail investors so far were satisfied with interest received from bank deposits and therefore, they did not seek for alternative investments. Now things are changing, negative interest rates have been introduced. The Committee will formalise a number of initiatives to increase awareness for asset management and will present them to the CIFA BoD for approval and execution.

- **Introducing the Pan-European Personal Pension Product (PEPP)**

Mr. Hadjitofis informed the Committee about the Pan-European Personal Pension Product (PEPP), namely the pension plan which will be available to all residents of the European Union. The Committee in cooperation with the CFA Cyprus Advocacy Committee could contribute to the implementation of the PEPP at a national level.

- **Morningstar**

The president of the Committee informed the members about CIFA's initiative to upgrade Cyprus domiciled funds from category 3 to category 2 at Morningstar.

A conference call was set in order to elaborate on the onboarding process of Cypriot Funds.

- **Communication with other Fund Managers**

A new letter will be prepared by the Committee and will be addressed to all CIFA members in order to meet other fund managers and to discuss issues faced by industry participants.

Brief outlook for the Future

- A new Committee will be formalised with the collaboration of CFA with regards to Pan-European Personal Pension Product (PEPP).
- Educational material with regards to financial literacy and other initiatives will be presented to the BoD aimed to increase awareness for asset management.
- 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's BoD.
- Morningstar onboarding Cypriot funds.

**Fund
Administration
Committee**

**Chairperson:
Andreas Athinodorou**

Following a new synthesis of members in September, the Committee resumed its agenda through online meetings in September, November and December 2020.

The objectives of the Committee were re-stated in light of the fund industry's growth and new needs created based on this growth, but the focus remained on the following:

- Support the CIFA Board of Directors on issues relating to the Fund Administration Services;
- Liaise with other industry bodies such as CySEC, the Central Bank, the Institute of Certified Public Accountants of Cyprus ("ICPAC"), Registrar of Companies etc. on matters relating to the services covered by the Committee;
- Liaise with other Committees of CIFA to cover areas of Legislation, Regulations, Training, Strategy and Development, Technology, Taxation and other matters;
- Provide support to CIFA members that operate in the areas of services covered by the Committee;
- Engage with international parties that relate to the areas of services covered by the Committee.

The Committee was updated on the online meetings with CySEC in September where the requirement for a legislation regulating the Fund Administrators function and profession was reiterated.



Further, the Committee addressed in its meetings the possibility of creating and maintaining a register of Cyprus based practicing Fund Administrators under the website of CIFA. The reasons that led to the decision to create the Fund Administrators register were the following:

- Promote transparency within the industry and offer visibility for market participants in relation to the profession.
- Provide to registering members a common understanding of the criteria for acting as a Fund Administrator.
- Understand the depth of the market to be soon regulated.

The members of the Committee agreed to work on the following projects in the next few months:

- Draft best practices checklists which will be distributed to members of CIFA for use or consideration.
- Address technical matters related with the performance of the Fund Administrator's duties.
- Liaise with ICPAC in light of the new Memorandum of Cooperation signed between ICPAC and CIFA to streamline resources for support to Fund Administrators who are joint members of the two bodies.

In 2021, the Committee shall continue its efforts to work closely with the CIFA Board of Directors and other industry bodies towards the ratification of the new Fund Administration Law which shall ensure that the Fund Administration Services profession shall be properly regulated in years to come, offering at the same time comfort to fund managers and investors alike.

The Legal & Regulatory Committee monitors developments at EU level and at main Investment Funds centres, by analysing 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, Lux, Ireland, Malta). Indicatively the committee reviewed:

- Categorisation Directive Amendment;
- Compliance DAC6 Directive;
- AML5 - AML6 - UBO Registry;
- ESMA UCITS Consultation on Stress Tests;
- ESMA UCITS Consultation on Performance Fees;
- ESMA Opinion of Brexit - re Delegation Arrangements;
- Ireland CP86 Consultation and Guidelines on Governance of Funds;
- ESA Consultation for PRIIP Kid to professional investors;
- CySEC Funds Digital Record initiative;
- Loan Origination Funds;
- AIFMD2 Developments;
- ESG Developments;
- Funds Rule Book;
- Fund Documentation Template Lists.

