

PROSPERITY CAPITAL MANAGEMENT SICAV

Société d'investissement à capital variable
(a Luxembourg domiciled open-ended investment company)

Unaudited semi-annual report as at June 30, 2018

PROSPERITY CAPITAL MANAGEMENT SICAV

Société d'investissement à capital variable
(a Luxembourg domiciled open-ended investment company)

Unaudited semi-annual report as at June 30, 2018

PROSPERITY CAPITAL MANAGEMENT SICAV

Unaudited semi-annual report as at June 30, 2018

No subscription can be received on the basis of this report. Subscriptions are only valid if made on the basis of the current prospectus accompanied by the Key Investor Information Document ("KIID"), the latest annual report, including audited financial statements, and the most recent semi-annual report, if published thereafter.

PROSPERITY CAPITAL MANAGEMENT SICAV

Table of contents

Organisation of the SICAV	4
General information	6
Distribution abroad	7
Financial statements	
Statement of net assets	8
Statement of operations and changes in net assets	9
Number of shares outstanding and net asset value per share	10
Sub-fund : PROSPERITY CAPITAL MANAGEMENT SICAV - RUSSIAN PROSPERITY FUND (LUXEMBOURG)	
- Statement of investments and other net assets	11
- Geographical and industrial classification of investments	14
Notes to the financial statements	15
Total Expense Ratio ("TER")	21
Performance	22
Other information to Shareholders	23

PROSPERITY CAPITAL MANAGEMENT SICAV

Organisation of the SICAV

REGISTERED OFFICE	15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
BOARD OF DIRECTORS OF THE SICAV	
CHAIRMAN	Mr Joseph KEANE, Director, Prosperity Capital Management (UK) Ltd, 2 nd Floor, Cavendish Square, London W1G OPD, United Kingdom
MEMBERS	Mr John ALLDIS, Director, Carne Global Financial Services S.à r.l. 6B, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg Ms Veronica BUFFONI, Director, Carne Global Financial Services S.à r.l. 6B, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg Mr Cédric BIART, Affiliate Director, ME Business Solutions S.à r.l., 16, rue Jean-Pierre Brasseur, L-1258, Luxembourg, Grand Duchy of Luxembourg
CENTRAL ADMINISTRATION AND MANAGEMENT COMPANY	FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY	
CHAIRMAN	Mr Christian SCHRÖDER, Group Corporate Secretary and Head of Organisation, Banque Pictet & Cie SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
MEMBERS	Mrs Michèle BERGER, CEO and Managing Director, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg Me. Claude KREMER, Partner, Arendt & Medernach - Avocats, 41A, avenue J.F. Kennedy, L-2082 Luxembourg, Grand Duchy of Luxembourg Mr Geoffroy LINARD DE GUERTECHIN, Independant Director, 2, rue Jean-Pierre Beicht, L-1226 Luxembourg, Grand Duchy of Luxembourg

PROSPERITY CAPITAL MANAGEMENT SICAV

Organisation of the SICAV (continued)

MEMBERS OF THE MANAGEMENT COMMITTEE	Mrs Michèle BERGER, CEO and Managing Director, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
	Mr Pascal CHAUVAUX, Head of Central Administration, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
	Mrs Céline COTTET, Head of Risk & Compliance, FundPartner Solutions (Suisse) SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
	Mr Dorian JACOB, Head of Investment Management Oversight, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
INVESTMENT MANAGER AND GLOBAL DISTRIBUTOR	Prosperity Capital Management (UK) Ltd, 2nd Floor, 6 Cavendish Square London W1G 0PD, United Kingdom
DEPOSITARY BANK	Pictet & Cie (Europe) S.A., 15A, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
REVISEUR D'ENTREPRISES AGRÉÉ	KPMG Luxembourg, <i>Société coopérative</i> , 39, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
LEGAL ADVISOR AS TO LUXEMBOURG LAW	Elvinger Hoss Prussen, 2, place Winston Churchill BP 425, L-2014 Luxembourg, Grand Duchy of Luxembourg
LEGAL ADVISOR AS TO RUSSIAN LAW	CMS International B.V. Presnenskaya Nab., 10, 123317, Moscow, Russian Federation
INFORMATION AGENT IN GERMANY	Zeidler Legal Services, 48 Bettinastraße, D-60325 Frankfurt am Main, Germany
LEGAL REPRESENTATIVE AND PAYING AGENT IN SWITZERLAND	BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich, Switzerland
PAYING AGENT IN LIECHTENSTEIN	Volksbank AG, Feldkircher Str. 2, FL-9494, Schaan, Liechtenstein

PROSPERITY CAPITAL MANAGEMENT SICAV

General information

PROSPERITY CAPITAL MANAGEMENT SICAV (the "SICAV") publishes an annual report, including audited financial statements, within four months after the end of the business year and an unaudited semi-annual report within two months after the end of the period to which it refers.

