

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES  
DE INVERSIÓN COLECTIVA, S.A.

Financial Statements and Management Report  
for the year ended  
31 December 2021

## CONTENTS

- Statement of financial position at 31 December 2021 and 2020
- Statement of profit or loss for the years ended 31 December 2021 and 2020
- Statement of changes in equity for the years ended 31 December 2021 and 2020
- Notes to the financial statements for the year ended 31 December 2021

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Statement of financial position  
at 31 December  
(€)

<b>ASSETS</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>1. Cash</b>	<b>5</b>	<b>250.88</b>	<b>332.45</b>
<b>2. Financial assets held for trading</b>		-	-
2.1. Debt securities		-	-
2.2. Equity instruments		-	-
2.3. Trading derivatives		-	-
2.4. Other financial assets		-	-
<i>Of which: Loaned or pledged as collateral</i>		-	-
<b>3. Other financial assets at fair value through profit or loss</b>		-	-
3.1. Debt securities		-	-
3.2. Equity instruments		-	-
3.3. Other financial assets		-	-
<i>Of which: Loaned or pledged as collateral</i>		-	-
<b>4. Available-for-sale financial assets</b>		<b>867,146.63</b>	<b>1,145,326.92</b>
4.1. Debt securities		-	-
4.2. Equity instruments	<b>6.1.1.</b>	867,146.63	1,145,326.92
<i>Of which: Loaned or pledged as collateral</i>		-	-
<b>5. Loans and advances</b>		<b>3,354,635.46</b>	<b>228,404.64</b>
5.1. Due from financial brokers	<b>6.1.2.1</b>	29,189.11	44,459.38
5.2. Loans and advances to customers	<b>6.1.2.2</b>	3,010,587.33	182,367.24
5.3. Other financial assets	<b>6.1.1.</b>	314,859.02	1,578.02
<i>Of which: Loaned or pledged as collateral</i>		-	-
<b>6. Held-to-maturity investments</b>		-	-
<i>Of which: Loaned or pledged as collateral</i>		-	-
<b>7. Hedging derivatives</b>		-	-
<b>8. Non-current assets held for sale</b>		-	-
8.1. Debt securities		-	-
8.2. Equity instruments		-	-
8.3. Tangible assets		-	-
8.4. Other		-	-
<b>9. Shares</b>		-	-
9.1. Group companies		-	-
9.2. Joint ventures		-	-
9.3. Associates		-	-
<b>10. Pension-linked insurance agreements</b>		-	-
<b>11. Tangible assets</b>	<b>7</b>	<b>85,664.86</b>	<b>95,395.44</b>
11.1. For own use		85,664.86	95,395.44
11.2. Investment properties		-	-
<b>12. Intangible assets</b>	<b>8</b>	<b>158,401.75</b>	<b>165,874.39</b>
12.1. Goodwill		-	-
12.2. Other intangible assets		158,401.75	165,874.39
<b>13. Tax assets</b>	<b>12</b>	<b>36,259.07</b>	<b>45,087.42</b>
13.1. Current		22,734.11	22,734.11
13.2. Deferred		13,524.96	22,353.31
<b>14. Other assets</b>	<b>9</b>	<b>29,996.16</b>	<b>28,603.95</b>
<b>TOTAL ASSETS</b>		<b><u>4,532,354.81</u></b>	<b><u>1,709,025.21</u></b>

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Statement of financial position  
at 31 December  
(€)

<b>LIABILITIES AND EQUITY</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
1. Financial assets held for trading		-	-
2. Other financial liabilities at fair value through profit and loss		-	-
3. Financial liabilities at amortised cost		<b>275,087.88</b>	<b>114,434.17</b>
3.1. Due to financial brokers	6.2.1.	131,643.89	220.00
3.2. Due to customers	6.2.2.	143,443.99	114,214.17
3.3. Debentures and subordinated liabilities		-	-
3.4. Other financial liabilities		-	-
4. Hedging derivatives		-	-
5. Liabilities associated with non-current assets held for sale		-	-
6. Provisions		-	-
6.1. Provisions for pensions and similar obligations		-	-
6.2. Provisions for taxes and other legal contingencies		-	-
6.3. Other provisions		-	-
7. Tax liabilities		<b>675,954.31</b>	<b>40,692.84</b>
7.1. Current	12	597,237.96	-
7.2. Deferred	12	78,716.35	40,692.84
8. Other liabilities		<b>81,643.40</b>	<b>44,011.05</b>
<b>TOTAL LIABILITIES</b>		<b>1,032,685.59</b>	<b>199,138.06</b>
<b>CAPITAL AND RESERVES</b>	<b>10</b>	<b>3,338,832.82</b>	<b>1,406,183.73</b>
1. Capital	10	<b>677,084.00</b>	<b>677,084.00</b>
1.1. Issued capital		677,084.00	677,084.00
1.2. Less: Uncalled capital		-	-
2. Share premium	10	<b>320,491.30</b>	<b>320,491.30</b>
3. Reserves	10	<b>445,144.38</b>	<b>447,070.54</b>
4. Other equity instruments		-	-
5. Less: Own shares		-	-
6. Retained earnings (prior-year losses)		<b>(38,462.11)</b>	-
7. Profit/(loss) for the year	4	<b>1,934,575.25</b>	<b>(38,462.11)</b>
8. Less: Dividends and remuneration		-	-
<b>VALUATION ADJUSTMENTS</b>		<b>160,836.40</b>	<b>103,703.42</b>
1. Available-for-sale financial assets	6.1.1.	<b>160,836.40</b>	<b>103,703.42</b>
2. Cash flow hedges		-	-
3. Hedges of net investments in foreign operations		-	-
4. Exchange gains/(losses)		-	-
5. Other valuation adjustments		-	-
<b>GRANTS, DONATIONS AND BEQUESTS RECEIVED</b>		-	-
<b>TOTAL EQUITY</b>		<b>3,499,669.22</b>	<b>1,509,887.15</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,532,354.81</b>	<b>1,709,025.21</b>
<b>MEMORANDUM ITEMS</b>			
1. Collateral and guarantees conferred		-	-
2. Other contingent liabilities		-	-
3. Forward securities sale-purchase commitments		-	-
4. Own securities loaned		-	-
5. Payment commitments under underwriting agreements		-	-
6. Derivatives		-	-
7. Other contingency and commitment accounts		-	-
<b>TOTAL CONTINGENCY AND COMMITMENT ACCOUNTS</b>		<b>300,399,035.61</b>	<b>196,489,010.95</b>
1. Deposited securities		-	-
2. Portfolios under management	1	300,399,035.61	196,489,010.95
3. Other memorandum accounts		-	-
<b>TOTAL MEMORANDUM ACCOUNTS</b>		<b>300,399,035.61</b>	<b>196,489,010.95</b>

