



DIAMOND I SICAV

Société d'Investissement à Capital Variable

Annual report, including audited financial statements

as at 28/02/2021

RCS Luxembourg B 105 433

# DIAMOND I SICAV

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Subscriptions are only valid if made on the basis of the current offering prospectus and the Key Investor Information Document together with the last annual report and the last semi-annual report if it is more recent.

# DIAMOND | SICAV

## Organisation

### Management and Administration

<b>Registered Office</b>	5, Allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
<b>Management Company</b>	LRI Invest S.A. 9A, Rue Gabriel Lippmann L-5365 Munsbach Grand Duchy of Luxembourg
<b>Depositary and Paying Agent</b>	CACEIS Bank, Luxembourg Branch 5, Allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
<b>Central Administration, Registrar and Transfer and Domiciliary Agent</b>	CACEIS Bank, Luxembourg Branch 5, Allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
<b>Auditor</b>	PricewaterhouseCoopers, Société coopérative 2, Rue Gerhard Mercator L-2182 Luxembourg Grand Duchy of Luxembourg
<b>Legal Adviser in Luxembourg</b>	DLA Piper Luxembourg 37A, Avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg

### Board of Directors

#### Board of Directors of the SICAV

<b>Chairperson</b>	Julien Petit JP Investment Consulting Ltd
<b>Members</b>	Stéphanie Menz (until June 29, 2020) Legal Counsel STAO Anlageberatung GmbH  Stefan Müller LRI Invest S.A.

# DIAMOND I SICAV

## Organisation (continued)

### Managing Board of the Management Company

Utz Schüller  
Member of the Managing Board  
LRI Invest S.A.

Frank Alexander de Boer  
Member of the Managing Board  
LRI Invest S.A.

Thomas Grünewald (until February 28, 2021)  
Member of the Managing Board  
LRI Invest S.A.

### Supervisory Board of the Management Company

Thomas Rosenfeld (until May 31, 2021)  
Member of the Managing Board of  
Baden-Württembergische Bank

David Rhydderch (Chairman)  
Global Head Financial Solutions  
Apex Fund Services  
London, United Kingdom

Srikumar Thondikulam Easwaran  
Global Head Fund Solutions  
Apex Group Ltd.  
Hong Kong, China

# DIAMOND I SICAV

## General information

DIAMOND I SICAV (the “SICAV”) is an investment company organised as a public limited company (“*société anonyme*”) under the laws of the Grand-Duchy of Luxembourg in the legal form of an investment company with variable capital (“*société d’investissement à capital variable*”). The SICAV is governed by Part I of the Luxembourg law of December 17, 2010 relating to Undertakings for Collective Investment as amended from time to time (hereafter the “UCI Law”).

The SICAV has appointed LRI Invest S.A. as management company (the “Management Company”). LRI Invest S.A. is a public limited company, incorporated and subject to the laws of Luxembourg and duly authorised by the CSSF as a management company within the meaning of Chapter 15 of the UCI Law.

The SICAV, established for an unlimited period, is an umbrella fund and intends to provide investors with the choice of investment in a range of several separate Sub-Funds each of which relates to a separate portfolio of liquid assets and other securities and assets.

The minimum capital of the SICAV, as provided by law, is set at (the equivalent in any currency of) Euro 1,250,000. The capital of the SICAV is represented by fully paid-up Shares of no par value.

The SICAV is open-ended, which means that it may at any time on the request of the shareholders, redeem its Shares at prices based on the applicable NAV per Share.

At the date of the report, the following Sub-Fund is offered: DIAMOND I SICAV - Opportunities Fund. The net asset value of the Sub-Fund is calculated each Wednesday.

The investment objective of the Sub-Fund is to fold:

- To target high absolute returns on the invested capital over a rolling 5 year period.
- To achieve substantial risk reduction by a high degree of diversification.

The financial year of the SICAV started on March 1<sup>st</sup> and ends on the last day of February.

Copies of the Articles, the current Prospectus, the KIID and the latest financial reports may be obtained free of charge during office hours at the registered office of the SICAV, its depositary, paying agents and management company. The net asset value per Share of the Sub-Fund is made public on each determination day at the registered office of the SICAV.

LRI Invest S.A. confirms that it has complied in all material matters with the principles set forth by ALFI in the ALFI Code of Conduct for Luxembourg Investment Funds from 2009 (as revised in June 2013) during the reporting period in its activities for the Fund.

# DIAMOND I SICAV

## Management Report

The Diamond I SICAV ended the 2020/2021 financial year on February 28, 2021 with prices as at February 26, 2021.

The performance of the share-class EB (EUR) of the sub-fund Diamond I SICAV - Opportunities Fund in the fiscal year amounted to -34.77% (valuation date 28.02.2020 vs 26.02.2021). The net asset value per share of the Sub-Fund Diamond I SICAV - Opportunities Fund as of February 26th, 2021 was EUR 63.29.