Annual reports, including audited financial statements, and semi-annual reports provide information on each sub-fund and, on a consolidated basis, the SICAV as a whole.

The following documents are also available, free of charge, and copy thereof may be obtained at the registered office of the SICAV:

- (i) the Articles of Incorporation;
- (ii) the annual report, including audited financial statements, and semi-annual reports of the SICAV;
- (iii) the Prospectus;
- (iv) the KIIDs; and
- (v) a copy of the changes in the investment portfolio for the period from January 1, 2018 to June 30, 2018

Additional information is made available by the Management Company at its registered office, upon request, in accordance with the provisions of Luxembourg laws and regulations. This additional information includes the procedures relating to complaints handling, the strategy followed for the exercise of voting rights of the SICAV, the policy for placing orders to deal on behalf of the SICAV with other entities, the best execution policy as well as the arrangements relating to the fee, commission or non-monetary benefit in relation to the investment management and administration of the SICAV.

PROSPERITY CAPITAL MANAGEMENT SICAV

Distribution abroad

DISTRIBUTION IN AND FROM SWITZERLAND

The SICAV has been authorised in Switzerland as a foreign investment fund.

Representative and Paying Agent

The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich (the "Representative"), with its registered office in Selnaustrasse 16, CH-8002 Zurich, Switzerland.

Place of distribution of reference documents

The Prospectus, the Key Investor Information Documents ("KIIDs"), the Articles of Incorporation, the annual and semi-annual reports of the SICAV, and a breakdown of the purchases and sales of the SICAV during the financial period under review can be obtained free of charge from the registered office of the Representative in Switzerland.

DISTRIBUTION IN LIECHTENSTEIN

Paying Agent in Liechtenstein

Volksbank AG
Feldkircher Str. 2
FL-9494 Schaan

The current prospectus, the KIIDs, the articles of incorporation and the annual and semi-annual reports are available free of charge from the Paying Agent in Liechtenstein.

Any notices and amendments to the current prospectus and the articles of incorporation must be published in a Liechtenstein newspaper, the "*Liechtensteiner Vaterland*".

The subscription and redemption prices of the shares of the SICAV shall be published at least twice per month in a Liechtenstein newspaper, the "*Liechtensteiner Vaterland*".

The place of execution and jurisdiction for shares distributed in Liechtenstein is Schaan.

PROSPERITY CAPITAL MANAGEMENT SICAV

Statement of net assets as at June 30, 2018

	COMBINED	PROSPERITY CAPITAL MANAGEMENT SICAV - RUSSIAN PROSPERITY FUND (LUXEMBOURG)
	EUR	USD
ASSETS		
Investments in securities at acquisition cost (note 2.f)	387,595,432.67	452,537,242.14
Net unrealised gain on investments	34,408,933.19	40,174,167.23
Investments in securities at market value (note 2.d)	422,004,365.86	492,711,409.37
Cash at banks (note 2.d)	5,976,790.63	6,978,204.90
	427,981,156.49	499,689,614.27
LIABILITIES		
Investment management fee payable (note 4)	445,059.39	519,629.31
Performance fee payable (note 5)	1,172.35	1,368.78
"Taxe d'abonnement" payable (note 3)	32,269.29	37,676.02
Other fees payable (note 6)	216,113.82	252,323.80
	694,614.85	810,997.91
TOTAL NET ASSETS AS AT JUNE 30, 2018	427,286,541.64	498,878,616.36
TOTAL NET ASSETS AS AT DECEMBER 31, 2017	409,311,308.16	491,501,106.13
TOTAL NET ASSETS AS AT DECEMBER 31, 2016	412,097,828.64	434,660,168.69

The accompanying notes form an integral part of these financial statements.

