LongRun Equity Fund

Société d'Investissement à Capital Variable

Audited annual report

31/12/19

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The details of the changes in the compartment respective securities portfolio composition for the year then ended December 31, 2019 are at the disposal of the Shareholders at the registered office of the Management Company of the Fund and are available upon request free of charge.

Subscriptions can only be received on the basis of the latest prospectus accompanied by the latest annual report as well as by the latest semi-annual report, if published after the latest annual report.

Management and Administration

Registered office	5, Allée Scheffer L-2520 Luxembourg, Grand Duchy of Luxembourg
Management Company	Luxcellence Management Company S.A. 5, Allée Scheffer L-2520 Luxembourg, Grand Duchy of Luxembourg
Investment Manager	Banque Pâris Bertrand S.A. 30, Rue du Rhône Case postale 2084 CH-1211 Genève 1, Switzerland
Depositary and Administration Agent	CACEIS Bank, Luxembourg Branch 5, Allée Scheffer L-2520 Luxembourg, Grand Duchy of Luxembourg
Global Distributor	Banque Pâris Bertrand S.A. 30, Rue du Rhône Case postale 2084 CH-1211 Genève 1, Switzerland
Auditor	KPMG Luxembourg, Société coopérative 39, Avenue John F. Kennedy L-1855 Luxembourg, Grand Duchy of Luxembourg

Board of Directors of the SICAV

Chairman	Pierre Pâris, CEO of Banque Pâris Bertrand S.A.
Directors	Benoit Renson, Managing Director of Pâris Bertrand (Europe) S.A. Thierry Logier, Independent Director (until April 15, 2019) Sébastien Dessimoz, Independent Director (since February 8, 2019)

Board of Directors of the Management Company

Mr. Guillaume Fromont Chairman	CACEIS 1-3, Place Valhubert F-75013 Paris, France
Mr. Jean-Luc Jacquemin Managing Director	Luxcellence Management Company S.A. 5, Allée Scheffer L-2520 Luxembourg, Grand Duchy of Luxembourg
Mr. Philippe de Cibeins Director	CACEIS 1-3, Place Valhubert F-75013 Paris, France
Mr. Lucien Euler Independent Director	14, Rue Belair L-8214 Mamer, Grand Duchy of Luxembourg

Report of the Manager

Dear Shareholders of the LongRun Equity Fund,

The **LongRun Equity Fund** returned **+34.8% in EUR (resp. +32.3% in USD) in 2019**[i], which results in a total return of **255% in EUR (resp. +200% in USD) since the inception of the strategy in 2010**.

2019 was another year of strong operational performance from our investee companies, accompanied by strong market returns. The first feature is the one we focus on in this letter, as it embeds more relevant and reliable information for long-term investors than one year of market returns (as 2011 or 2018 showed).

Our 25 businesses collectively delivered an aggregated 22.6% cash Return on Invested Capital and grew their sales 8% organically over the past 12 months[ii]. These two metrics have slightly weakened compared to 2018 (-1.2% for the return on capital, -1% for growth), as our businesses were not immune to the global economic deceleration, but these are normal, cycle-induced fluctuations. More insightfully, the gap with the "average" company has actually increased in 2019: the cash Return on Invested Capital of LongRun businesses jumped from 2.8x to 3.3x the global average and the organic growth in real terms increased from 2.0x to 2.2x the global GDP. Although the economic slowdown was benign (i.e., a typical capex downturn and not a full-blown recession), which means one should not draw too much conclusions from it, the relative operational performance of our businesses has demonstrated their fundamental resilience and the strength of their competitive advantages.

We review thereafter the key elements of 2019 performance, as well as the portfolio activity over the year.

Portfolio Performance

In 2019, the LongRun Equity portfolio[i] returned +34.8% in EUR (resp. +32.3% in USD, the difference coming from the evolution of exchange rates, as the portfolio is not currency-hedged). The contributions in EUR from our businesses are summarized thereafter. They are positive for almost all our companies, which will not come as a surprise given the strong returns of the broad market. They are also quite balanced (the top 5 contributors representing 34% of total performance for a 22% average weight), which we consider a positive sign for long-term performance as the portfolio does not rely (and never did) on a few outliers hiding mediocre results of the core.