### **Diamond I SICAV - Opportunities Fund**

The Diamond I SICAV - Opportunities Fund is a discretionary multi-asset fund that aims to achieve a high absolute return on the invested capital over a rolling period of 5 years. Diversification is essential to achieve absolute returns. It does this by investing in a variety of financial derivatives across the world, in stocks, interest rates and currencies. Diversification is ensured by investing in and a large number of different risk premiums without geographical or economic restrictions. As part of its investment policy, the Sub-Fund will primarily use exchange-traded and over-the-counter futures contracts, futures contracts, options, swaps, contracts for differences and other permitted means of payment or derivatives to look for directional, relative values, arbitrage, special and other transactions.

The whole year was overshadowed by the COVID-19 pandemic that spread to core Europe in February 2020. The European stock market retreated about 40% from its previous highs in less than a month due to the severity of the situation. Governments in all developed countries have largely restricted travel and banned commercial activities to combat the fast-spreading virus.

The incredible speed with which the drawdown took place forced volatility to new heights and thus had a profound impact on the Fund's relative value volatility positions in an attempt to realize the risk premium inherited in the volatility surface.

In March 2020 after the sell-off, central banks stepped up expansion policies to help the economy recover. In addition, most governments have put in place public finance support measures in order to achieve rapid economic recovery. Stocks have risen since late March 2020, with the tech sector leading the bull run.

Due to the nature of the crisis, only the short end of the volatility surface reached new heights and therefore the protection strategy for the fund did not add to the portfolio as expected. As a result, the portfolio had to be restabilized and the risk significantly reduced.

The extremely disappointing performance has resulted in significant redemptions.

Luxembourg, March 30, 2021

The Board of Directors

Note: The figures stated in this report are historical and are not representative of future results.



## Audit report

To the Shareholders of  
**DIAMOND I SICAV**

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### Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of DIAMOND I SICAV (the “Fund”) as at 28 February 2021, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

#### *What we have audited*

The Fund’s financial statements comprise:

- the statement of net assets as at 28 February 2021;
- the securities portfolio as at 28 February 2021;
- the statement of operations and changes in net assets for the year then ended; and
- the notes to the financial statements - schedule of derivative instruments and the other notes to the financial statements, which include a summary of significant accounting policies.

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### Basis for opinion

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

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

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

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### Other information

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

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

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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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#### **Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements**

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

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

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



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

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

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 30 June 2021

Carsten Brengel

*DIAMOND I SICAV*  
**- Opportunities Fund**

# DIAMOND I SICAV - Opportunities Fund

## Financial statements as at 28/02/2021

Statement of net assets as at 28/02/2021

*Expressed in EUR*

Assets		<b>68,256,631.98</b>
Securities portfolio at market value	Note 2b	23,657,424.48
<i>Cost</i>		23,288,936.39
<i>Unrealised appreciation on the securities portfolio</i>		368,488.09
Options / swaptions purchased at market value	Note 2g	32,162,619.72
<i>Options / swaptions purchased at cost</i>		29,809,014.07
Margin deposit		2,810,240.00
Cash at banks and liquidities		2,874,874.62
Collateral on derivative instruments	Note 9	5,530,637.90
Interest receivable	Note 2h	224,567.35
Formation expenses	Note 2i	22,767.91
Brokers receivable		973,500.00
Liabilities		<b>28,994,484.49</b>
Options / swaptions sold at market value	Note 2g	17,355,154.67
<i>Options / swaptions sold at cost</i>		16,702,413.86
Collateral on derivative instruments	Note 9	3,620,000.00
Margin account		477,738.26
Net unrealised depreciation on financial futures	Note 2f	2,438,920.00
Net unrealised depreciation on swaps	Note 2k	4,996,875.02
Other liabilities		105,796.54
Net asset value		<b>39,262,147.49</b>

### Changes in number of shares outstanding from 01/03/2020 to 28/02/2021

	Shares outstanding as at 01/03/2020	Shares issued / converted	Shares redeemed / converted	Shares outstanding as at 28/02/2021
Class B - Capitalisation shares	0.000	0.000	0.000	0.000
Class C - Capitalisation shares	2,993.115	0.000	2,993.115	0.000
Class EB - Capitalisation shares	1,944,970.214	19,142.537	1,343,716.471	620,396.280
Class OT - Capitalisation shares	4,629.567	0.000	4,629.567	0.000
Class UA - Capitalisation shares	0.000	110,000.000	110,000.000	0.000