PROSPERITY CAPITAL MANAGEMENT SICAV

Statement of operations and changes in net assets for the period ended June 30, 2018

	COMBINED	PROSPERITY CAPITAL MANAGEMENT SICAV - RUSSIAN PROSPERITY FUND (LUXEMBOURG)
	EUR	USD
NET ASSETS AT THE BEGINNING OF THE PERIOD	409,311,308.16	491,501,106.13
INCOME		
Dividends, net (note 2.h)	10,494,037.72	12,252,319.01
	10,494,037.72	12,252,319.01
EXPENSES		
Amortization of formation expenses (note 2.g)	2,198.73	2,567.13
Investment management fee (note 4)	2,759,294.56	3,221,615.75
Performance fee (note 5)	236,510.42	276,137.86
Depositary Bank and Central Administration fee	310,491.33	362,514.31
Audit and legal fees	80,259.53	93,707.06
Directors' fees	60,147.37	70,225.09
Printing and publishing fees	1,076.18	1,256.49
"Taxe d'abonnement" (note 3)	67,393.86	78,685.74
Transaction fees (note 2.i)	8,240.91	9,621.68
Other expenses	339,242.26	396,082.47
	3,864,855.15	4,512,413.58
NET INVESTMENT INCOME	6,629,182.57	7,739,905.43
Net realised gain on sales of investments (note 2.e)	8,577,976.26	10,015,220.49
Net realised loss on foreign exchange	-166,410.69	-194,292.88
NET REALISED GAIN	15,040,748.14	17,560,833.04
Change in net unrealised depreciation:		
- on investments	-21,723,088.65	-25,362,803.07
DECREASE IN NET ASSETS AS A RESULT OF OPERATIONS	-6,682,340.51	-7,801,970.03
Proceeds from subscriptions of shares	99,056,744.96	115,653,752.34
Cost of shares redeemed	-86,055,611.19	-100,474,272.08
Revaluation difference on the net assets at the beginning of the period*	11,656,440.22	
NET ASSETS AT THE END OF THE PERIOD	427,286,541.64	498,878,616.36

* The difference mentioned above results from the conversion of the net assets at the beginning of the period (for the sub-funds denominated in currencies other than Euro) at exchange rates applicable on December 31, 2017 and exchange rates applicable on June 30, 2018.

The accompanying notes form an integral part of these financial statements.

PROSPERITY CAPITAL MANAGEMENT SICAV

Number of shares outstanding and net asset value per share

Sub-fund	Class	Currency	Number of shares outstanding	Net asset value per share	Net asset value per share	Net asset value per share
			30.06.2018	30.06.2018	31.12.2017	31.12.2016
PROSPERITY CAPITAL MANAGEMENT SICAV - RUSSIAN PROSPERITY FUND (LUXEMBOURG)	A EUR	EUR	55,033.28	114.16	112.72	104.73
	A USD	USD	769,104.89	100.34	101.90	83.33
	B EUR	EUR	288,676.21	115.63	113.55	104.48
	B USD	USD	188,908.48	102.48	104.09	85.70
	I USD	USD	359,798.76	191.37	193.70	157.35
	IP USD	USD	90,372.84	98.30	99.12	-
	R EUR	EUR	1,146,039.13	123.20	120.37	111.15
	S EUR	EUR	395,197.48	138.17	136.07	125.81
	S USD	USD	1,436.54	100.56	101.85	-
	X EUR	EUR	322,041.59	133.63	130.33	118.13

The accompanying notes form an integral part of these financial statements.

PROSPERITY CAPITAL MANAGEMENT SICAV - RUSSIAN PROSPERITY FUND (LUXEMBOURG)

Statement of investments and other net assets as at June 30, 2018 (expressed in USD)