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Statement of profit or loss for the years ended  
31 December  
(€)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
1. Interest and similar income (+)		-	0.02
2. Interest and similar expense (-)		(595.20)	(214.71)
<b>NET INTEREST INCOME (+/-)</b>		<b>(595.20)</b>	<b>(214.69)</b>
3. Income on equity instruments (+)		-	-
4. Fee and commission income (+)	11.1	4,466,111.57	1,596,490.62
5. Fee and commission expense (-)		(111,633.18)	(32,301.56)
<b>6. Gains/(losses) on financial assets and liabilities (net) (+/-)</b>		<b>40,849.56</b>	<b>35,221.62</b>
6.1. Held for trading (+/-)		-	-
6.2. Other financial instruments at fair value through profit and loss (+/-)		40,849.56	35,221.62
6.3. Other financial instruments not measured at fair value through profit or loss (+/-)		-	-
6.4. Other (+/-)		-	-
7. Net exchange differences (+/-)		(680.38)	(709.87)
8. Other operating income (+)		89.04	89.31
9. Other operating expense (-)		21.78	(10,078.63)
<b>GROSS MARGIN (+/-)</b>		<b>4,394,163.19</b>	<b>1,588,496.80</b>
10. Staff costs (-)	11.2	(716,265.67)	(672,013.03)
11. General expenses (-)	11.3	(1,064,073.48)	(926,767.08)
12. Depreciation and amortisation (-)	7 & 8	(41,374.18)	(40,704.45)
13. Provisions (net) (+/-)		-	-
<b>14. Financial asset impairment losses (net) (+/-)</b>		-	-
14.1. Loans and advances (+/-)		-	-
14.2. Other financial instruments not measured at fair value through profit or loss (+/-)		-	-
<b>OPERATING INCOME/(LOSS) (+/-)</b>		<b><u>2,572,449.86</u></b>	<b><u>(50,987.76)</u></b>
<b>15. Impairment losses on other assets (net) (+/-)</b>		-	-
15.1. Tangible assets (+/-)		-	-
15.2. Intangible assets (+/-)		-	-
15.3. Other (+/-)		-	-
16. Gains/(losses) on derecognition of assets not classified as non-current assets held for sale (+/-)		-	-
17. Gain on a bargain purchase		-	-
18. Gains/(losses) on non-current assets held for sale not classified as discontinued operations (+/-)		-	-
<b>PROFIT/(LOSS) BEFORE TAX (+/-)</b>		<b><u>2,572,449.86</u></b>	<b><u>(50,987.76)</u></b>
19. Income tax (+/-)	12	(637,874.61)	12,525.65
<b>PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS (+/-)</b>		<b><u>1,934,575.25</u></b>	<b><u>(38,462.11)</u></b>
20. Profit/(loss) from discontinued operations (net) (+/-)		-	-
<b>PROFIT/(LOSS) FOR THE YEAR (+/-)</b>		<b><u>1,934,575.25</u></b>	<b><u>(38,462.11)</u></b>

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Statement of total changes in equity for the years ended  
31 December  
(€)