# DIAMOND I SICAV - Opportunities Fund

## Key figures relating to the last 3 years

	<i>Year ending as at:</i>	<b>28/02/2021</b>	<b>29/02/2020</b>	<b>28/02/2019</b>
Total Net Assets	EUR	39,262,147.49	189,429,868.95	298,022,585.86
<b>Class B - Capitalisation shares</b>				
Number of shares		0.000	0.000	954,143.303
Net asset value per share	EUR	0.00	0.00	106.41
<b>Class C - Capitalisation shares</b>				
Number of shares		0.000	2,993.115	7,993.115
Net asset value per share	EUR	0.00	96.40	100.16
<b>Class EB - Capitalisation shares</b>				
Number of shares		620,396.280	1,944,970.214	1,926,202.193
Net asset value per share	EUR	63.29	97.02	101.60
<b>Class OT - Capitalisation shares</b>				
Number of shares		0.000	4,629.567	0.000
Net asset value per share	EUR	0.00	94.57	0.00
<b>Class UA - Capitalisation shares</b>				
Number of shares		0.000	0.000	0.000
Net asset value per share	USD	0.00	0.00	0.00

# DIAMOND I SICAV - Opportunities Fund

## Securities portfolio as at 28/02/2021

Expressed in EUR

Quantity/ nominal	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing or dealt in on another regulated market			23,657,424.48	60.26
<b>Bonds</b>			<b>23,657,424.48</b>	<b>60.26</b>
<i>Denmark</i>				
2,500,000	JYSKE REALKRE 0.25 16-23 01/07A	EUR	2,541,100.00	6.47
<i>Germany</i>				
2,500,000	LAND NORDRHEIN-WESTFA 0.0 17-22 14/01A	EUR	2,512,737.50	6.40
<i>Japan</i>				
2,500,000	SUMITOMO MITSUI BKING 0.55 18-23 06/11A	EUR	2,556,812.50	6.51
<i>Luxembourg</i>				
100,000,000	BEI 8.50 14-24 17/09A	ZAR	5,934,824.48	15.12
<i>Norway</i>				
5,000,000	DNB BOLIGKREDITT 0.25 17-22 22/06A	EUR	5,047,725.00	12.86
5,000,000	SPAREBANKEN VES 0.0100 20-25 24/11A	EUR	5,064,225.00	12.90
<b>Total securities portfolio</b>			<b>23,657,424.48</b>	<b>60.26</b>

# DIAMOND I SICAV - Opportunities Fund

Statement of operations and changes in net assets from 01/03/2020 to 28/02/2021

Expressed in EUR

Income		<b>1,200,989.39</b>
Net interest on bonds	Note 2h	1,090,346.91
Bank interest on cash account	Note 2h	86,222.55
Interest on swaps		24,419.93
Expenses		<b>1,613,215.57</b>
Amortisation of formation expenses	Note 2i	26,183.66
Investment Manager fees & Management Company fees	Note 3,4	806,102.31
Depositary fees	Note 6	27,890.11
Taxe d'abonnement	Note 8	7,530.29
Administrative fees	Note 6	62,464.62
Domiciliation fees		9,888.88
Professional fees		39,704.76
Bank interest on overdrafts		262,773.81
Legal fees		69,632.31
Transaction fees	Note 2j	164,497.49
Interest on swaps		76,248.44
Other expenses	Note 7	60,298.89
Net loss from investments		<b>-412,226.18</b>
Net realised gain / (loss) on:		
- sales of investment securities	Note 2c	-275,011.63
- options / swaptions	Note 2g	-19,495,837.42
- forward foreign exchange contracts	Note 2e	-330,452.95
- financial futures	Note 2f	-24,879,097.97
- swaps	Note 2k	-21,940,276.18
- foreign exchange	Note 2d	-1,867,062.82
Net realised loss		<b>-69,199,965.15</b>
Movement in net unrealised appreciation / (depreciation) on:		
- securities		-1,023,473.77
- options / swaptions		9,371,354.32
- financial futures		1,767,678.42
- swaps		-720,705.10
Decrease in net assets as a result of operations		<b>-59,805,111.28</b>
Subscription / conversion capitalisation shares		11,418,328.44
Redemption / conversion capitalisation shares		-101,780,938.62
Decrease in net assets		<b>-150,167,721.46</b>
Net assets at the beginning of the year		<b>189,429,868.95</b>
Net assets at the end of the year		<b>39,262,147.49</b>

*DIAMOND I SICAV*

**Notes to the financial statements - Schedule of derivative  
instruments**

# DIAMOND I SICAV

## OPTIONS

As at 28/02/2021, the following options contracts were outstanding :