As in most years since we started the strategy 10 years ago, our businesses from the Technology, Consumer and Health Care sectors contributed positively to the portfolio:

- Our **Technology** businesses contributed **+8.3%** to the Fund (which is 24% of the total performance, hence a bit more than the 19% average weight in portfolio). 2019 was another standout year for **Microsoft**, which cruises at ~15% top line growth thanks to its strong success in the commercial cloud (now representing ~35% of sales and growing at ~40% p.a.). **Accenture** also delivered strong market returns, as investors rewarded this robust 7-9% top line grower (and, more importantly, capital compounding champion) which sits very powerfully at the confluence of strong technological trends (digital transformation, cloud, security). **Amphenol**, the interconnector maker, has suffered from the US-China trade tensions but its stock price nicely recovered at year end, as the tensions receded and thanks to strong execution in tough conditions (which it is fair to say are still there). **Intuit** stayed on its 12-15% growth trajectory thanks to the successful development of its *Quickbooks* Online offer, which has started a promising rollout on new functionalities and new geographies.

- Our **Consumer** companies had a cumulated contribution of **+7.9%** to the Fund. **L'Oréal** recorded 7+% growth thanks to its luxury and active cosmetics divisions growing double digit and strong traction from Asia. Although its Western European business still suffers from a retail ecosystem that has not yet reinvented itself and while the US makeup sector struggled, the new markets (China, South Asia and Eastern Europe) provided strong growth and demonstrated the clear leadership position of L'Oréal in e-commerce.

Report of the Manager (continued)

Procter & Gamble recovered from two years of low growth to reach 7% organic top line growth over the second semester, with outperformance of its beauty, health care and even fabric and home care businesses on (overall) reasonable pricing and good volumes. The grooming business is still an issue, but the overall combination of good growth and core operating margin improvements (above 200bps) at Group level helped propel the stock significantly higher this year. **Colgate-Palmolive** had a more muted performance (both in market terms and operationally, although it lifted its sales growth above 4% from 0.5% last year, on strong numbers from its pets nutrition business and some improvement in the personal care segment). In a totally different business and geography, **New Oriental Education & Technology**, the Chinese leader in after-school tutoring services contributed strongly this year and recovered from a poor 2018 (in market terms), as the uncertainties regarding new regulations in the sector receded and the company delivered 25+% top line growth with very acceptable concessions on margins. New Oriental Education is currently our only investment in the consumer discretionary space as our other targets in this sector (globally) do not fit our valuation criteria at the moment.

- Our **Health Care** holdings had a cumulated contribution of **+6.8%** to the Fund. **Danaher** was a strong performer as it has maintained its 5+% core growth while gradually and successfully optimizing its portfolio of diagnostics, life sciences and environmental businesses (through acquisitions, such as the one of GE Biopharma which has nicely complemented its already attractive bioprocessing business, as well as divestures, such as the IPO of Envista, its underperforming dental business). **Sonova**, the global hearing aid leader, benefited from a strong product launch which accelerated sales at Phonak, while **Roche** recorded a strong year as the development of new franchises (e.g., Ocrevus) together with the extension of existing businesses (e.g., Perjeta, Tecentriq) more than offset the impact of biosimilar competition.

Our more cyclically sensitive holdings also provided good returns, be it our Industrial businesses (despite sector deceleration), our communication services investments or our financial companies.

- Our **Industrial** businesses contributed +**4.8%** to the Fund, with balanced contributions from **Legrand** (on slightly decelerating business to 2-3% growth, but margin appreciation, all-in-all reinsuring investors which ended 2018 too pessimistic), **Kone** (accelerating growth from 6% to 9% and well positioned to acquire the escalator & elevator business of ThyssenKrupp) and **Emerson Electric** (whose Automation Solutions division maintained good growth in Asia, countering stagnation in the US, while the Commercial and Residential Solutions division faced tough market conditions globally). **Fortive** had a more muted performance, suffering from the deceleration of its short-cycle Professional Instrumentation businesses (impacted notably by the loss of Huawei as a client, on US ban) but helped by continuing strong performance at GVR (technologies for gas stations). While the deceleration of growth of our industrial companies (ex Kone) was overall contained (from 5-7% to 2-3%), which led us to increase our positions at mid-year on very attractive valuations / too high pessimism, it is fair to say that a reacceleration of growth has yet to materialize. With the valuation gap closing rapidly at year end, some of these positions were trimmed and we will watch 2020 numbers very closely.

- Our **Communication Services** holdings contributed +**3.7%** to the Fund. **Disney** was a strong performer, first on the communication of its strong ambitions and aggressive pricing of its DTC offer during its annual investor day, then with the actual first numbers of new subscribers to its Disney+ service launched in November. It is too soon to tell if Disney will be able to catch up with Netflix, but given its strong operational track-record, its second to none library of content and the balance of profit sources provided by its media networks, its studio business and its parks and resorts, we stick to our investment and monitor the progress. **Alphabet** returned very decent market performance, while delivering outstanding operational metrics (+22% growth, while preserving margins). While we acknowledge that the regulatory (political?) risk has increased, the business is still impressively profitable and growing, and its valuation gives us a margin of safety. Market performance was less satisfying at **Tencent**, still hurt by regulatory headwinds on its online games business (and secondarily on media advertising). Despite investors being less enthusiastic about the