Description	Currency	Quantity	Market value (note 2)	% of net assets
I. TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET				
SHARES				
<i>BRITISH VIRGIN ISLANDS</i>				
LENTA -GDR SPONSORED- REG.S	USD	2,389,827.00	13,239,641.58	2.65
			13,239,641.58	2.65
<i>CYPRUS</i>				
AFI DEVELOPMENT GDR -SPONS.- REG.S	USD	4,803,102.00	970,226.60	0.19
MD MED GROUP INVESTMENT GDR	USD	1,105,659.00	9,674,516.25	1.94
TCS GROUP HOLDING 'A' GDR	USD	1,252,558.00	25,239,043.70	5.06
			35,883,786.55	7.19
<i>JERSEY</i>				
HIGHLAND GOLD MINING	GBP	5,594,388.00	10,468,473.21	2.10
			10,468,473.21	2.10
<i>KAZAKHSTAN</i>				
HALYK SAVINGS BANK OF KAZAKHSTAN GDR -SPONS.-S-	USD	1,395,532.00	16,746,384.00	3.36
			16,746,384.00	3.36
<i>NETHERLANDS</i>				
VEON ADR -SPONS.-	USD	3,211,560.00	7,643,512.80	1.53
			7,643,512.80	1.53
<i>RUSSIA</i>				
ACRON	USD	200,966.00	13,961,984.23	2.80
AEROFLOT	USD	3,565,144.00	7,968,025.54	1.60
ALROSA	USD	9,520,130.00	15,117,395.23	3.03
BASHNEFT PFD	USD	406,426.00	11,161,559.37	2.24
ENEL RUSSIA	USD	611,292,679.00	12,366,450.90	2.48
FGC UES	USD	5,847,185,295.00	17,366,140.33	3.48
GAZPROM	USD	16,790,452.00	37,462,184.88	7.50
GAZPROM ADR -SPONS.-	USD	2,417,818.00	10,660,159.56	2.14
GAZPROM NEFT	USD	2,397,321.00	12,031,530.80	2.41
GAZPROM NEFT ADR -SPONS.-	USD	207,850.00	5,206,642.50	1.04
GROUP LSR GDR -SPONS.- REG.S	USD	300,551.00	819,001.48	0.16
IDGC CENTER & VOLGA	USD	830,180,338.00	3,910,149.39	0.78
IDGC OF CENTRE	USD	550,809,276.00	2,913,781.07	0.58
IDGC OF SOUTH PJSC	USD	1,425,065,773.00	1,353,812.48	0.27
KUZBASSKAYA TOPLIVNAYA COMPANY	USD	4,209,854.00	12,558,710.16	2.52
LSR GROUP	USD	1,208,813.00	16,352,773.91	3.28
LUKOIL ADR -SPONS.-	USD	187,333.00	12,787,350.58	2.56
LUKOIL OIL COMPANY	USD	168,130.00	11,487,610.03	2.30
MAGNIT	USD	322,277.00	23,649,585.41	4.74
MAGNITOGORSK IRON & STEEL WORKS	USD	8,947,408.00	6,089,874.31	1.22
MAGNITOGORSK IRON GDR -SPONS.- REG.S	USD	1,435,112.00	12,729,443.44	2.55
NOVOROSSIYSK COMMERCIAL SEA PORT	USD	29,613,809.00	2,971,449.60	0.60
NOVOROSSIYSK COMMERCIAL SEA PORT GDR -SPONS.-	USD	42,847.00	317,067.80	0.06

The accompanying notes form an integral part of these financial statements.

PROSPERITY CAPITAL MANAGEMENT SICAV - RUSSIAN PROSPERITY FUND (LUXEMBOURG)

Statement of investments and other net assets as at June 30, 2018 (expressed in USD)

Description	Currency	Quantity	Market value (note 2)	% of net assets
OBUV ROSSII	USD	5,257,919.00	8,062,808.47	1.62
RASPADSKAYA	USD	2,928,830.00	4,776,482.41	0.96
ROSNEFT OIL COMPANY	USD	5,830.00	36,560.16	0.01
SBERBANK OF RUSSIA	USD	4,557,152.00	15,604,873.31	3.13
SBERBANK OF RUSSIA ADR -SPONS.-	USD	1,902,177.00	27,039,446.06	5.42
SBERBANK PFD	USD	43,909.00	130,483.50	0.03
SURGUTNEFTEGAS	USD	47,674,396.00	21,740,001.32	4.36
SURGUTNEFTEGAZ ADR -SPONS.-	USD	290,418.00	1,310,366.02	0.26
T PLUS PJSC	USD	36,120,630.00	357,594.24	0.07
X5 RETAIL GROUP GDR -SPONS.-	USD	871,019.00	23,273,627.68	4.67
			353,574,926.17	70.87
<i>SWEDEN</i>				
ENERGYO SOLUTION RUSSIA	SEK	372,565.00	744,838.69	0.15
			744,838.69	0.15
<i>UKRAINE</i>				
MHP GDR -SPONS.- -S-	USD	2,440,271.00	31,357,482.35	6.29
			31,357,482.35	6.29
<i>UNITED KINGDOM</i>				
EVRAZ	GBP	2,696,652.00	18,219,848.34	3.65
PETROPAVLOVSK	GBP	18,284,510.00	1,964,487.75	0.39
			20,184,336.09	4.04
TOTAL I.			489,843,381.44	98.18
II. OTHER TRANSFERABLE SECURITIES				
SHARES				
<i>CYPRUS</i>				
MRIYA AGRO HOLDING GDR -SPONS.-	EUR	1,490,861.00	0.00	0.00
			0.00	0.00
<i>RUSSIA</i>				
ORSKNEFTEORGSIINTEZ PFD	USD	7,604.00	40,239.99	0.01
			40,239.99	0.01
TOTAL II.			40,239.99	0.01
III. UNITS OF INVESTMENT FUNDS				
<i>GUERNSEY</i>				
NEW RUSSIAN GENERATION B USD	USD	6,147,365.09	2,827,787.94	0.57
			2,827,787.94	0.57
TOTAL III.			2,827,787.94	0.57

The accompanying notes form an integral part of these financial statements.