Legal and Regulatory Committee

Chairperson:
Michalis Ioannides

In order to assist the work of the Committee and have more elaborate opinions circulated on a continuous basis, the Committee created an online discussion forum which will be operational in early 2021. The legal forum will be open for collaboration with all members of the Committee, the Board and the Chairpeople of other committees for coordination on their legal issues.

Ethics and Risk Management Committee

Chairperson:

**Andreas
Theophanous**

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 developed a three-year roadmap, which will be 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;
- Developing tools, the aim of which will be to assess the level of ethics and risk awareness of our members, in an attempt to identify areas where further guidance may be required;
- Enhance relationships with the regulator, market participants and service providers of the industry, in order to identify regulatory and market needs and available solutions;
- Developing 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 to update of our members on ethics issues.

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 officers 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 and practical implementation of EU Regulation on Package Retail and Insurance based investment Products ("PRIIPS"), 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.



The purpose of the committee is to assist the BOD of CIFA in addressing matters related to anti-money laundering and compliance in the Fund industry, liaise with the competent authorities for ML/TF matters, and to support the market practitioners in the Funds Industry.

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

Completed actions

- Reviewed and recommended actions for AML critical issues that affect the Funds 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 Funds Industry;
- Met with other professional bodies and technical committees to discuss AML issues and identify ways to overcome such challenges;
- Reviewed and analysed upcoming changes in the regulation, including consultation papers issued from the regulator and provided feedback and comments.

Brief outlook for the future:

The Cyprus authorities in charge for Combating Money Laundering and Terrorist Financing 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 foreign supervisory authorities to ensure financial sector legislation and practices are aligned with international standards and best market practices. In the meantime, the Advisory Authority is working with local industry participants to coordinate in relation to the transposition of 5AMLD through legislative amendments to the AML Law. Considerable developments are undergoing for the establishment of a) a central register that will hold information on beneficial ownership for corporate and other legal entities incorporated or based in the jurisdiction, and b) a central register of beneficial owners of trusts. Since the precise rules governing the establishment of the registers are still to be fully clarified, the authorities are likely to take steps to finalise the necessary systems and infrastructure once these rules are fully agreed. The whole process is expected to be finalised towards the end of year 2021.

Over the upcoming months, it is expected that the boardroom people and professionals dealing with the AML and regulatory matters shall expect to see more intensive efforts from the regulators, especially after the results of the Moneyval report for Cyprus in 2020 and the developments with the Cyprus Investment Program. 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 be 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 with 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 engaging with the best possible consultants in the risk advisory field to seek for support.

Anti-Money Laundering (AML) Committee

Chairperson:
Giorgos
Konstantinou



Tax Committee

Chairperson:
Neofytos
Neofytou

During 2020, the Tax Committee has concentrated its efforts on promoting changes in the existing tax legislation, which will make the establishment of funds in Cyprus more attractive. In the course of these efforts, the Chairman and members of the Tax Committee attended meetings with the Tax Commissioner and other tax officials and meetings of the CIFA Board of Directors and has been in liaison with the Tax Committee of ICPAC.

After a series of Tax Committee meetings, in December 2020 the Tax Committee has presented to the Board of Directors of CIFA 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 Asset Value ("NAV") of funds, instead of corporation tax. Once these proposals are accepted by the Board of Directors, these proposals will be forwarded to the Ministry of Finance and the Tax Commissioner for further discussions.

Statistics and Fund Research Committee

Chairperson:
George Martides

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); and
- Any ad-hoc request for statistical data about the fund industry in Cyprus.

During 2020, two additional members joined the Committee to assist the Committee's efforts in meeting the growing demand for statistical data.

The most important achievements of our Committee during 2020 were the listing of funds on the Refinitiv Platform (ex-Thomson Reuters), which is visible to more than 20,000 global asset managers and related professionals, as well as on the Bloomberg Terminal.

Similar to previous years, in 2020 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) several information and statistical analyses about the fund industry in Cyprus, that was requested by IIFA.

During 2020, we also got involved in discussions with MorningStar with the prospect of making Cyprus funds eligible to be listed on the MorningStar Platform. 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 discussions with MorningStar are expected to continue in 2021 where further statistical information needs to be prepared and presented to MorningStar representatives by the Statistics and Fund Research Committee. 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.