**A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER**

	<b>2021</b>	<b>2020</b>
<b>A) Profit/(loss) for the year (+/-)</b>	<b>1,934,575.25</b>	<b>(38,462.11)</b>
<b>B) OTHER RECOGNISED INCOME/EXPENSE (+/-)</b>		
<b>1. Available-for-sale financial liabilities (+/-)</b>	<b>76,177.31</b>	<b>121,238.21</b>
a) Remeasurement gains/(losses) (+/-)	117,026.87	156,459.83
b) Amounts reclassified to profit or loss (+/-)	(40,849.56)	(35,221.62)
c) Other reclassifications (+/-)	-	-
<b>2. Cash flow hedges (+/-)</b>	-	-
a) Remeasurement gains/(losses) (+/-)	-	-
b) Amounts reclassified to profit or loss (+/-)	-	-
c) Amounts reclassified to initial measurement of hedged items (+/-)	-	-
d) Other reclassifications (+/-)	-	-
<b>3. Hedges of net investment in foreign operations (+/-)</b>	-	-
a) Remeasurement gains/(losses) (+/-)	-	-
b) Amounts reclassified to profit or loss (+/-)	-	-
c) Other reclassifications (+/-)	-	-
<b>4. Exchange differences (+/-)</b>	-	-
a) Remeasurement gains/(losses) (+/-)	-	-
b) Amounts reclassified to profit or loss (+/-)	-	-
c) Other reclassifications (+/-)	-	-
<b>5. Non-current assets held for sale (+/-)</b>	-	-
a) Remeasurement gains/(losses) (+/-)	-	-
b) Amounts reclassified to profit or loss (+/-)	-	-
c) Other reclassifications (+/-)	-	-
<b>6. Actuarial gains/(losses) on pension plans (+/-)</b>	-	-
<b>7. Other recognised income and expense (+/-)</b>	-	-
<b>8. Income tax (+/-)</b>	<u>(19,044.33)</u>	<u>(30,309.55)</u>
<b>TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR (A+B)</b>	<u><b>1,991,708.23</b></u>	<u><b>52,466.55</b></u>

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Statement of total changes in equity for the years ended  
31 December  
(€)

**B) STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER**

	Total equity								
	Capital	Share premium	Reserves	Retained earnings (prior-year losses)	Profit/(loss) for the year	Total capital and reserves	Valuation adjustments	Grants, donations and bequests received	Total equity
<b>Balance at 31 December 2020</b>	<b>677,084.00</b>	<b>320,491.30</b>	<b>24,743.77</b>	<b>-</b>	<b>422,326.77</b>	<b>1,444,645.84</b>	<b>12,774.76</b>	<b>-</b>	<b>1,457,420.60</b>
Total recognised income/(expense)	-	-	-	-	(38,462.11)	38,462.11	90,928.66	-	52,466.55
Distribution of dividends	-	-	-	-	-	-	-	-	-
Trading in own equity instruments (net)	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	-	422,326.77	-	(422,326.77)	-	-	-	-
Increase/(decrease) in equity in connection with business combinations	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>677,084.00</b>	<b>320,491.30</b>	<b>447,070.54</b>	<b>-</b>	<b>(38,462.11)</b>	<b>1,406,183.73</b>	<b>103,703.42</b>	<b>-</b>	<b>1,509,887.15</b>
Restatement for errors	-	-	-	-	-	-	-	-	-
<b>Restated balance at 1 January 2021</b>	<b>677,084.00</b>	<b>320,491.30</b>	<b>447,070.54</b>	<b>-</b>	<b>(38,462.11)</b>	<b>1,406,183.73</b>	<b>103,703.42</b>	<b>-</b>	<b>1,509,887.15</b>
Total recognised income/(expense)	-	-	-	-	1,934,575.25	1,934,575.25	57,132.98	-	1,991,708.23
Distribution of dividends	-	-	-	-	-	-	-	-	-
Trading in own equity instruments (net)	-	-	-	-	-	-	-	-	-
Transfers between equity items (note 10)	-	-	-	-	38,462.11	38,462.11	-	-	38,462.11
Increase/(decrease) in equity in connection with business combinations	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	(1,926.16)	(38,462.11)	-	(40,388.27)	-	-	(40,388.27)
<b>Balance at 31 December 2021</b>	<b>677,084.00</b>	<b>320,491.30</b>	<b>445,144.38</b>	<b>(38,462.11)</b>	<b>1,934,575.25</b>	<b>3,338,832.82</b>	<b>160,836.40</b>	<b>-</b>	<b>3,499,669.22</b>

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

1. CORPORATE INFORMATION

Buy & Hold Capital, Sociedad Gestora de Instituciones de Inversión Colectiva, S.A. (hereinafter, the "Company") was incorporated in Spain as an open-ended limited-liability company called Buy & Hold Asesores, E.A.F.I., S.L., on September 21, 2012 (as placed on record before a notary public in Valencia, Mr. Diego Simó Sevilla). The Company is registered in the Valencia Companies Register under Tome 9,536, Book 6,818, Folio 71, Sheet V-150764.

On 11 May 2017, the Company resolved at a General and Universal Meeting of shareholders to transform itself into a public limited company (*sociedad anónima*), as provided for in Spanish Law 3/2009 and other prevailing company law, and, further, to become an undertaking for collective investment in transferable securities ("UCITS") management company, as contemplated in Spanish Law 35/2003 and Royal Decree 1082/2012. The Company had previously obtained authorisation for its transformation from the Spanish securities markets regulator (hereinafter, the "CNMV"), on 6 April 2017.