Report of the Manager (continued)

stock, the company still cruises at c. 20% top line growth, its margins are stabilizing, it enjoys very strong positions in social networks, payments and cloud services, and has the potential to turn into a global mobile game development powerhouse. We therefore decided to extend our patience. This was not the case of **Publicis** which cost the portfolio -0.4% and that we decided to liquidate (see more below)

- Our **Financial** businesses contributed +**3.1%** to the Fund. As our long-term investors know, we are very picky in terms of investments in the Financial sector. More specifically, we generally avoid banks (often lacking the balance sheet information needed to value them) and any business that overly rely on macroeconomic conditions to deliver adequate investment returns (we have no ability to time cycles, style shifts, investor greed or relief that help – temporarily – this type of investment). Our two positions in the financial sectors do not fall into these categories. **Moody's** benefits from a strong credit rating franchise (and wisely develops Moody's Analytics, its less rate-sensitive business) that helped the company navigating through a global debt issuance market that contracted until mid year before recovering strongly during the second semester. **T Rowe Price**, the US asset manager, also recorded strong performance, as it continues to grow despite the well-known headwinds to active Equity management. Although in the short-term, its business is inevitably impacted by the broad market performance, it has demonstrated its ability to maintain its Net Margin at c. 23bps on an asset base that keeps growing (on resilient performance and a sticky investor base) and now reaches 1.1tn$, making it a very profitable business with low capital intensity.

Portfolio Activity

We sold 2 positions and invested in 2 new businesses during the year, staying at 25 holdings. This low turnover (even by our standards) is explained by the fact that, for most of our holdings, our long-term investment theses have been largely unchanged or even reinforced by this year's news flow and valuation excesses were rare.

Starting with exits:

- We sold our stake in the medical technology company **Becton Dickinson** over the first semester. We held the company in the portfolio since inception of the strategy and we still consider that it benefits from a strong business model, but its valuation became too stretched. We might become shareholders again in the future at more attractive entry points.
- We exited our position in **Publicis** during the second half of the year, as further growth deterioration has put our long-term thesis at risk. While we acknowledged since the inception of our investment that Publicis was under pressure as the advertising practices are quickly evolving and favor new players (such as our investees Google or Accenture), it had maintained its high return on capital and an enviable position in digital advertising vs. other incumbents. However, the growth turned from flat to clearly negative this year, as traditional advertising budgets were cut at long-term customers, despite these customers (such as consumer staples giants) enjoying overall good volume, pricing and profit growth. Our take-away was that the disruption risk had stepped up significantly, hence our decision to divest, since better opportunities arose (see below).

We added 2 new business this year:

- We built over the first semester a position in **Relx**, the global n°1 publisher of scientific articles (through its *Elsevier* brand, owning highly reputed journals such as *The Lancet*) and legal information (*Lexis Nexis*). The company enjoys a high and stable return on invested capital on its publishing and information business (now almost fully electronic), and has developed into a leading provider of analytical tools built on specialized consumer and compliance databases, used by in particular, insurers and banks. The investor community got concerned regarding the current subscription model in its Scientific, Technical & Medical market division, as universities and research centers push for more open-access publications in primary research (17% of group revenues). We seized this valuation opportunity, as we consider it underestimates the stickiness of Relx' scientific publication franchise, based on powerful brands and a complex ecosystem of reviewers to maintain, and the high value from Relx big data analytical and decision-making tools.

Report of the Manager (continued)

- We took a stake in **UnitedHealth Group** over the second semester. UnitedHealth is the n°1 Managed Care Organization (MCO) in the US, providing health care coverage and benefits services to more than 45m people and managing more than $250bn in aggregate health care spending for them. UnitedHealth enjoys high return thanks to its very profitable commercial business (private insurances through employers) and good growth on its Medicare and Medicaid segments. While MCOs are regularly impacted by the more general political debate around the high cost of the US healthcare system (which created this year a compelling valuation opportunity), our view is that they are part of the solution more than part of the problem. Having the data on patients and providers, the bargaining power with providers, and for UnitedHealth the vertical reach to optimize the pharmacy benefits part of the value chain (through its *Optum* business), they are uniquely positioned to improve the cost efficiency of the system. As an example, UnitedHealthCare Medicare Advantage costs run 20 to 30% below the original fee-for-service Medicare costs, thanks to value-based care (incentives for good behavior at provider level), streamlining of transitions (e.g., finding the right primary care physician, then the appropriate specialist) and more personalized care (a critical issue, as 50% of the US healthcare costs are driven by 5% of the population). 2020, as a US election year, will probably not be a smooth ride for stocks of MCOs, but the long-term case for UnitedHealth is very compelling.