### DIAMOND I SICAV - Opportunities Fund

Quantity	Denomination	Currency	Commitment (in absolute value)	Market value (in EUR)	Unrealised (in EUR)
<b>Purchase</b>					
<b>OTC options</b>					
<b>Options on currency</b>					
17,500,000.00	EUR(P)/RUB(C)OTC JUL 120.0 10.07.24 PUT	EUR	-	3,451,095.20	-1,555,304.80
20,000,000.00	EUR(P)/TRY(C)OTC APR 20.00 26.04.24 PUT	EUR	-	10,715,015.20	2,937,815.20
31,250,000.00	USD(C)/CHF(P)OTC JUL 0.800 04.07.24 CALL	USD	-	2,673,491.44	-178,504.21
75,000,000.00	USD(C)/JPY(P)OTC JUL 80.00 12.07.29 CALL	USD	-	10,366,138.13	2,560,219.71
<b>Options on index</b>					
50,000,000.00	CSEACMAE INDEOTC SEP 1544 19.09.24 CALL	EUR	-	2,485,287.00	-552,213.00
25,000,000.00	EUROSTOXX 50 OTC APR 1.000 13.04.23 PUT	EUR	-	987,504.50	-759,995.50
25,000,000.00	EUROSTOXX 50 OTC SEP 1.000 08.09.23 PUT	EUR	-	1,484,088.25	-98,411.75
<b>Total Purchase</b>				<b>32,162,619.72</b>	<b>2,353,605.65</b>
<b>Sale</b>					
<b>OTC options</b>					
<b>Options on currency</b>					
21,000,000.00	EUR(P)/RUB(C)OTC JUL 100.0 10.07.24 PUT	EUR	21,000,000.00	-1,489,849.83	1,177,150.17
23,529,411.76	EUR(P)/TRY(C)OTC APR 17.00 26.04.24 PUT	EUR	23,529,411.76	-7,907,226.12	-1,971,226.12
27,777,777.67	USD(C)/CHF(P)OTC JUL 0.900 04.07.24 CALL	USD	22,884,970.89	-846,227.59	250,135.35
66,666,666.67	USD(C)/JPY(P)OTC JUL 90.00 12.07.29 CALL	USD	54,923,930.36	-5,477,073.52	-1,918,022.60
<b>Options on interest rates</b>					
48,000,000.00	EURIBOR6M OTC SEP 0.071 20.09.21 PUT	EUR	48,000,000.00	-657,373.44	1,886,626.56
50,000.00	USDLIB3M OTC APR 0.610 01.04.22 CALL	USD	41,192.95	-50,230.17	-50,230.17
125,000.00	USDLIB3M OTC FEB 0.620 28.02.27 CALL	USD	102,982.37	-377,878.90	-377,878.90
200,000.00	USDLIB3M OTC MAR 0.000 14.03.22 CALL	USD	164,771.79	-547,295.10	-547,295.10
<b>Total Sale</b>				<b>-17,353,154.67</b>	<b>-1,550,740.81</b>
<b>Sale of options</b>					
<b>Listed options</b>					
<b>Options on futures</b>					
2,000.00	EURO STXX 50 FDVD DEC 135 17.12.21 CALL	EUR	6,360.00	-2,000.00	898,000.00
<b>Total Sale of options</b>				<b>-2,000.00</b>	<b>898,000.00</b>

The counterparties for these options contracts are : JP MORGAN SECURITIES, CREDIT SUISSE INTERNATIONAL, MORGAN STANLEY AND CO INTERNATIONAL PLC, DEUTSCHE BANK AG and NOMURA INTERNATIONAL PLC.

# DIAMOND I SICAV

## FINANCIAL FUTURES

As at 28/02/2021, the following financial future contracts were outstanding :

### DIAMOND I SICAV - Opportunities Fund

Quantity (purchase/(sale))	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
<b>Futures on bonds</b>					
66	EURO BUXL FUTURE 03/21	EUR	13,848,120.00	-1,011,120.00	CACEIS Bank, Paris
				<b>-1,011,120.00</b>	
<b>Futures on index</b>					
1,210	DJ ESTOXX50D 12/24	EUR	1,282,600.00	-1,427,800.00	CACEIS Bank, Paris
				<b>-1,427,800.00</b>	

# DIAMOND I SICAV

## SWAPS

As at 28/02/2021, the following swaps were outstanding :