UCITS management companies are regulated by Spanish Law 35/2003, of 4 November 2003 on Undertakings for Collective Investments, as subsequently amended by Law 31/2011, of 4 October 2011, Law 22/2014 of 12 November 2014, Royal Decree 1082/2012, of 13 July 2012 (amended by Royal Decree 83/2015, of 13 February 2015), which enacted Law 35/2003 (4 November 2003), enacting implementing regulations for Law 35/2003, and adapting these undertakings' tax regime, Law 44/2002 of 22 November 2002 and Law 26/2003, of 17 July 2003, which took effect on 5 February 2004.

The Company was registered in the Administrative Register of UCITS Management Companies kept by the CNMV under entry no. 256 on 2 June 2017.

Its corporate object is the management of investments, the control and management of risks, the administration, representation and management of investment fund and entity subscriptions and redemptions and any other of the activities that UCITS management companies are permitted to carry out under article 40 of Law 35/2003 on Undertakings for Collective Investment.

The Company's registered office is located in Valencia, at calle la Cultura 1-1.

At 31 December 2021, the Company was managing a total of 13 UCITS and one pension fund with aggregate assets of 300,399,035.61 euros, broken down as follows:

CNMV REGISTRATION No.	NAME	ASSETS UNDER MANAGEMENT AT YEAR-END 2021	ASSETS UNDER MANAGEMENT AT YEAR-END 2020
5,202	B&H ACCIONES EUROPA FI	16,839,190.09	11,701,106.03
5,203	B&H RENTA FIJA FI	15,288,176.48	13,460,560.81
5,204	B&H FLEXIBLE FI	15,400,215.60	9,811,583.92
4,292	BH EUROPA FLEXIBLE SICAV, S.A.	-	11,658,087.83
259	BMS BLUE CHIPS SICAV SA	-	8,748,455.68
165	BMS CARTERA SICAV, S.A.	-	9,465,728.44
586	DICASTILLO INVERSIONES SICAV, S.A.	-	3,251,723.62
1,287	INVERSIONES LLONER SICAV, S.A.	-	17,087,403.77
2,954	UNIVERSAL INVERSIONES SICAV, S.A.	-	7,319,369.15
FP	B&H JUBILACIÓN PP	-	1,530,835.98
5,429	B&H DEUDA, FI	21,650,916.29	18,171,357.49
EXT	Buy & Hold Luxembourg – B&H EQUITY	123,784,696.14	53,903,815.93
EXT	Buy & Hold Luxembourg – B&H FLEXIBLE	72,603,655.94	15,200,352.67
EXT	Buy & Hold Luxembourg - B&H BONDS	34,832,185.07	15,178,629.63
<b>Total</b>		<b>300,399,035.61</b>	<b>196,489,010.95</b>



BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

Effects of the COVID-19 pandemic on the Company's activities

The global pandemic, declared as such by the World Health Organisation (WHO) on 11 March 2020, caused an unprecedented health crisis that has impacted the macroeconomic environment and the Company's business performance and could have an impact on its operations, specifically the value of the portfolios it manages and, by extension, its fee and commission income. In 2021 the progress made on bringing the pandemic under control thanks to the vaccination drive enabled the withdrawal of some restrictions, paving the way for a broad economic recovery, even though the advent of a new variant towards the end of the year once again sparked uncertainty about the fate of the pandemic and its effects.

Up until the date of authorising these financial statements for issue, the pandemic had not had a significant effect on the Company's activities and, based on its directors' current estimates, nor will it have a material impact in 2022.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared from the Company's accounting records and were drawn up in keeping with the criteria set down in CNMV Circular 1/2021 (25 March 2021), prevailing company law and Spain's generally accepted accounting principles as established in prevailing legislation so as to fairly present its equity, financial position and performance.

The figures contained in the documents comprising these financial statements (the statement of financial position, statement of profit or loss, statement of changes in equity and these notes) are expressed in euros.

2.1 Fair presentation

The financial statements have been prepared from the accounting records of the Company and are presented in keeping with Spain's General Accounting Plan, as enacted by Royal Decree 1514/2007 (of 16 November 2007), as amended several times, most recently by means of Royal Decree 1/2021 (of 12 January 2021), and its implementing regulations, and in conformity with certain aspects of CNMV Circular 7/2008 to present fairly the Company's equity, financial position and performance and the changes in its equity in 2021.

The Company's directors authorised the 2021 financial statements for issue on 31 March 2022 to be put to shareholder approval at the Annual General Meeting, at which they are expected to be ratified without modification.

2.2 Comparison of information

In keeping with Spanish company law, the Company discloses comparative information in respect of the previous reporting period for all amounts disclosed in the statement of financial position and the statement of profit or loss. The notes to the financial statements also include comparative information for narrative and descriptive disclosures in respect of the previous year, except when an accounting standard specifically permits or requires otherwise.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

Issues relating to the transition to new accounting standards

CNMV Circular 1/2021, published on 16 April 2021, stipulates the accounting rules and financial statements applicable to investment service companies and their consolidated groups, UCITS management companies and the management companies of closed-end collective investment undertakings, so repealing and replacing CNMV Circular 7/2008.