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 2021 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

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



CIFA Corporate Membership

7Q Asset Management Ltd

+357 22 763 344
www.7qam.net

Andreas M. Sofocleous & Co LLC

+357 25 849 000
www.sofocleous.com.cy

Atonline Limited

+357 22 680 015
www.atonint.com

AGW Investment Fund RAIF VCIC PLC

+357 25 057 150
www.agw.fund

Antis Triantafyllides & Sons LLC

+357 22 360 000
www.triantafyllides.com

Baker Tilly South East Europe

+357 22 458 500
www.bakertilly.com.cy

**Aliatis Energy and Property
AIFLNP V.C.I.C. Ltd**

+357 25 508 400
www.aliatisfund.com

APHEA FUND LIMITED

+357 22 777 337
www.gmmfunds.com

Bank of Cyprus PLC

+357 22 128 000
www.bankofcyprus.com.cy

Alpha Bank

+357 22 888 888
www.alphabank.com.cy

Areti Charidemou & Associates LLC

+357 25 508 000
www.aretilaw.com

BAO Capital Partners Ltd

+357 22 021 606
www.baocapital.com

Alter Domus (Cyprus) Ltd

+357 22 465 151
www.alterdomus.com

AstroBank (Cyprus) Ltd

+357 22 575 555
www.astrobank.com

BDO Cyprus

+357 22 495 707
www.bdo.com.cy

AmCap Management Ltd

+357 25 344 244
www.amathus.capital

ATG Fund Services

+357 22 057 570
www.atgfunds.com

Bizserve Consultants Limited

+357 22 375 504
www.bizserve.eu

AMF Global

+357 25 585 583
www.amf-global.com

**Athlos Capital Investment
Services Ltd**

+357 22 110 888
www.athloscapital.com

BKMS Limited

+357 22 265360
www.bkmsgroup.com

Amicorp (Cyprus)

+357 22 504 000
www.amicorp.com

Athos Group

+357 22 422 232
www.athos-group.com

Blue Diagonal Capital Ltd

+357 25 338 008
www.blue-diagonal.com



CIFA Corporate Membership

Blue House Investment Advisors Ltd
+357 25 281 683
www.bluehouseinvestmentadvisor.com