### DIAMOND I SICAV - Opportunities Fund

Notional	Sub-fund pays	Sub-fund receives	Maturity date	Unrealised appreciation/ (depreciation) EUR	Counterparty
1,000,000.00	FIXED	USD/JPY	18/03/2021	52,594.08	CREDIT SUISSE INTERNATIONAL LDN
1,000,000.00	FIXED	USD/JPY	18/03/2021	0.01	CREDIT SUISSE INTERNATIONAL LDN
1,000,000.00	FIXED	USD/JPY	18/03/2021	0.01	CREDIT SUISSE INTERNATIONAL LDN
1,000,000.00	FIXED	EUR/USD	31/03/2021	-1,253,743.00	CREDIT SUISSE INTERNATIONAL LDN
1,000,000.00	FIXED	AUD/USD	08/04/2021	981,081.93	CREDIT SUISSE INTERNATIONAL LDN
1,000,000.00	FIXED	AUD/USD	08/04/2021	-421.18	CREDIT SUISSE INTERNATIONAL LDN
1,000,000.00	FIXED	AUD/USD	08/04/2021	0.01	CREDIT SUISSE INTERNATIONAL LDN
500,000.00	FIXED	EUROSTOXX 50	17/12/2021	-3,314,645.56	DEUTSCHE BANK AG LDN
500,000.00	EUROSTOXX 50	FIXED	17/12/2021	3,621,593.15	DEUTSCHE BANK AG LDN
1,000,000.00	FIXED	USD/JPY	07/07/2022	-1,195,610.27	CREDIT SUISSE INTERNATIONAL LDN
1,000,000.00	FIXED	USD/JPY	07/07/2022	-1,160,926.05	CREDIT SUISSE INTERNATIONAL LDN
1,000,000.00	FIXED	USD/JPY	07/07/2022	-13,098.00	CREDIT SUISSE INTERNATIONAL LDN
550,000.00	FIXED	NIKKEY 225 EUR	14/06/2024	-2,713,700.15	JP MORGAN SECURITIES LD
			<b>TOTAL :</b>	<b>-4,996,875.02</b>	

*DIAMOND I SICAV*

**Other notes to the financial statements**

# DIAMOND I SICAV

## Other notes to the financial statements as at February 28, 2021

### 1. General

DIAMOND I SICAV (the “SICAV”) is an investment company incorporated on December 28, 2004 and organised as a public limited company (“*société anonyme*”) under the laws of the Grand-Duchy of Luxembourg in the legal form of an investment company with variable capital (“*société d’investissement à capital variable*”). The SICAV is governed by Part I of the Luxembourg law of December 17, 2010 relating to Undertakings for Collective Investment as amended from time to time.

The SICAV, registered with the Registre de Commerce, Luxembourg, under number B 105 433 was originally set up as a specialised investment fund pursuant to the law dated February 13, 2007 and has been converted into a UCITS on August 20, 2015 by way of a notarial deed that was published in the Mémorial on September 16, 2015.

Class A, B, EB, OT and UA Shares are reserved to institutional investors. Class C Shares may be subscribed by all investors. Class A Shares were closed on March 31, 2017. Class B Shares were launched on March 31, 2017 and closed on January 29, 2020. Class EB Shares were launched on September 27, 2017. Class C Shares were launched on March 7, 2018 and closed on June 10, 2020. Class OT Shares were launched on July 4, 2018, and closed on July 29, 2020. Class UA Shares were launched on March 18, 2020, and closed on July 31, 2020.

### 2. Summary of significant accounting policies

#### a. General

The financial statements of DIAMOND I SICAV are prepared in accordance with the regulations relating to Undertakings for Collective Investment in Transferable Securities and generally accepted accounting principles in the Grand Duchy of Luxembourg, including the following significant accounting policies:

These financial statements include the last official Net Asset Value as at February 26, 2021 (“NAV”) based on the portfolio valuation as at February 25, 2021 of the Sub-Fund DIAMOND I SICAV - OPPORTUNITIES FUND, the last non official Net Asset Value as at February 28, 2021 (“NAV”) based on the portfolio valuation as at February 27, 2021 of the Sub-Fund DIAMOND I SICAV - OPPORTUNITIES FUND amounted to 39,139,410.35 EUR.

#### b. Valuation of investments and other assets

The value of any cash in hand or on deposit, bills, demand notes payable and accounts receivable, prepaid expenses, cash dividends and interests declared or accrued as aforesaid and not yet received shall be valued at the par-value of the assets except however if it appears that such value is unlikely to be paid or received in full. In such a case, subject to the approval of the Board of Directors, the value shall be determined by deducting a certain amount to reflect the true value of these assets;

The value of transferable securities, money market instruments and any financial assets admitted to official listing on any stock exchange or dealt on any Regulated Market shall be based on the last available closing or settlement price in the relevant market prior to the time of valuation, or any other price deemed appropriate by the Board of Directors.

In the event that any assets are not listed or dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange, or other Regulated Market as aforesaid, the price as determined pursuant to this paragraph is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith from the Board of Directors.

The liquidating value of financial futures contracts, forward foreign exchange contracts or options contracts admitted to official listing on any stock exchange or dealt on any Regulated Market shall be based upon the last available closing or settlement prices of these contracts on stock exchanges and Regulated Markets on which the particular financial futures contracts, forward foreign exchange contracts or options contracts are traded on behalf of the SICAV; provided that if a financial futures contracts, forward foreign exchange contracts or options contract could not be liquidated on the day with respect to which assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable.

The liquidating value of financial futures contracts, forward foreign exchange contracts or options contracts not admitted to official listing on any stock exchange or dealt on any Regulated Market shall mean their net liquidating value determined, pursuant to the policies established prudently and in good faith by the Board of Directors, on a basis consistently applied for each different variety of contracts.