Following those changes, the Company has restated the statement of financial position and statement of profit or loss provided for comparative purposes; the reader should accordingly note that those statements differ from those corresponding to the year ended 31 December 2020. Specifically, the comparative statements have been restated to follow the new statement of financial position and statement of profit or loss templates contemplated in Circular 1/2021.

The new Circular is applicable from years beginning on or after 1 January 2021 and the changes are concentrated primarily in the following areas:

- The public statement of financial position and statement of profit or loss templates, P01 and P02, have been eliminated and replaced by templates G01 and G02, respectively.
- Changes have been introduced to the G01 statement of financial position and G02 statement of profit or loss templates to align them with the new financial instrument classification and measurement rules introduced by Royal Decree 1/2021 (12 January 2021), which amends the General Accounting Plan enacted by Royal Decree 1514/2007 (of 16 November 2007), as amended several times, most recently by means of Royal Decree 1/2021, and its implementing regulations.

The impact on assets and liabilities in the statement of financial position at 31 December 2020 and on the statement of profit or loss and the statement of changes in equity for the year then ended is not material with respect to these annual financial statements.

### 2.3 Critical issues regarding the measurement and estimation of uncertainty

In preparing the accompanying financial statements, the Company's management used estimates to measure certain of the assets, liabilities, income and expenses recognised and to make the contingent liability disclosures. Those estimates were made on the basis of the best available information at year-end. However, the uncertainty inherent in those estimates means that future events could oblige the directors to modify them in the next financial year, prospectively if warranted.

In addition to other relevant information regarding the estimation of uncertainty at the reporting date, the key assumptions regarding the future that imply a considerable risk that the carrying amounts of assets and liabilities may require material adjustment in the next financial year relate to the measurement of the Company's financial assets (note 3.1.1).

### 2.5 Going concern

The information contained in these annual financial statements was prepared assuming that the Company will continue to operate for the foreseeable future; accordingly, the accounting policies were not applied in order to determine either net asset value with a view to full or partial sale or the amount that might be obtained from a hypothetical liquidation.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

3. RECOGNITION AND MEASUREMENT POLICIES

3.1. Financial instruments

3.1.1 Financial assets

Upon initial recognition, the Company recognises all of its financial assets in one of the categories below and that classification determines how they are initially and subsequently measured:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost
- Financial assets at fair value through equity
- Financial assets at cost
- I. Financial assets at fair value through profit and loss

The Company classifies its financial assets in this category unless they qualify for classification in one of the other categories.

In all instances, financial assets held for trading are included in this category. The Company classifies a financial asset as held for trading when at least one of the following conditions is met:

- It is created or acquired for the purpose of selling them in the short term.
- It is, at the time of initial recognition, part of a portfolio of financial instruments identified or administered on a joint basis, for which there is evidence of recent action to obtain short-term profit.
- It is a derivative instrument, unless it constitutes a financial guarantee contract or is designated as a hedging instrument.

In addition, the Company may, at initial recognition, irrevocably designate a financial asset that would otherwise have been included in another financial asset category as measured at fair value through profit or loss (commonly known as the “FVPL designation option”). That option is available if so doing eliminates or significantly reduces a measurement or recognition inconsistency (an “accounting mismatch”) that would otherwise arise from measuring assets (or liabilities) on different bases.

The financial assets classified in this category are initially measured at fair value, which, barring evidence to the contrary, is presumed to be the transaction price, deemed equivalent to the fair value of the consideration paid. Transaction costs that are directly attributable are recognised in profit or loss for the year (i.e., they are not capitalised).

Subsequent to initial recognition, the Company measures the financial assets included in this category at fair value, recognising changes in their fair value in profit or loss (net finance cost).

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

The Company had no financial instruments in this category at either year-end.

II. Financial assets at amortised cost

The Company classifies a financial asset in this category, even when it is admitted to trading on an organised market, if the following conditions are met:

The Company holds the assets within a business model whose objective is to collect their contractual cash flows.

Holding a portfolio of financial assets for the purpose of collecting the contractual cash flows does not necessarily imply holding all of the instruments until maturity; the business model can be to hold the assets to collect contractual cash flows even when sales of financial assets occur or are expected to occur in the future. To make that determination, the Company considers the frequency, value and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity.

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. That implies that the cash flows are akin to those of an ordinary loan agreement, irrespective of whether the parties agree a below-market rate of interest or a rate of zero.

That condition is presumed to exist in the case of a simple bond or loan with a stated maturity date for which the Company collects interest at a variable market rate, albeit subject to a cap. In contrast, it is presumed that that condition is not met in the case of instruments convertible into equity instruments of the issuer, loans that pay an inverse floating interest rate (i.e., the interest rate has an inverse relationship to market interest rates) and loans in which the issuer can defer interest payment in the event its payment would affect its solvency without accruing additional interest on that deferred interest.

As a general rule, this category includes credit extended to brokerages and customers (“due from financial brokers” and “loans and advances to customers”) and credit arising from non-commercial transactions (other assets).