Designed and managed as a holding company, the LongRun Equity Fund owns 25 high-quality businesses and provides long-term investors with a balanced exposure to the global real economy through some of the most resilient, well-run and shareholder-focused companies. Owning these real assets has allowed the LongRun Equity strategy to gain +255% since inception almost ten years ago, well above broad market indices. Patience and relentless focus on long-term fundamentals to select strong and stable capital compounders are the tenets of our investment philosophy. This does not protect us from short-term price drawdowns (as we stay fully invested at all time), but it strongly increases our probability of delivering above-average returns over the long-term. As Warren Buffet said, “time is the friend of the wonderful company, the enemy of the mediocre”.

Sincerely,

C. Coignard & L. Pallanca

Report of the Manager (continued)

LongRun's Performance[i]

	LongRun EUR Unhedged[i]	**LongRun USD Unhedged**[i]
Cumulated	**+ 255.1%**	**+ 199.8%**
Annualized	**+ 14.0%**	**+ 12.0%**
2019	+ 34.8%	+ 32.3%
2018	+ 1.1%	- 3.8%
2017	+ 10.0%	+ 25.3%
2016	+ 5.8%	+ 2.7%
2015	+ 14.9%	+ 3.2%
2014	+ 18.3%	+ 3.9%
2013	+ 22.6%	+ 28.2%
2012	+ 15.4%	+ 17.2%
2011	+ 3.8%	+ 0.4%
2010 (from 30 April)	+ 12.1%	+ 13.1%

[i] S Unhedged Classes of Shares and predecessors
[ii] Proprietary metrics, based on most recent data available

Report of the Manager (continued)

Other information :

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global markets and activities. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact.
As at the date of signing these financial statements the Investment Managers closely monitor the developing situation and did not experience any issue or disruption while operating the Fund.

KPMG

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To the Shareholders of
LongRun Equity Fund
5, Allée Scheffer
L-2520 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of LongRun Equity Fund ("the Company"), which comprise the statement of net assets and the securities portfolio as at December 31, 2019 and the statement of operations and changes in net assets 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 LongRun Equity Fund as at December 31, 2019, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

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 are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the Audit of the Financial Statements » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. 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 of the Company 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 report of "Réviseur d'Entreprises agréé" 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Company for the financial statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of these 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 Company 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 Company is responsible for assessing the Company'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 Company either intends to liquidate the Company to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'Entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" 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 skepticism 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 Company'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 Company.

- Conclude on the appropriateness of the Board of Directors of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises agréé" 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 report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company 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.

Luxembourg, April 7, 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Pascale Leroy

LongRun Equity Fund

Financial Statements as at 31/12/19

Statement of net assets as at 31/12/19

Expressed in EUR

Assets		**680,554,582.21**
Securities portfolio at market value		671,302,701.10
Cost price	Note 2	*547,672,339.84*
Unrealised profit on the securities portfolio	Note 2	*123,630,361.26*
Cash at banks and liquidities		8,751,737.12
Formation expenses		5,484.90
Subscriptions receivable		228,399.84
Dividends receivable		266,259.25
Liabilities		**3,516,007.01**
Brokers payable		1,994,051.66
Accrued management fees		1,321,430.95
Other liabilities		200,524.40
Net asset value		**677,038,575.20**

LongRun Equity Fund

Key figures

	Year ending as at:	**31/12/19**	**31/12/18**	**31/12/17**
Total Net Assets	EUR	677,038,575.20	298,962,652.69	207,185,131.13
PD - EUR - Distribution				
Number of shares		3,288.91	2,877.99	2,897.86
Net asset value per share	EUR	1,624.68	1,211.13	1,207.46
Dividend per share		-	-	-
PA - EUR - Capitalisation				
Number of shares		20,838.68	11,143.76	4,752.67
Net asset value per share	EUR	1,514.18	1,129.81	1,126.46
PD - USD - Distribution				
Number of shares		548.68	658.24	739.24
Net asset value per share	USD	1,550.06	1,181.54	1,240.69
Dividend per share		-	-	-
PA - USD - Capitalisation				
Number of shares		15,143.71	6,050.59	4,093.22
Net asset value per share	USD	1,617.03	1,228.88	1,286.96
PA - CHF - Capitalisation				
Number of shares		12,600.03	2,551.00	-
Net asset value per share	CHF	1,187.83	921.96	-
ID - EUR - Distribution				
Number of shares		8,348.00	5,350.00	5,565.11
Net asset value per share	EUR	1,663.36	1,238.00	1,227.62
Dividend per share		1.7733	-	-
IA - EUR - Capitalisation				
Number of shares		66,886.95	41,656.56	29,895.10
Net asset value per share	EUR	1,565.41	1,163.67	1,153.91
IA - USD - Capitalisation				
Number of shares		48,935.59	16,567.67	11,964.32
Net asset value per share	USD	1,594.47	1,207.30	1,257.55
IA - CHF - Capitalisation				
Number of shares		8,882.32	729.03	1,262.00
Net asset value per share	CHF	1,457.12	1,126.15	1,163.95
SD - EUR - Distribution				
Number of shares		3,502.00	27,027.00	27,025.00
Net asset value per share	EUR	1,670.66	1,243.95	1,234.31
Dividend per share		4.9826	3.7557	-
SA - EUR - Capitalisation				
Number of shares		21,969.74	19,560.00	26,879.00
Net asset value per share	EUR	1,578.08	1,171.11	1,158.38
SA - USD - Capitalisation				
Number of shares		252,042.67	134,386.07	69,530.95
Net asset value per share	USD	1,617.86	1,222.92	1,270.65