**Other notes to the financial statements as at February 28, 2021 (continued)****2. Summary of significant accounting policies (continued)****b. Valuation of investments and other assets (continued)**

The value of Money Market Instruments not listed or dealt in on any stock exchange or any other Regulated Market and with remaining maturity of less than 12 months and of more than 90 days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money Market Instruments with a remaining maturity of 90 days or less will be valued by the amortized cost method, which approximates market value.

Units or Shares of open-ended UCI are valued at their last determined and available net asset value or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis. Units or Shares of a closed-ended UCI will be valued at their last available stock market value.

All other securities and other assets are valued at fair market value, as determined in good faith pursuant to procedures established by the Board of Directors or a committee appointed to that effect by the Board of Directors.

**c. Net realised gain / (loss) on sales of investments**

The net realised gain / (loss) on sales of investments is determined on the basis of average cost of the investments.

**d. Foreign exchange translation**

The financial statements of the Sub-Fund are expressed in EUR. Bank accounts, fair value of the securities portfolio and other net assets in currencies other than the EUR are translated into EUR at the applicable exchange rate at the period-end. Income and expenses in currencies other than EUR are translated into EUR at the applicable exchange rates prevailing at the transaction date.

**e. Forward foreign exchange contracts**

Unrealised appreciation / (depreciation) on forward foreign exchange contracts outstanding at period-end are valued on the basis of the forward foreign exchange rates prevailing at period-end and booked in the accounts of the SICAV. The unrealised appreciation / (depreciation) is disclosed in the statement of net assets.

**f. Financial futures contracts**

Unexpired financial futures contracts are valued at their last known price on the date of valuation or on closing date. The unrealised net appreciation / (depreciation) is disclosed in the statement of net assets.

**g. Options contracts**

Unexpired options contracts are valued at their last known price on the date of valuation or on closing date.

**h. Income recognition**

Interest income is recognised on an accrual basis and dividends are accrued on an ex-dividend basis.

**i. Formation expenses**

Formation expenses incurred in connexion with the formation and launch of additional Share Classes may be charged to such Share Classes and are amortised over a period of five years.

**j. Transaction fees**

The transaction fees include all costs that were reported or settled separately in the financial year and that relate directly to the purchase or sale of assets.

**Other notes to the financial statements as at February 28, 2021 (continued)****2. Summary of significant accounting policies (continued)****k. Swaps**

Interest rate swaps will be valued on the basis of their market value established by reference to the applicable interest rate curve.

Equity swaps are marked to market at each net asset value calculation date and the valuation follows the valuation of the underlying asset of each contract.

**3. Management Company fees**

Following the Management Company agreement dated August 1, 2017, LRI Invest S.A. was appointed as Management Company of the SICAV.

The Management Company is entitled to receive, for each Sub-Fund, a basic fee of up to 0.06% per annum (effective rate: 0.05%). Such fee is calculated each valuation day on the basis of the Sub-Fund Net Asset Value of the relevant Valuation Day and paid out monthly in arrears. A minimum fee of EUR 30,000 p.a. will be charged for the SICAV. As a further component of the basic fee, an additional flat fee up to EUR 45,000 p.a. per Sub-Fund is charged by the Management Company in relation to the provision of risk monitoring, analysis, reporting services and investment compliance monitoring services.

**4. Investment Management fees**

The Management Company for the portfolio management, is entitled to receive, payable out of the assets attributable to the relevant class of shares of the Sub-Fund, a management fee up to :

- 1.50% p.a. of the net asset value of the Class B Shares (effective rate: 0.08%), (closed on January 29, 2020)
- 1.50% p.a. of the net asset value of the Class C Shares (effective rate: 0.08%), (closed on June 10, 2020)
- 0.75% p.a. of the net asset value of the Class EB Shares (effective rate: 0.75%),
- 1.00% p.a. of the net asset value of the Class OT Shares (effective rate: 1.00%), (closed on July 29, 2020)
- 1.00% p.a. of the net asset value of the Class UA Shares (effective rate: 1.00%), (closed on July 31, 2020)

calculated and accrued at each valuation day and payable monthly in arrears. A minimum fee of EUR 35,000 p.a. is charged to the Sub-Fund.

**5. Performance fee**

The Management Company is entitled to receive a performance fee up to:

- 15% of the net asset value of the Class B (closed on January 29, 2020) and Class C Shares (closed on June 10, 2020),
- 10% of the net asset value of the Class EB Shares, Class OT Shares (closed on July 29, 2020) and Class UA Shares (closed on July 31, 2020).

The calculation and the crystallisation are on each valuation day. The calculation follows the high watermark principle (as defined in the Prospectus of the SICAV) and is based on the number of shares in issue on that valuation day, after all other fees and expenses are paid or accrued. The performance fee is paid on a monthly basis.

For the year ended February 28, 2021, no performance fee was paid.