The financial assets classified into this category are measured initially at fair value, which, barring evidence to the contrary, is presumed to be the transaction price, deemed equivalent to the fair value of the consideration paid plus directly attributable transaction costs. In other words, transaction costs are capitalised.

Nevertheless, trade receivables that mature within no more than a year from the reporting date with no explicit contractual interest rate, as well as advances and loans to employees, dividends receivable and called-up payments on equity instruments, the amount of which is expected to be realised in the short term, are measured at their face value, provided that the effect of not discounting the cash flows is not material.

They are subsequently measured at amortised cost. Accrued interest is recognised in profit or loss (finance income) using the effective interest rate method.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

Amortised cost is the amount at which the financial asset was acquired minus principal repayments, the accumulated amortisation in profit or loss, using the effective interest method, of any difference between that initial amount and the maturity amount, and any reduction (directly or through the use of an allowance account) for impairment.

The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the carrying amount of the financial asset considering all the contractual terms of the instrument, such as prepayment options, but without considering future credit losses.

For financial instruments at fixed rates of interest, the effective interest rate coincides with the contractually stipulated rate established upon acquisition plus any fees and commissions deemed an integral part of the effective interest rate. For financial instruments at floating rates of interest, the effective interest rate coincides with the prevailing yield in respect of all items until the first scheduled benchmark rate reset date.

Receivables that mature within no more than one year, as outlined above, are measured initially and subsequently at their face value unless they become impaired.

In general, when the contractual cash flows of a financial asset at amortised cost are modified as a result of financial difficulties of the issuer, the Company tests them for impairment.

### III. Financial assets at fair value through equity

This category includes the financial assets that meet the following terms and conditions:

The financial instrument is not held for trading and cannot be classified at amortised cost.

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In addition, the Company has the option of designating (irrevocably) investments in equity instruments into this category, so long as they are not held for trading and it is not a requirement to carry them at cost (see below).

As a general rule, the Company classifies debt securities, equity investments and shares in this category.

The financial assets classified into this category are measured initially at fair value, which, barring evidence to the contrary, is presumed to be the transaction price, deemed equivalent to the fair value of the consideration paid plus directly attributable transaction costs. In other words, transaction costs are capitalised.

Subsequently they are measured at fair value without deducting any transaction costs which may be incurred to sell them. Changes in fair value are recognised directly in equity (under "Valuation adjustments") until the financial asset is derecognised or deemed impaired, at which time the cumulative gain or loss recognised in equity is reclassified to profit or loss.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

Impairment allowances and foreign exchange gains and losses on monetary financial assets denominated in foreign currency are recognised in profit or loss and not in equity.

Accrued interest, calculated using the effective interest rate method, and accrued dividends are likewise recognised in profit or loss, specifically under “Interest, dividend and similar income on financial assets”.

#### IV. Financial assets at cost

The Company includes the following assets in this category:

- Equity investments in subsidiaries, joint ventures and associates (in separate financial statements).
- Other investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument or otherwise reliably estimated, and derivatives with such an investment as its underlying.
- Hybrid financial assets whose fair value cannot be reliably estimated, unless they meet the criteria for classification as financial assets at amortised cost.
- Contributions made under unincorporated joint venture and similar agreements (“*contratos de cuentas en participación*”).
- Profit-participating loans in which interest payments are contingent either because the parties agree a fixed or variable rate conditional upon a specific milestone at the borrower (e.g., the generation of a profit) or because the interest is calculated exclusively by reference to the borrower’s business performance.
- Any other financial asset which would initially fall into the fair value through profit or loss category when it is ultimately not possible to reliably estimate its fair value.

The investments included by the Company in this category are initially recognised at cost, which is equivalent to the fair value of the consideration delivered plus directly attributable transaction costs. In other words, transaction costs are capitalised.

These investments are also measured at cost subsequently, less any accumulated impairment losses.

The Company had no financial instruments in this category at either year-end.

#### Derecognition of financial assets

The Company derecognises financial assets when:

The contractual rights to the cash flows from the asset expire. In that sense, the Company derecognises a financial asset when it has fallen due and the Company has collected the corresponding amount.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

The contractual rights to the cash flows from the asset have been transferred. Specifically, a financial asset is derecognised when the Company has transferred substantially all the risks and rewards of its ownership.

#### Impairment losses

The Company adjusts the carrying amount of financial assets against the statement of profit or loss when there is objective evidence of actual impairment, which is:

- In the case of debt instruments, understood as loans and debt securities, when one or more events occurring after their initial recognition has an impact on the estimated future cash flows.
- In the case of equity instruments, when one or more events occurring after their initial recognition implies that their carrying amount will not be recovered.

As a general rule, impairment losses on financial instruments are recognised in profit or loss in the year the impairment arises and the reversal of any previously recognised losses is recognised in profit or loss in the year in which impairment reverses or decreases. When recovery of any recognised amount is deemed remote it is derecognised, regardless of the measures the Company may take to collect the relevant amounts until its rights are definitively extinguished, whether due to prescription, forgiveness or for other reasons.