PROSPERITY CAPITAL MANAGEMENT SICAV - RUSSIAN PROSPERITY FUND (LUXEMBOURG)

Statement of investments and other net assets as at June 30, 2018 (expressed in USD)

Description	Market value (note 2)	% of net assets
TOTAL INVESTMENTS	492,711,409.37	98.76
CASH AT BANKS	6,978,204.90	1.40
OTHER NET LIABILITIES	-810,997.91	-0.16
TOTAL NET ASSETS	498,878,616.36	100.00

The accompanying notes form an integral part of these financial statements.

PROSPERITY CAPITAL MANAGEMENT SICAV - RUSSIAN PROSPERITY FUND (LUXEMBOURG)

Geographical and industrial classification of investments as at June 30, 2018

Geographical classification

(in % of net assets)

Russia	70.88
Cyprus	7.19
Ukraine	6.29
United Kingdom	4.04
Kazakhstan	3.36
British Virgin Islands	2.65
Jersey	2.10
Netherlands	1.53
Guernsey	0.57
Sweden	0.15
	98.76

Industrial classification

(in % of net assets)

Oil and gas	24.83
Banks and credit institutions	11.94
Mining and steelworks	10.87
Retail and supermarkets	7.32
Holding and finance companies	7.00
Public utilities	6.85
Food and other agricultural products	6.29
Food and soft drinks	4.74
Utilities electric	3.48
Construction and building materials	3.44
Metals and minings	3.03
Pharmaceuticals and cosmetics	2.80
Transport and freight	2.26
Miscellaneous trade	1.62
Communications	1.53
Units of investment funds	0.57
Real Estate Shares	0.19
	98.76

PROSPERITY CAPITAL MANAGEMENT SICAV

Notes to the financial statements as at June 30, 2018

NOTE 1

GENERAL

PROSPERITY CAPITAL MANAGEMENT SICAV (the "SICAV") is a limited liability company organised as a *société d'investissement à capital variable* incorporated in Luxembourg on January 30, 2013 for an unlimited duration. The SICAV is subject to the provisions of the Law of August 10, 1915 on commercial companies, as amended (the "Law of 1915"), and of Part I of the amended Law of December 17, 2010 (the "Law") relating to undertakings for collective investment.

The SICAV qualifies as an undertaking for collective investment in transferable securities under article 1(2) of the Directive 2009/65/EC, as modified. Directive 2014/91/EU of the European Parliament and the Council of July 23, 2014 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities modifying Directive 2009/65/EC was implemented in national law under the Luxembourg Law of May 10, 2016 amending the modified Law of December 17, 2010.

The Articles of Incorporation were published in the *Mémorial C, Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembourg* on February 18, 2013 and deposited with the *Registre de Commerce et des Sociétés* of Luxembourg, where they are available for inspection.

The share capital of the SICAV shall at any time be equal to the total net assets of the various sub-funds and is represented by registered shares of no par value and fully paid up. The minimum capital is EUR 1,250,000.

The SICAV has appointed FundPartner Solutions (Europe) S.A., a public limited company (*société anonyme*) with registered office at 15, avenue J.F. Kennedy, L-1855 Luxembourg, as its management company as of July 2, 2015. It is registered on the official list of Luxembourg management companies governed by Chapter 15 of the Law.

The SICAV provides investors with an opportunity for investment in all types of transferable securities and/or in other liquid financial assets referred to in Article 41 of the Law through professionally managed sub-funds, which are distinguished mainly by their specific investment policy and objective, and, as the case may be, by the currency in which they are denominated or other specific features applicable to each of them.