**6. Depositary and Administrative fees**

CACEIS Bank, Luxembourg Branch, as Central Administration Agent and Depositary bank of the SICAV is entitled to receive out of the assets of the Sub-Fund a fee of up to 0.07% p.a., calculated on the average net assets of the Sub-Fund, payable monthly in arrears and subject to a minimum of EUR 36,000 p.a. per Sub-Fund.

**7. Registrar, Transfer Agent and Paying Agent fees**

CACEIS Bank, Luxembourg Branch, as the Registrar and Transfer Agent as well as Paying Agent of the SICAV receives correspondent fees to cover such services in accordance with the relevant agreements. The Registrar and Transfer Agent as well as Paying Agent fees are included in the item "Other expenses" in the statement of operations and changes in net assets.

**Other notes to the financial statements as at February 28, 2021 (continued)****8. Subscription tax (“taxe d’abonnement”)**

Under the prevailing laws and regulations in Luxembourg, the SICAV is subject to an annual subscription tax (“taxe d’abonnement”) of 0.05% which is payable quarterly and calculated on the basis of the net assets of each Sub-Fund on the last day of each quarter.

A reduced tax rate of 0.01% per annum of the net assets is applicable notably to classes of shares which are only sold to and held by institutional investors as well as to certain Sub-Funds investing exclusively in money market instruments.

**9. Collateral on derivative instruments**

The Sub-Fund pays and receives cash collateral in connection with financial futures contracts, swaps and options transactions. As at February 28, 2021, the amounts of cash collateral received and paid are as follows:

Counterparty	Cash collateral paid (EUR)	Cash collateral received (EUR)
CACEIS Bank, Luxembourg Branch	1,260,637.90	-
Credit Suisse International London	330,000.00	-
Deutsche Bank AG London	-	410,000.00
JP Morgan Securities London	-	1,290,000.00
Morgan Stanley & Co International PLC	-	1,920,000.00
Nomura PLC London	3,940,000.00	-
<b>Total</b>	<b>5,530,637.90</b>	<b>3,620,000.00</b>

**10. Changes in portfolio composition**

The details of the changes in portfolio composition for the year ended February 28, 2021 are at the disposal of the shareholders at the registered office of the SICAV and are available upon request free of charge.

**11. Important Events during the financial period**Notice on the performance under COVID-19

During the COVID-19 pandemic, there was a significant impact on global capital markets worldwide, particularly in February and March 2020. Overall, financial markets recovered during 2020, but the protection strategy for the fund did not add to the portfolio leading to significant redemptions. Overall a negatively impacted performance, due to COVID-19, has been measured. Although vaccination campaigns have started worldwide, the pandemic is ongoing and not all impacts can be conclusively assessed yet. The potential impact will be carefully monitored by the Management Company and the Board of Directors.

Management Company Measures in Relation to COVID-19

Due to the impact of COVID-19 and in accordance with the recommendations of the government in Luxembourg, LRI Invest S.A. (hereinafter "LRI") has implemented its plans to ensure continuity of services and avoid disruption. In order to maintain business operations, protect the health as well as the welfare of LRI's employees and avoid impairment or other impacts on the services provided, the majority of LRI's employees have moved to the home office since March 2020. Regulatory requirements for telecommuting have been implemented accordingly by LRI and its employees. LRI will continue to adjust its plans on the current developments to ensure the safety of its employees and the continued delivery of all services during this challenging time.

With effect of February 28, 2021, Mr. Thomas Grünewald resigns from his position on the Managing Board of the Management Company LRI Invest S.A.

**12. Subsequent event**

With effect of May 31, 2021, Mr. Thomas Rosenfeld has resigned from his position on the Supervisory Board of the Management Company and AIFM LRI Invest S.A.. The shareholders of LRI Invest S.A. have appointed Dirk Franz as a new member of the Supervisory Board with effective date June 1, 2021.

# DIAMOND I SICAV

## Unaudited information

### Securities Financing Transactions and of Reuse Regulation (“SFTR”)

The Fund does not use any instruments falling into the scope of SFTR.

### Remuneration Policy

The LRI Invest S.A. ("LRI") has defined principles for its remuneration system in accordance with applicable legal and regulatory requirements which are consistent with and conducive to a sound and effective risk management system. This remuneration system is based on the sustainable and entrepreneurial business policy of the company and is therefore not intended to provide incentives to take risks that are incompatible with the risk profiles and contractual terms of the investment funds managed by LRI. The remuneration system shall always be consistent with the business strategy, objectives, values and interests of LRI and the funds it manages and the investors in those funds and shall include measures to avoid conflicts of interest.