Impairment losses on debt instruments carried at amortised cost are measured at the difference between the carrying amount and the present value of the estimated future cash flows. In the case of listed debt instruments, the Company may use the market value of the instrument being tested as a substitute for the present value of the future cash flows, so long as the former is deemed a sufficiently reliable proxy for the value that the Company would be able to recover.

The estimated future cash flows of a debt instrument include all amounts - principal and interest - that the Company expects to obtain during the life of that instrument. In making that estimate, the Company considers all information available as of the date of preparing these financial statements that provides insight into the probability of collecting the future contractual cash flows. Moreover, when estimating the future cash flows from instruments secured by collateral, the calculations factor in the cash that would be obtained from their enforcement, less the costs incurred to foreclose and then sell the assets, irrespective of whether foreclosure is probable.

The present value of the estimated future cash flows is discounted using the original effective interest rate of the instrument if the contractual rate is fixed or the effective interest rate as at the reporting date calculated in keeping with the terms of contract, if that rate is floating.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

The Company analyses its debt instrument portfolios, contingent exposures and contingent commitments, regardless of who owns them, how they are structured or whether they are secured, to determine its exposure to credit risk and estimate the corresponding impairment allowances. In drawing up these financial statements, the Company classifies its transactions in terms of exposure to credit risk separately for exposure to customer/borrower insolvency risk and exposure to country risk, if any.

Objective evidence of impairment is determined individually for all debt instruments that are material and either individually or collectively for groups of debt instruments that are not individually material. When a specific instrument cannot be classified into any group of assets with similar risk characteristics, the Company necessarily tests that asset for impairment individually.

The Company ceases to accrue the contractually agreed interest in profit or loss for all instruments classified individually as impaired and for all groups of assets for which impairment losses have been calculated collectively on account of presenting balances past due by more than three months.

In the case of listed equity investments, a significant (more than 40%) or prolonged (more than 18 months) decline in their fair value below their carrying amount is deemed objective evidence of impairment.

The amount of impairment losses recognised on the debt securities and equity instruments classified as financial assets at fair value through profit or loss is equal to any positive difference between the acquisition cost, net of principal repayment, and fair value, net of any impairment loss previously recognised in profit or loss.

When there is objective evidence that the decline in their fair value is due to impairment, the unrealised losses recognised in equity under "Valuation adjustments" are reclassified immediately to profit or loss. If some or all of those impairment losses are subsequently reversed, those reversals are recognised, in the case of debt securities, in the statement of profit or loss in the year of the reversal and, for equity instruments, in equity, under "Valuation adjustments".

Impairment losses on equity instruments carried at acquisition cost are measured at the difference between their carrying amounts and the present value of expected future cash flows, discounted using market returns for similar securities. Those impairment losses are recognised in the statement of profit or loss in the year in which they arise by writing down the cost of the financial asset and cannot be reversed unless the impaired assets are sold.

#### Interest and dividends from financial assets

Interest and dividend income accrued on financial assets after their date of acquisition is recognised as revenue. Interest is recognised using the effective interest rate method; dividends are recognised when the right to receive them is established.



BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

a) Financial liabilities

Upon initial recognition, the Company recognises all of its financial liabilities in one of the following categories:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

I. Financial liabilities at amortised cost

The Company classifies all of its financial liabilities in this category, except when they must be designated at fair value through profit or loss.

As a general rule, this category includes balances due to brokerages and customers (“due to financial brokers” and “due to customers”) and debits deriving from non-commercial transactions (“other liabilities”).

The financial liabilities classified into this category are measured initially at fair value, which, barring evidence to the contrary, is presumed to be the transaction price, deemed equivalent to the fair value of the consideration received, adjusted for directly attributable transaction costs. In other words, transaction costs are capitalised.

Nevertheless, trade payables that mature within less than one year with no contractual interest rate, as well as called-up payments on shares, payment of which is scheduled in the short term, are carried at their nominal value when the effect of not discounting the cash flows is not significant.

They are subsequently measured at amortised cost. Accrued interest is recognised in profit or loss (finance cost) using the effective interest rate method.

However, payables that mature no more than one year from the reporting date and are carried at face value, as outlined above, continue to be measured at that amount.

II. Financial liabilities at fair value through profit or loss

This category includes financial liabilities that meet any of the following conditions:

- They are held for trading. A financial liability is classified as held for trading when at least one of the following conditions is met:
  - It is issued or assumed principally for the purpose of repurchasing it in the short term (e.g., listed issued notes and other marketable securities that the issuer can buy back in the short term as a function of movements in their quoted price).
  - It is an obligation under which a short seller has to deliver financial assets that have been loaned to it (“short sales”).

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

- It is, at the time of initial recognition, part of a portfolio of financial instruments identified or administered on a joint basis, for which there is evidence of recent action to obtain short-term profit.
  - It is a derivative instrument, unless it constitutes a financial guarantee contract or is designated as a hedging instrument.
- At initial recognition, the financial liability has been irrevocably designated into this category (“FVPL designation option”), because:
- Doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) with respect to other instruments at fair value through profit or loss; or
  - It is part of a group of financial liabilities or financial assets and financial liabilities that is managed and whose performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.
- Optionally, and irrevocably, hybrid financial liabilities with separable embedded derivatives can be designated into this category.