The accompanying notes form an integral part of these financial statements

LongRun Equity Fund

Securities portfolio as at 31/12/19

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
	Transferable securities admitted to an official stock exchange listing		671,302,701.10	99.15
	Shares		**671,302,701.10**	**99.15**
	Cayman Islands		*42,430,849.12*	*6.27*
134,000.00	NEW ORIENTAL EDUCATION & TECH.GR ADR RE1	USD	14,474,387.53	2.14
651,000.00	TENCENT HLDG	HKD	27,956,461.59	4.13
	Finland		*25,060,400.00*	*3.70*
430,000.00	KONE -B-	EUR	25,060,400.00	3.70
	France		*62,944,000.00*	*9.30*
325,000.00	LEGRAND SA	EUR	23,608,000.00	3.49
149,000.00	L'OREAL SA	EUR	39,336,000.00	5.81
	Ireland		*54,081,879.74*	*7.99*
173,000.00	ACCENTURE - SHS CLASS A	USD	32,453,104.68	4.80
214,000.00	MEDTRONIC HLD	USD	21,628,775.06	3.19
	Switzerland		*93,981,931.92*	*13.88*
337,000.00	NESTLE SA REG SHS	CHF	32,484,691.81	4.80
136,000.00	ROCHE HOLDING AG GENUSSSCHEIN	CHF	39,286,108.56	5.80
109,000.00	SONOVA HOLDING NAM-AKT	CHF	22,211,131.55	3.28
	United Kingdom		*32,539,782.85*	*4.81*
1,447,000.00	RELX PLC	GBP	32,539,782.85	4.81
	United States of America		*360,263,857.47*	*53.20*
31,000.00	ALPHABET -A-	USD	36,989,835.19	5.46
196,000.00	AMPHENOL -A-	USD	18,898,066.82	2.79
337,000.00	COLGATE-PALMOLIVE CO	USD	20,667,331.85	3.05
160,000.00	DANAHER CORP	USD	21,876,881.96	3.23
299,000.00	EMERSON ELECTRIC CO	USD	20,313,354.12	3.00
354,000.00	FORTIVE	USD	24,090,922.05	3.56
76,000.00	INTUIT	USD	17,734,236.08	2.62
292,000.00	MICROSOFT CORP	USD	41,023,073.50	6.06
82,000.00	MOODY S CORP	USD	17,343,091.31	2.56
450,000.00	ORACLE CORP	USD	21,239,198.22	3.14
344,000.00	PROCTER AND GAMBLE CO	USD	38,276,703.79	5.65
255,000.00	T ROWE PRICE GROUP INC	USD	27,678,574.61	4.09
96,000.00	UNITEDHEALTH GROUP INC	USD	25,142,164.81	3.71
225,000.00	WALT DISNEY CO	USD	28,990,423.16	4.28
	Total securities portfolio		**671,302,701.10**	**99.15**

LongRun Equity Fund

Statement of Operations and Changes in Net Assets from 01/01/19 to 31/12/19

Expressed in EUR

Income		**5,497,881.55**
Net dividends		5,327,242.36
Bank interest on cash account		170,639.19
Expenses		**8,335,213.38**
Amortisation of formation expenses	Note 2	6,770.02
Investment Manager fees	Note 4	3,946,350.47
Depositary & sub-custodian fees		263,797.87
Taxe d'abonnement	Note 3	71,328.51
Administration fees		114,423.68
Management Company fees	Note 4	188,789.24
Performance fees	Note 5	2,956,885.19
Domiciliation fees		5,000.00
Bank account with negative credit interests		47,610.93
Legal fees		17,089.48
Transaction fees		392,641.15
Distributor fees	Note 6	219,840.93
Other expenses		104,685.91
Net loss from investments		**-2,837,331.83**
Net realised profit / loss on:		
- sales of investment securities		13,562,942.50
- foreign exchange		1,812,357.27
Net realised profit		**12,537,967.94**
Movement in net unrealised appreciation / depreciation on:		
- investments		112,389,360.71
Increase in net assets as a result of operations		**124,927,328.65**
Dividends paid	Note 7	-144,265.91
Subscription capitalisation shares		320,734,352.38
Subscription distribution shares		11,402,925.67
Redemption capitalisation shares		-34,838,520.14
Redemption distribution shares		-44,005,898.14
Increase in net assets		**378,075,922.51**
Net assets at the beginning of the year		**298,962,652.69**
Net assets at the end of the year		**677,038,575.20**