CP Palema
+357 25 960 000
www.palema.net

Demetra Investments Public Ltd
+357 22 818 222
www.demetra.com.cy

C. Savva & Associates Ltd
+357 22 516 671
www.savvacypus.com

Corinth Capital RAIF V.C.I.C Ltd
+357 22 285 100
www.corinthinvest.com

Demetrios A Demetriades LLC
+357 22 769 000
www.dadlaw.com.cy

Centaur Trust Group
+357 22 499 994
www.centaurtrust.com

Crowe Cyprus
+357 22 755 656
www.crowe.com/cy

**Demetriou & Associates
Business Advisors Ltd**
+357 22 799 900
www.dbacy.com

**Christodoulos G.
Vassiliades & Co. LLC**
+357 22 556 677
www.vasslaw.com

CX Financia
+357 22 323 461
www.cxfinancia.com

E & G Economides LLC
+357 25 866 480
www.economideslegal.com

Christos Patsalides LLC
+357 22 677 677
www.patsalides.com.cy

**CyproFund Administration
Services Limited - CPF**
+357 22 474 000
www.cpf.com.cy

**Easternmed Asset
Management Services Ltd**
+357 22 274 400
www.eastmedfin.com

Chrysanthou & Chrysanthou LLC
+357 22 677 443
www.chryslaw.com

Cyprus Bar Association
+357 22 873 300
www.cyprusbarassociation.org

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

Chryssafinis & Polyviou LLC
+357 22 361000
www.cplaw.com.cy

Cyprus Fiduciary Association
+357 22 256 263
www.cyfa.org.cy

Emergo Wealth Ltd
+357 22 449 122
www.emergowealth.net

Chrysostomides
+357 22 777 000
www.chrysostomides.com

**Cyprus International Institute
of Management**
+357 22 462 246
www.ciiim.ac.cy

Eurobank Cyprus Ltd
+357 22 208 000
www.eurobank.com.cy

Chrysses Demetriades & Co LLC
+357 25 800 000
www.demetriades.com

**Datacenter.com Growth
AIFLNP V.C.I.C LTD**
+357 22 495 707

Eurofast
+357 22 699 222
www.eurofast.eu

Citigrade Capital Ltd
+357 25 004 550
www.citigrade-capital.com

Deloitte (Cyprus)
+357 22 360 300
www.deloitte.com

**European Institute of
Management and Finance**
+357 22 274 470
www.eimf.eu



Exsus Trust
+357 22 877 120
www.exsusinternational.com

**GLOBAL M&A OPPORTUNITIES
FUND AIFLNP V.C.I.C LIMITED**
+357 25 057 150
www.global-mm.com

Hanseatic Capital Management Ltd
+357 25 859 288
www.hanseatic-cm.com

EY Cyprus
+357 25 209 999
www.ey.com

GlobalServe Consultants Ltd
+357 25 817 181
www.globalserve.com.cy

HELLAS-CYPRUS RECOVERY FUND M/F
+357 22 205 858
www.global-mm.com

Fidescorp Limited
+357 22 262 844
www.fides-corp.com

GMM AIFLNP VCIC LTD
+357 22 205 858
www.global-mm.com

**Harneys Aristodemou
Loizides Yiolitis LLC**
+357 25 820 020
www.harneys.com

**Fiduserve Asset
Management Limited**
+357 22 418 200
www.fiduserve.com

GMM Funds
+357 22 205 858
www.global-mm.com

Hellenic Bank Public Company Limited
+357 22 500 500
www.hellenicbank.com

Finartel Capital VCIC Ltd
+357 25 057 150
www.finartel.fund

GMM Global Money Managers AIFM Ltd
+357 22 777 337
www.gmmfunds.com

HLB Cyprus Limited
+357 22 002 700
www.hlb.com.cy

FINCAP Fund Solutions
+357 22 277 222
www.fincapfs.com

GMM Global Money Managers Ltd
+357 22 205 858
www.global-mm.com

Ioannides Demetriou LLC
+357 22 022 999
www.idlaw.com.cy

Fortified Capital Ltd
+357 22 367 610
www.forticap.eu

GPB-Financial Services Limited
+357 25 055 000
www.gpbfs.com.cy

IKOS CIF Ltd
+357 25 814 714
www.ikos.com.cy

G. Apostolou & Co. LLC
+357 22 028 888
www.apostoloulaw.com

GQS Services Limited
+357 22 660 183
www.gqs-services.com

Intertrust Cyprus
+357 25 257 120
www.intertrustgroup.com

Georghios Colocassides LLC
+357 22 459 345
www.cohalaw.com

**Grant Thornton Funds
Services (Cyprus) Ltd**
+357 22 600 248
www.grantthornton.com.cy

Invest Cyprus
+357 22 441 133
www.investcyprus.org.cy



CIFA Corporate Membership

InvestCor Corporate Ltd

+357 25 000 333
www.investcor.eu

IQ-EQ

+357 22 749 000
www.iqeq.com

Joannides + Co Ltd

+357 22 556 556
www.joannides.com.cy

K Argyridou & Associates LLC

+357 22 000 408
www.argyridou.com

K. Treppides & Co Limited

+357 22 678 944
www.treppides.com

KENDRIS (Cyprus) Limited

+357 24 631 300
www.kendris.com

Kinanis LLC

+357 22 558 888
www.kinanis.com

KMG Capital Markets Ltd

+357 25 818 412
www.kmgcapitalmarkets.com

KPMG Limited (Cyprus)