As at June 30, 2018, the following sub-fund is available to investors:

- PROSPERITY CAPITAL MANAGEMENT SICAV - RUSSIAN PROSPERITY FUND (LUXEMBOURG) (denominated in US Dollar)

The following Classes of share are issued as at June 30, 2018:

- A EUR
- A USD
- B EUR
- B USD
- I USD
- IP USD
- R EUR
- S EUR
- S USD
- X EUR

PROSPERITY CAPITAL MANAGEMENT SICAV

Notes to the financial statements as at June 30, 2018 (continued)

Class A and B shares are capitalisation shares and may be held by natural persons or legal entities.

The issue of Class I and Class IP shares is restricted to institutional investors within the meaning of Article 174 (2) of the Law ("Institutional Investors").

Class S shares are shares with no rebate to be paid and which may be offered in certain limited circumstances for distribution in certain countries and through distributors, platforms and/or brokers/dealers who (i) have separate fee arrangements with their clients and (ii) who, at the discretion of the Board of Directors of the SICAV and/or the Global Distributor, may be considered wholesale investors (i.e. intermediaries (such as platforms) providing financial services to other financial institutions, rather than to individuals) by dealing in large volume and/or providing services to other investors. In addition, Class S shares may be offered to professional investors and/or other investors at the discretion of the Board of Directors of the SICAV and/or the Global Distributor.

Class R shares are restricted to Institutional Investors specially approved by the Board of Directors of the SICAV and/or the Global Distributor.

Class X shares are restricted to investors who are approved by the Board of Directors of the SICAV and are party to a discretionary management agreement with the Investment Manager or one of its affiliates (including any sub-fund of the SICAV).

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) General

The financial statements are prepared in accordance with generally accepted accounting principles and presented in accordance with the legal reporting requirements applicable in Luxembourg relating to undertakings for collective investment.

b) Foreign exchange translation

Assets and liabilities expressed in currencies other than the sub-fund's reporting currency are translated into the currency of the sub-fund at the exchange rate prevailing at the reporting date.

Income and expenses in currencies other than the sub-fund's reporting currency are translated into the currency of the sub-fund at the exchange rate prevailing on the transaction date.

Resulting realised and variation on unrealised foreign exchange gains and losses are included in the statement of operations and changes in net assets.

c) Combined financial statements

The combined financial statements of the SICAV are equal to the sum of the various corresponding positions in the financial statements of each sub-fund converted into euros (EUR) at the exchange rate prevailing at the date of the financial statements.

At the date of the financial statements, the exchange rate is the following:

1 EUR = 1.167550 USD

PROSPERITY CAPITAL MANAGEMENT SICAV

Notes to the financial statements as at June 30, 2018 (continued)

d) Valuation of assets

1) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received are deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as the SICAV considers appropriate in such case to reflect the true value thereof;

2) Transferable securities and money market instruments which are quoted or dealt in on any stock exchange or dealt in on any other Regulated Market are, where such transferable security or money market instrument has been traded since the last Valuation Point, valued according to the following principles:

- (i) Where the last trade price falls within the bid/ask spread at the applicable Valuation Point on the stock exchange or any other Regulated Market on which it is traded, such transferable security or money market instrument is valued at the last trade price; and
- (ii) Where the last trade price at which such transferable security or money market instrument has been traded on the applicable Valuation Day falls outside the bid/ask spread at the relevant Valuation Point on the stock exchange and any other Regulated Market on which it is traded, such transferable security or money market instrument is valued at the average of the bid and ask price at this Valuation Point;

3) Transferable securities and money market instruments which have not been traded on any stock exchange or any other Regulated Market since the last Valuation Point shall be valued at the average of the closing bid and closing ask price at which it traded most recently prior to the applicable Valuation Day. For the purpose of this provision, the reference to "closing" bid or ask price means to be the last bid or ask price of the relevant transferable securities and money market instruments at the Valuation Point on the stock exchange or other Regulated Market on which the relevant transferable securities and money market instruments traded most recently prior to the applicable Valuation Day;

4) Units or shares in undertakings for collective investments are valued on the basis of their last available Net Asset Value ("NAV");

5) Liquid assets and money market instruments are valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, are valued in the same manner;

6) In the event that any of the transferable securities and money market instruments held in the SICAV's portfolios are not quoted or dealt in on any stock exchange, over-the-counter market or other Regulated Market or if, with respect to transferable securities and money market instruments quoted or dealt in on any stock exchange or dealt in on any over-the-counter market or other Regulated Market, the price as determined pursuant to the above valuation rules is not representative of the fair market value of the relevant transferable securities and money market instruments, the value of such transferable securities and money market instruments is determined based on the reasonably foreseeable sales price determined prudently and in good faith by the Board of Directors of the SICAV.

e) Net realised gain/loss on sales of investments

The net realised gain/loss on sales of investments is calculated on the basis of the weighted average cost of the investments sold.