The accompanying notes form an integral part of these financial statements

LongRun Equity Fund

Notes to the financial statements

Notes to the Financial Statements as at December 31, 2019

1. General

LongRun Equity Fund (the "Company") is an investment company organised as a société anonyme under the law of December 17, 2010 as amended, “the Law” of the Grand-Duchy of Luxembourg and qualifies as a société d’investissement à capital variable (SICAV) subject to Part I of the Law. The Company was incorporated on September 25, 2015.

The Company is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B200398. The articles of incorporation have been published in the Luxembourg legal gazette (Mémorial C Recueil des Sociétés et Associations) on October 8, 2015.

The Company has appointed Luxcellence Management Company S.A. to serve as its designated Management Company in accordance with the Law pursuant to a management company agreement dated September 30, 2015.

The Fund has the sole compartment : LongRun Equity.

The features of the different Classes of Shares and sub-classes of Shares which may currently be issued by the Company are:

- “P” stands for “Private”. “P” Classes of Shares are available to all types of investors, among others private investors.
- “I” stands for Institutional Investors. “I” Classes of Shares are available to Institutional Investors.
- “S” stands for “Select Institutional Investors”. “S” Classes of Shares are available for Institutional Investors investing in the Company the minimum amount as indicated hereinafter.
- “D” stands for “Distributing”, i.e. refers to Classes of Shares giving rise to distribution of dividends pursuant to the rules of section Distribution Policy.
- “A” stands for “Accumulation” i.e. refers to Classes of Shares which accumulate profits.
- “(Hdg)” stands for “Currency Hedged Classes of Shares”.

Hedged Classes of Shares are Classes of Shares with respect to which the Investment Manager will seek to hedge the exposure of the Company's portfolio to currencies other than the Class Currency of the relevant Class of Shares. For such Classes, the Company will hedge the currency exposure of portfolio securities denominated in a currency other than the Class Currency of the Class of Shares, in proportion to the amount of Shares in issue for the relevant Class of Shares. It should be noted that hedged Classes of Shares may not necessarily be 100% hedged at all times. The Investment Manager will take hedging positions from time to time in the best interest of investors and on a best effort basis.

The currency hedging shall not have adverse impact on the Shareholders of the other Classes of Shares the Company. The cost and resulting profit or loss of such hedging shall be allocated of that hedged Class only.

- “(Unh)” stands for “Currency Unhedged Classes of Shares”
  Currency Unhedged Classes of Shares are Classes of Shares with respect to which the Investment Manager will not hedge the exposure of the Company's portfolio to currencies other than the Class Currency of the relevant Class of Shares.

2. Summary of significant accounting policies

The accounts of the Company are expressed in EUR. As the Company has only one active compartment as at December 31, 2019 and as the reference currency of the sole compartment is EUR, the consolidated accounts of the Company are the same as the accounts of the sole compartment.

1) Presentation of Financial Statements

The Financial Statements are prepared in accordance with Luxembourg regulations relating to Undertakings for Collective Investment.

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Notes to the Financial Statements as at December 31, 2019 (continued)

2. Summary of significant accounting policies (continued)

2) Determination of the Net Asset Value per share

The Net Asset Value of each Class of Shares is expressed in the Class Currency of each Class of Shares. The Net Asset Value is determined by the Administration Agent on each Valuation Day and on any such day that the Board may decide from time to time by dividing the net assets of the Company by the number of outstanding Shares.
The Administration Agent calculates the Net Asset Value for each Class of Shares on the Valuation Day.

The value of assets is fixed as follows:

- Investment funds are valued at their net asset value.