The compensation of the LRI employees may include fixed and variable elements as well as monetary and non-monetary benefits. The components are measured in accordance with risk principles, market practice and appropriateness. Furthermore, when determining the individual components, it is ensured that there is no significant dependency on variable compensation and that there is an appropriate ratio of variable to fixed compensation. The variable remuneration is therefore only a supplement to the fixed remuneration and does not provide any incentives to take unreasonable risks. The aim is a flexible remuneration policy, which may also provide for waiving payment of the variable component.

The remuneration system is reviewed at least once a year and, if necessary, adjusted to ensure that it is adequate and complies with legal requirements.

The variable remuneration for the year 2020 includes, in addition to the variable bonus payments, so-called incentive payments for active participation in the integration into the Apex Group, which is also reflected in the remuneration policy. These payments were checked for plausibility as part of the annual review of the remuneration principles and were within the applicable EBA guidelines in all cases.

### Information on Employee Remuneration

The information on employee remuneration of LRI Invest S.A. for the financial year January 1, 2020, to December 31, 2020.

During that year, precisely on December 1, 2020, a part of staff was transferred with a part of the business activity to Apex Fund Services S.A. and therefore staff decreased from 209.3 FTE to 114.5 FTE.

Number of employees: 114.5 FTEs (incl. Managing Directors):			31.12.2020
Financial Year: 01.01.2020 – 31.12.2020	EUR	EUR	EUR
	Fixed Remuneration	Variable Remuneration**	Total Remuneration*
Total remuneration amount paid in the financial year:	17,410,184.02	2,909,408.49	20,319,592.51
Thereof Remuneration of MDs, risk takers, employees with control functions and employees in the same income bracket	3,150,145.78	1,312,015.11	4,462,160.89
Thereof Managing Directors (MDs)	1,186,795.20	1,128,870.00	2,315,665.20
Thereof other risk takers***			
Thereof employees with control functions	1,963,350.58	183,145.11	2,146,495.69
Thereof employees in the same income bracket	NA	NA	NA
*No direct payments were made to employees by the investment funds.			
**Paid in 2020 and 2021 for the financial year 2020			
***Besides the MDs no further risk takers are defined			

# DIAMOND I SICAV

## Unaudited information (continued)

### Global Market Risk Exposure

The value at risk is the risk of loss resulting from fluctuations in the market value of positions in the portfolio which are attributable to changes in market variables, such as interest rates, exchange rates or share prices.

In calculating the potential market risk, the Company uses the absolute VaR approach within the meaning of CSSF Circular 11/512. The absolute VaR limit amounts to 20%.

Minimum utilisation of the VaR limit: 46.38%  
Maximum utilisation of the VaR limit: 139.80%  
Average utilisation of the VaR limit: 83.42%

The risk ratios for the reporting period were calculated on the basis of the method of historical simulation with the following parameters: 99% confidence level, 20 day holding period using an effective, historical period under review of two years.

### Leverage

The calculated average leverage for the period amounted to 1.509% for the Sum of Notional method and 800% for the Commitment method. The leverage is calculated by applying the approach pursuant to Point 3 of Box 24 of CESR Recommendation 10-788, which uses the total nominal values of the derivative positions or their equivalent underlying value as the basis for calculation. The fact that the future weightings of individual derivative positions and the expression of risk factors for each derivative instrument can change over time due to changes in market conditions, resulting in discrepancies with regard to the expected Leverage according to the sales prospectus, should be taken into account. The investor must, therefore, also bear in mind possible changes to the expected leverage. Further, it is noted that derivative financial instruments can also be partially or fully used to hedge against risks.

The current average leverage amount can be attributed to the funds strategy. The investment approach of the DIAMOND I SICAV is a Multi Asset / Risk Premiums Strategy for medium to long term Investors. In interest rate transactions the risk premiums are usually structured with a higher nominal than in other asset classes. The origin of this lies within the much smaller standard deviations associated with interest rate transactions. Especially those instruments in the interest rates market are creating a relatively high number of notional in the fund, but with the important aspect, that those contracts never actually have the mark to market effect of this notional. Only after the forward period expired, those notional figures become effective. Also, the most risk-averse approach to invest in risk premiums is to purchase Options. Purchasing an option naturally limits an investors risk to the invested premium, regardless the Options notional.

### Ongoing Charges

A measure of the total costs charged to an investment fund and expressed in percentage terms of the Sub-Fund's average total assets in the reporting period. The Ongoing Charges include the administration fee, custodian bank fee, global custody fee, subscription tax, audit fee, publication fee, legal fee, asset manager fee, registrar and transfer agent fee, payment agent fee, amortisation of Marketing and distribution fees and other expense, as well as target fund costs less any income from portfolio commissions, should the sub-fund be substantially invested into target funds. Withholding tax, interest on bank overdraft, transaction fees, amortisation of marketing and distribution fees and performance-fee are excluded from the total ongoing charges.

Share Class	Reporting period	Ongoing Charges in %	Performance fee in %
Class EB	from 01/03/2020 to 28/02/2021	1.23	0.00