PROSPERITY CAPITAL MANAGEMENT SICAV

Notes to the financial statements as at June 30, 2018 (continued)

f) Cost of investment securities

Cost of investment securities in currencies other than the sub-fund's reporting currency is converted into the sub-fund's reporting currency at the exchange rate applicable at purchase date.

g) Formation expenses

Formation expenses are amortised on a straight line basis over a period of 5 years.

h) Income

Dividends are recorded at ex-date. Interest is recorded on an accrual basis.

i) Transaction fees

The transaction fees represent the costs incurred by each sub-fund in connection with purchases and sales of investments.

Transactions fees include brokerage fees, bank commissions, foreign tax and other transaction fees. They are included in the statement of operations and changes in net assets.

NOTE 3

"TAXE D'ABONNEMENT"

The SICAV is not subject to taxation in Luxembourg on its income, profits or gains.

No stamp duty, capital duty or other tax are payable in Luxembourg upon the issue of the shares of the SICAV.

The SICAV is however subject to a subscription tax ("*taxe d'abonnement*") levied at the rate of 0.05% per annum based on its NAV at the end of the relevant quarter, calculated and paid quarterly. A reduced subscription tax of 0.01% per annum is applicable to Classes of the sub-fund which are reserved to one or more institutional investors.

NOTE 4

INVESTMENT MANAGEMENT FEE

The Investment Manager is entitled to an investment management fee payable monthly by the SICAV at the following rates:

Class A : 2.50% of the NAV per annum
Class B : 1.50% of the NAV per annum
Class I : 1.875% of the NAV per annum
Class IP : 1.10% of the NAV per annum
Class R : 0.40% of the NAV per annum
Class S : 2.00% of the NAV per annum
Class X : none

PROSPERITY CAPITAL MANAGEMENT SICAV

Notes to the financial statements as at June 30, 2018 (continued)

When a sub-fund invests in the units/shares of other UCITS and/or other UCIs linked to the SICAV by common management or control, or by a substantial direct or indirect holding, or managed by a management company linked to the relevant Investment Manager, the total management fee (excluding any performance fee, if any) charged to the sub-fund and each of the UCITS or other UCIs concerned shall not exceed 2.50% of the relevant net assets under management.

NOTE 5

PERFORMANCE FEE

The Investment Manager receives, out of the portion of the NAV attributable to the Class B shares and Class IP Shares, a performance fee equal to 15.00% of the excess of the NAV attributable to the Class B shares and Class IP Shares, before deduction of accrued performance fees, over the Target NAV (as defined in the Prospectus).

The Investment Manager receives, out of the portion of the NAV attributable to the relevant Class R shares, a performance fee equal to 25% of the excess of the NAV attributable to the relevant Class R shares over the Benchmark NAV of the relevant Class R shares (as defined in the Prospectus).

The performance fee is accrued at each Valuation Day and becomes payable on the last Valuation Day of the year. In the case of redemptions, the pro rata portion of the accrued performance fee attributable to those shares becomes payable immediately upon the Valuation Day as of which the shares are redeemed.

For the period from January 1, 2018 to June 30, 2018, SICAV was charged EUR 236,510.42 in performance fees.

NOTE 6

OTHER FEES PAYABLE

As at June 30, 2018, the other fees payable include mainly directors (USD 20,846.80), administration, Management Company, depositary and audit expenses.

NOTE 7

SUBSCRIPTION AND REDEMPTION COMMISSION

A subscription fee of up to 2.5%, and a redemption fee of 0.5%, calculated as a percentage of the NAV of the shares subscribed/redeemed, may be charged by the SICAV on behalf of the relevant Class of shares (except for Class X shares) and may be payable to the Global Distributor.

PROSPERITY CAPITAL MANAGEMENT SICAV

Notes to the financial statements as at June 30, 2018 (continued)

Swing Pricing

If on any Valuation Day the aggregate transactions in shares of a sub-fund result in a net increase or decrease of shares which exceeds a threshold set by the Board of Directors of the SICAV from time to time for that sub-fund (relating to the cost of market dealing for that sub-fund), the NAV of the sub-fund is adjusted by an amount (not exceeding 2% of that NAV) which reflects both the estimated fiscal charges and dealing costs that may be incurred by the sub-fund and the estimated bid/offer spread of the assets in which the sub-fund invests. The adjustment is an addition when the net movement results in an increase of all shares of the sub-fund and a deduction when it results in a decrease.