- Liquid assets are valued at their nominal value plus accrued interest;

- Fixed term deposits are valued at their nominal value plus accrued interest. Fixed term deposits with an original term of more than 30 calendar days can be valued at their yield adjusted price if an arrangement between the Company and the bank, with which the fixed term deposit is invested has been concluded including that the fixed term deposits are terminable at any time and the yield adjusted price corresponds to the realisation value;

- Commercial papers are valued at their nominal value plus accrued interest. Commercial papers with an original term of more than 90 calendar days can be valued at their yield adjusted price if an arrangement between the Company and the bank, with which the commercial paper is invested has been concluded including that the commercial papers are terminable at any time and the yield adjusted price corresponds to the realisation value;

- Securities or financial instruments admitted for official listing on a Regulated Market are valued on the basis of the last available price at the time when the valuation is carried out. If the same security is quoted on several Regulated Markets, the quotation on the principal market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be made in good faith by the Board of Directors or their delegate;

- Unlisted securities or financial instruments are valued on the basis of their probable value realisation as determined by the Board of Directors or their delegate using valuation principles which can be examined by the Auditor, in order to reach a proper and fair valuation of the total assets of the Company;

- Any other assets are valued on the basis of their probable value realisation as determined by the Board of Directors or their delegate using valuation principles which can be examined by the Auditor, in order to reach a proper and fair valuation of the total assets of the Company;

- The valuation of derivatives traded over-the-counter (OTC), such as futures, forward or option contracts not traded on exchanges or on other recognised markets, will be based on their net liquidating value determined, pursuant to the policies established by the Board of Directors on the basis of recognised financial models in the market and in a consistent manner for each category of contracts. The net liquidating value of a derivative position is to be understood as being equal to the net unrealised profit/loss with respect to the relevant position;

- In the event that it is impossible or incorrect to carry out a valuation in accordance with the above rules owing to particular circumstances, the Board of Directors or their delegate shall be entitled to use other generally recognised valuation principles which can be examined by an auditor, in order to reach a proper valuation of the total assets of the Company.

Notes to the Financial Statements as at December 31, 2019 (continued)

2. Summary of significant accounting policies (continued)

3) **Foreign currency translation**

The reference currency of the Company and of the sole compartment is EUR.

Assets and liabilities in currencies other than the Compartment's base currency have been translated into that currency at exchange rates ruling at the date of these financial statements. Transactions occurring during the year in currencies other than the base currency are translated at rates of exchange ruling at the transaction dates.

All assets and liabilities expressed in currencies other than in EUR are translated at the exchange rates applicable at the year-end being:

1 EUR = 1.08700 CHF	1 EUR = 8.74630 HKD
1 EUR = 0.84735 GBP	1 EUR = 1.12250 USD

4) **Formation expenses**

Formation expenses are amortized for a period of five years.

3. Taxation

Under current law and practice, the Company is not liable to any Luxembourg income tax, nor are dividends paid by the Company liable to any Luxembourg withholding tax.

However, any Class reserved to retail investors (Class P) is liable in Luxembourg to a "*taxe d'abonnement*" of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the total Net Asset Value of each Class at the end of the relevant quarter.
Any Class reserved to institutional investors is liable in Luxembourg to a "*taxe d'abonnement*" of 0.01% per annum of their net assets. Such tax being payable quarterly and calculated on the total Net Asset Value of each Class at the end of the relevant quarter.

4. Management fees

a) **Management Company fee**

In consideration of its services, the Management Company is entitled to receive the following fees and payments of the following expenses, out of the assets of the Company:

The following annual variable fee was applied on the average net assets of the Company, payable monthly in arrears (applicable per brackets):

Up to EUR 600 mio: 0.04%
From EUR 600 mio to EUR 1,000 mio: 0.035%
From EUR 1,000 mio to EUR 1,000 billion: 0.03%
with an annual minimum fixed fee of € 40,000 at the Company's level.

b) **Investment Manager fee**

The Investment Manager is entitled to receive an Investment Management fee that is calculated as a percentage of the net asset value of each Class of Shares prior to accrual of Performance Fees (other than realised Performance Fees due to redemption). The effective rates of Investment Management fees per Class are as follows:

- Class P Shares: 1% p.a.
- Class I Shares: 1% p.a.
- Class S Shares: 0.75% p.a.

The Investment Management fees are accrued daily and payable quarterly in arrears.

Notes to the Financial Statements as at December 31, 2019 (continued)

5. Performance fees

The Investment Manager is entitled to receive a monthly Performance Fee amounting to a percentage of the relative performance of each Class of Shares compared to the MSCI AC World Index NR over the relevant month, subject to a relative high watermark principle.

The relative high watermark principle means that if the Investment Manager underperforms the MSCI AC World Index NR during a relevant month with respect to a given Class of Shares, it has first to recoup this relative loss in the next relevant month(s) before being entitled to any payment of Performance Fee on such Class of Shares. In other words, the Company must have generated a performance greater than the MSCI AC World Index NR since the last payment of the Performance Fee.

Shareholders should be aware that under this relative high watermark formula, a Performance Fee may be payable with respect to any Class of Shares even if there was a decrease in value of the NAV of such Class of Share over the relevant month.