+357 22 209 000
www.kpmg.com.cy

Ledra Management Ltd

+357 22 400 500
www.ledramanagement.net

Leon MFO Investments Ltd

+357 25 268 120
www.leoninvestments.com.cy

MAP S.Platis

+357 25 351 335
www.mapsplatis.com

Marcuard Heritage (Europe) Ltd

+357 25 814 870
www.marcuardheritage.com

Mellstock Limited

+357 25 345 351
www.mellstock.com

Merit Fixed Income Fund Limited

+357 25 857 900
www.meritfixed.com

MFO Asset Management Ltd

+357 22 692 030
www.mfoasset.com

MILEVACO FUND LTD

+357 22 777 337
www.gmmfunds.com

**Mitsubishi UFJ Group (MUFG)
Investor Services FinTech Limited**

+357 25 028 241
www.mufg-isft.com

MNK Risk Consulting Ltd

+357 25 508 202
www.mnkriskconsulting.com

Mouflon Real Estate Fund Limited

+357 22 873 380
www.mouflonfund.com

**Nexia Poyiadjis Chartered
Accountants**

+357 22 456 111
www.nexia.com.cy

Numisma Capital Limited

+357 22 455 677
www.numismagroup.com

Oneworld Limited

+357 22 496 000
www.oneworldweb.net

Painkiller Financial Services Limited

+357 7000 7898
www.salvufunds.com

Papantoniou & Papantoniou LLC

+357 22 817 711
www.paplaw.com.cy

PCS SA

+30 210 62 66 900
www.pcs.gr

**Pelagias, Christodoulou
& Vrachas LLC**

+357 22 764 216
www.pelagiaslaw.com

Polakis Sarris & Co LLC

+357 22 456 000
www.polakissarris.com

Profile Software

+357 22 458 050
www.profilesw.com

Prospergate Fund VCIC AIFLNP

+357 25 581 005
www.prospergate.com



PwC Cyprus
+357 22 555 000
www.pwc.com.cy

Sova Asset Management (CY) Ltd
+357 25 249 444
www.sova-am.com

Trident Trust Company (Cyprus) Ltd
+357 25 820 650
www.tridenttrust.com

Reanda Cyprus Ltd
+357 22 670 680
www.reandacyprus.com

SPA Financial Services Ltd
+357 22 028 585
www.spafs.com

UFG Capital Investment Management
+357 22 107 242
www.ufgcapital.com

Renaissance Insurance Brokers
+357 22 311 662
www.mbrokers.com

Stelios Americanos & Co LLC
+357 22 465 500
www.americanoslaw.com

V.I.L VENUS ISLAND AIFLNP V.C.I.C. LTD
+357 22 205 858
www.global-mm.com

Resolute Investment Management (Cyprus) Ltd
+357 22 250 554
www.resoluteinvestmentmanagement.com

T.C.R. International Ltd
+357 22 866 200
www.tcr-int.com

VGDA Accountants Limited
+357 22 300 900
www.vgda.com.cy

Rimes Technologies (Cyprus) Ltd
+357 22 029 706
www.rimes.com

Tassos Papadopoulos & Associates
+357 22 889 999
www.tplaw.com.cy

Vistra (Cyprus) Limited
+357 25 817 411
www.vistra.com

RMG Holding Ltd
+357 22 447 024
www.rmgh.eu

The Institute of Certified Public Accountants of Cyprus
+357 22 870 030
www.icpac.org.cy

Wealth Fund Services Ltd
+357 22 755 507
www.wealthfs.com.cy

Royal Pine & Associates Ltd
+357 25 040 404
www.royalpine.com

TMF Group Cyprus
+357 22 451 327
www.tmf-group.com

Wealthmore Services Ltd
+357 25 258 925
www.wmores.com

SCSS Fund Management Ltd
+357 22 376 006
www.scSSFunds.com

Tornaritis Law LLC
+357 22 456 056
www.tornaritislaw.com

WIF AIFLNP V.C.I.C. LTD
+357 25 114 000
www.wifltd.com

SOL GMM BALANCED FUND
+357 22 205 858
www.global-mm.com

Treppides Fund Services
+357 22 678 944
www.treppidesfs.com



Report and Financial Statements

for the year ended 31 December 2019

Contents	Page
Board of Directors and other officers	40
Report of the Board of Directors	41
Independent Auditors' Report	42-43
Statement of Income and Expenses	44
Statement of Financial Position	45
Statement of Fund Account	46
Cash Flow Statement	47
Notes to the Financial Statements	48-53



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 - Member
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

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 2019.

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 2019 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 2019.

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 AUDITORS' 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 48 to 53 and comprise the statement of financial position as at 31 December 2019, 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 2019, 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.

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.