Dilution

The SICAV has the power to charge a dilution levy of up to 1% of the applicable NAV on individual subscriptions or redemptions, such dilution levy to accrue to the affected sub-fund. The SICAV operates this measure in a fair and consistent manner to reduce dilution and only for that purpose and such dilution levy is not be applied if the swing pricing mechanism is used.

The Board of Directors of the SICAV decided on May 17, 2013 not to apply the swing pricing at least during the first year of the SICAV. Additionally, during the years ended December 31, 2014, December 31, 2015, December 31, 2016, December 31, 2017 and during the period ended June 30, 2018, the Board of Directors of the SICAV has not taken any further decision to start the application of the swing pricing.

NOTE 8

SUBSEQUENT EVENTS

No significant events occurred after the period-end.

PROSPERITY CAPITAL MANAGEMENT SICAV

Total Expense Ratio ("TER")

Pursuant to the "Guidelines on the calculation and disclosure of the total expense ratio (TER) of collective investment schemes" of May 16, 2008 (version of April 20, 2015) of the Swiss Funds & Asset Management Association ("SFAMA"), the SICAV is obliged to publish a TER for the latest 12-month financial period.

The TER is defined as the ratio between the total operating expenses (operating charges primarily consist of management and investment advisory fees, depositary fees, bank charges and interest, service fees, performance fees, taxes and duties) and the relevant sub-fund's / Classes of share average NAV (calculated on the basis of the daily average of the total net assets for the relevant period) expressed in its reference currency.

For the period from July 1, 2017 to June 30, 2018, the TER were the following:

Class	Currency	Annualised TER including performance fees	Annualised TER excluding performance fees
PROSPERITY CAPITAL MANAGEMENT SICAV - RUSSIAN PROSPERITY FUND (LUXEMBOURG)			
A EUR	EUR	2.87%	2.87%
A USD	USD	2.87%	2.87%
B EUR	EUR	2.27%	1.87%
B USD	USD	3.96%	1.88%
I USD	USD	2.21%	2.21%
IP USD	USD	1.86%	1.39%
R EUR	EUR	2.20%	0.75%
S EUR	EUR	2.39%	2.39%
S USD	USD	2.30%	2.30%
X EUR	EUR	0.39%	0.39%

PROSPERITY CAPITAL MANAGEMENT SICAV

Performance

The performance per Class of shares was calculated by comparing the net assets per share as at January 1, 2018 with the net assets per share as at June 30, 2018.

The performance was calculated at the end of each financial period according to the 'Guidelines on the calculation and disclosure of the performance of collective capital investment schemes' of May 16, 2008 (version of July 1, 2013) of the Swiss Funds & Asset Management Association (SFAMA).

The performance is based on historical data, which is no guide to current or future performance. Commissions and fees levied for the issue or redemption of shares, as applicable, have not been taken into account in this performance calculation.

Performances were the following:

Class	Currency	Performance for the period ending June 30, 2018	Performance for the financial year ending December 31, 2017	Performance for the financial year ending December 31, 2016	Performance for the financial year ending December 31, 2015
PROSPERITY CAPITAL MANAGEMENT SICAV - RUSSIAN PROSPERITY FUND (LUXEMBOURG)					
A EUR	EUR	1.28%	7.63%	64.98%	-15.41%*
A USD	USD	-1.53%	22.28%	59.42%	-16.90%*
B EUR	EUR	1.83%	8.68%	59.85%	-14.97%*
B USD	USD	-1.55%	21.46%	55.20%	-16.49%*
I USD	USD	-1.20%	23.10%	60.48%	-1.95%*
IP USD	USD	-0.83%	-0.88%*	-	-
R EUR	EUR	2.35%	8.30%	61.32%	-14.53%*
S EUR	EUR	1.54%	8.16%	65.78%	-15.20%*
S USD	USD	-1.27%	1.85%*	-	-
X EUR	EUR	2.53%	10.33%	69.12%	-14.33%*

** The performance of Classes of shares launched during the year was calculated by comparing the net assets per share as at the launch date of the Classes of shares with the net assets per share as at the end of the year.*

PROSPERITY CAPITAL MANAGEMENT SICAV

Other information to Shareholders

Securities Financing Transactions Regulation ("SFTR")

As at June 30, 2018, the SICAV is in the scope of the requirements of the Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse. Nevertheless, no corresponding transactions were carried out during the period referring to the financial statements.