Performance Fees per Class are as follows:
- Class P Shares: 10%
- Class I Shares: 10%
- Class S Shares: 10%

In case of redemptions on any Valuation Day, the pro rata of the month-to-date performance accrual that relates to such redeemed Shares is considered as due to the Investment Manager regardless of the performance of the Company after such net redemption.

The Performance is computed in the currency of the relevant Share Class. With respect to hedged Classes of Share, the performance is computed in respect to the hedged index.
The Performance Fee is paid monthly.

For the year ended December 31, 2019, the performance fee amount is 2,956,885.19 EUR.

6. Global Distribution Fee and Sales Fees

Banque Pâris Bertrand S.A. acting as Global Distributor of the Company, together with any sub-distributor appointed by it, is entitled to receive a global distribution fee amounting up to maximum 0.50% p.a. calculated on the NAV of P Classes of Shares and payable quarterly.

The Placement Agents may receive a Sales fee amounting to max 3% (Class P) and max 1% (Class I and S) of the amount subscribed by the investors. The Sales Fee shall be withheld from the amount subscribed by the investor.

7. Dividend paid

Following the Circular resolution dated March 26, 2019, it has been decided to pay dividends with an ex-dividend date on April 17, 2019 and a payment date on April 23, 2019. The amounts are as follows:

Shares Classes	Currency	Unitary dividend
ID - EUR	EUR	1.77327
SD - EUR	EUR	4.98256

8. Changes in the investment portfolios

The reports on the changes in the investment portfolios are available, free of charge, at the registered office of the Management Company of the Fund.

Notes to the Financial Statements as at December 31, 2019 (continued)

9. Switches in subscription and redemption

The amounts reported in the captions “Subscription capitalisation shares” and “Redemption capitalisation shares” of the Statement of Operations and Changes in Net Assets include switches of shares for 48,973,224.00 EUR.

10. Total Expense Ratio (TER)

This ratio expresses the sum of all costs and commissions charged on an ongoing basis to the Company’s assets taken retrospectively as a percentage of the Company’s average assets.

	TER (in %) with performance fee	TER (in %) without performance fee
PD - EUR	2.09	1.71
PA - EUR	2.14	1.71
PD - USD	2.47	1.70
PA - USD	2.10	1.72
PA - CHF	2.39	1.71
ID - EUR	1.81	1.17
IA - EUR	1.76	1.16
IA - USD	1.73	1.16
IA - CHF	1.68	1.16
SD - EUR	1.87	0.92
SA - EUR	1.55	0.91
SA - USD	1.56	0.91

11. Subsequent Events

As of and with effective date January 1, 2020, an updated prospectus has been approved by the Board of the Directors of the Company which includes the replacement of the Global Distributor of the Company, from Banque Pâris Bertrand S.A. to Acolin Europe AG.

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities.
The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown.
The Directors do not believe there is any financial impact to the Financial Statements as at 31 December 2019 as a result of this subsequent event.
The Investment Manager is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

Supplementary Information (unaudited)

SFTR (Securities Financing Transactions and Reuse Regulation)

The Company does not use any instrument falling into the scope of “SFTR”.

Risk Management

The Management Company uses the commitment approach in order to monitor and measure the global risk exposure.

Information concerning the remuneration policy:

The remuneration Policy
The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that do not encourage risk taking inconsistent with the risk profiles, rules, the Prospectus or the Articles, nor impair compliance with the Management Company’s obligation to act in the best interest of the Company.

The Management Company is required to make quantitative disclosures of remuneration. These disclosures are made in line with the Management Company’s interpretation of currently available regulatory guidance in relation to quantitative remuneration disclosures.

As regulatory practice evolves, the Management Company may consider it appropriate to modify the way in which quantitative remuneration disclosures are calculated and, in case such changes are made, this may result in disclosures in relation to the Company not comparable to those in the prior year, or in relation to other Funds for which Luxcellence Management Company acts as Management Company.

Methodology
The figures disclosed are a sum of each individual’s portion of remuneration attributable to the Company according to an objective apportionment methodology which acknowledges the multiple-service nature of the Management Company. Accordingly, the figures are not representative of any individual’s actual remuneration or their remuneration structure.

Quantitative Disclosure:
The aggregate amount of remuneration paid in respect of the financial year ending December 31, 2019 by the Management Company to its staff (i.e. 31 beneficiaries as of December 31, 2019) in relation to the Company was 74.6 k€, which comprise of a fixed remuneration of 67 K€ and a variable remuneration of 7.6 K€.

The aggregate amount of remuneration awarded by the Management Company to its senior management (7 beneficiaries as of December 31, 2019) in relation to the Company, was 27.9 k€.