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

	2019	2018
	€	€
INCOME		
Subscriptions and registration fees	70.200	46.600
Bank interest received (net)	-	2
Donations and sponsorships	-	1.000
Unrealised exchange gain	-	25
Total revenue	70.200	47.627
EXPENSES		
Sundry expenses	200	200
Stationery and printing	-	179
Subscriptions and contributions	8.421	7.220
Advertising expenses	5.986	4.795
Website expenses	417	417
Auditors' remuneration for the statutory audit of annual accounts	1.190	1.190
Accounting fees	2.142	2.142
Consultancy fees	36.171	12.500
Sponsorship	3.600	-
Hospitality and event expenses	25.247	51.568
Bank charges	864	429
Provision for bad debts	3.000	7.200
Exchange losses	16	-
Total expenses	87.254	87.840
Deficit for the year	(17.054)	(40.213)

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

STATEMENT OF FINANCIAL POSITION

	Note	2019 €	2018 €
ASSETS			
Current assets			
Trade and other receivables	8	35.595	21.600
Cash and cash equivalents	9	108.006	122.809
Total assets		143.601	144.409
SURPLUS AND LIABILITIES			
Equity			
Accumulated surplus		122.768	139.822
Total equity		122.768	139.822
Current liabilities			
Payables	10	20.833	4.587
		20.833	4.587
Total equity and liabilities		143.601	144.409

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 €
Balance at 1 January 2018	180.035	180.035
Deficit for the year	(40.213)	(40.213)
Balance at 31 December 2018/ 1 January 2019	139.822	139.822
Deficit for the year	(17.054)	(17.054)
Balance at 31 December 2019	122.768	122.768

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

CASH FLOW STATEMENT

	Note	2019 €	2018 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) for the year		(17.054)	(40.213)
Adjustments for:			
Unrealised exchange profit		-	(25)
Interest income		-	(2)
		(17.054)	(40.240)
Changes in working capital:			
Increase in trade and other receivables		(13.995)	(1.400)
Increase/(Decrease) in payables		16.246	(478)
Cash used in operations		(14.803)	(42.118)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		-	2
Net cash generated from investing activities		-	2
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised exchange profit		-	25
Net cash generated from financing activities		-	25
Net decrease in cash and cash equivalents		(14.803)	(42.091)
Cash and cash equivalents at beginning of the year		122.809	164.900
Cash and cash equivalents at end of the year	9	108.006	122.809

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.

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 2019. 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.

Revenue

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.

- **Donations and sponsorships**

Donations and sponsorships are recognised as income in the period they are confirmed.

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

Finance costs

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

Financial assets - Classification

From 1 January 2018, 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 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.

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 - 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.



4. Significant accounting policies (*continued*)

Cash and cash equivalents

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

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.

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. 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.

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 arises from cash and cash equivalents, deposits with banks and financial institutions, as well 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
- cash and cash equivalents

Trade receivables

The Association applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, lease contracts and contract assets).

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Association defines default as a situation when the debtor is more than 365 days past due on its contractual payments.

Trade receivables and contract assets 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.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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

	2019	2018
	€	€
Trade receivables	45.200	28.800
Less: provision for impairment of receivables	(10.200)	(7.200)
<hr/>		
Trade receivables - net	35.000	21.600
Deposits and prepayments	595	-
<hr/>		
	35.595	21.600

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:

	2019	2018
	€	€
Cash at bank	108.006	122.809
<hr/>		
	108.006	122.809

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

	2019	2018
	€	€
Accruals	18.433	2.187
Deferred income	2.400	2.400
<hr/>		
	20.833	4.587

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

11. Operating Environment of the Association

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time.

This operating environment may have a significant impact on the Association's operations and financial position. Management is taking necessary measures to ensure sustainability of the Association's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

The Association's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Association.

On the basis of the evaluation performed, the Association's management has concluded that no provisions or impairment charges are necessary. The Association's Management believes that it is taking all the necessary measures to maintain the viability of the Association and the smooth conduct of its operations in the current business and economic environment.

12. Contingent liabilities

The Association had no contingent liabilities as at 31 December 2019.

13. Commitments

The Association had no capital or other commitments as at 31 December 2019.

14. Events after the reporting period

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already 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, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019.

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.

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