The financial liabilities included in this category are initially measured at fair value, which, barring evidence to the contrary, is presumed to be the transaction price, deemed equivalent to the fair value of the consideration received. Transaction costs that are directly attributable to their issuance are recognised in profit or loss in the year incurred.

Subsequent to initial recognition, the Company measures the financial liabilities included in this category at their fair value, recognising changes in their fair value in profit or loss.

The Company had no financial instruments in this category at either year-end.

#### Derecognition of financial liabilities

A financial liability or a part of one is derecognised when the underlying contractual obligation is extinguished either because it has been paid, cancelled or expired.

The difference between the carrying amount of an extinguished financial liability, or a part of one, and the consideration paid, including any non-cash asset transferred, less any liabilities assumed, is recognised immediately in the statement of profit or loss.

#### b) Fair value

Fair value is the amount for which a financial asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Fair value is estimated for a specific date and given that market conditions can vary over time, that value might not be valid for another date. In addition, in estimating fair value the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

The best evidence of fair value is quoted prices in an active market, meaning an organised, transparent and deep market.

If there is no quoted price for a given financial asset, its fair value is estimated using prices from recent transactions involving similar instruments and if this information is not available, using sufficiently corroborated valuation techniques. This exercise also factors in the characteristics specific to the asset being valued and, most particularly, the various classes of risk to which the financial asset is exposed. However, the limits intrinsic to the valuation models developed and possible inaccuracies in the assumptions required by these models could mean that the fair value so estimated for a given financial asset does not coincide exactly with the price at which it could be bought or sold on the measurement date.

In all instances the valuation techniques used must be consistent with the methodologies widely accepted by and used in the market to set prices, using to the extent possible the methodology that has proven the most reliable estimator of prices. The calculations rely on observable market data and other factors market participants would take into account when pricing the asset, limiting to the extent possible the use of subjective judgements or data that is not observable or verifiable.

The Company assesses the effectiveness of the valuation techniques it uses regularly using observable prices in recent transactions in the same asset class as is being valued and prices based on data or indices that are observable in the market that are available and applicable.

In that manner it is possible to glean the hierarchy of the inputs used to determine fair value, articulated around the three required hierarchy levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: estimates based on quoted prices in active markets for similar instruments or by means of other valuation techniques for which all of the significant inputs are based on market data that are observable either directly or indirectly.
- Level 3: estimates in which at least one significant input is not based on observable market data.

Fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. To that end a significant input is one that has a decisive influence on the outcome of the measurement. In assessing the importance of a given input to the measurement, the Company takes into account the specific characteristics of the asset or liability being measured.

The fair value of financial derivatives that are traded on an active market is their daily quoted price; if a quoted price is not available on a given date due to exceptional circumstances, similar methods as those used to value OTC derivatives are used instead.

The fair value of OTC financial derivatives is the sum of future cash flows deriving from the instrument discounted to the valuation date using generally accepted valuation methods.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

The Company had no proprietary positions in derivative instruments at either year-end.

### 3.2 Tangible assets

Tangible assets are measured at acquisition or production cost, including any indirect taxes that are not directly recoverable from the tax authorities, and carried net of accumulated depreciation and any impairment loss.

Depreciation is calculated on a straight-line basis based on the assets' cost less residual value as a function of their individual useful lives.

Every year the Company tests its assets for impairment. Impairment losses on intangible assets and any subsequent reversals are recognised as an expense or as income, respectively, in the statement of profit or loss.

### 3.3 Intangible assets

The assets recognised as intangible assets, mainly software, meet the identifiability requirement and are presented net of accumulated amortisation and any impairment losses.

They are measured at acquisition or production cost. They are generally amortised on a systematic basis over their useful life, which does not exceed three years.

They are tested for impairment at least annually and are deemed impaired when their carrying amounts exceed their recoverable amounts. Impairment losses and any subsequent reversals are recognised as an expense or as income, respectively, in the statement of profit or loss.

### 3.4 Tax assets

This heading includes all tax assets, whether current or deferred. Current tax assets correspond to taxes receivable within 12 months from the reporting date; deferred tax assets include income tax recoverable in future years in respect of deductible differences between the tax bases of assets and liabilities and their carrying amounts and those arising from unused tax losses and tax credits.

### 3.5 Other assets

This heading presents the net balance of any assets that do not belong in any other financial assets category, including deposits made by the Company to guarantee leases, inventories, if any, the negative differences between pension plan obligations and the value of the plan assets subject to recognition and advances and loans to employees, among other assets. This heading also includes all asset accrual accounts except for those corresponding to income from accrued interest.

### 3.6 Revenue and expenses

Income and expense are recognised on an accrual basis, as stipulated in CNMV Circular 7/2008.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

### 3.7 Fees and commissions

Fees and commissions charged for services rendered over a specific period of time, irrespective of whether or not this term can be extended, are taken to the statement of profit or loss over the period during which they are performed.

### 3.8 Staff expenses and share-based payments

Staff expenses are generally recognised in accordance with the accrual principle, i.e., when the services are rendered by the employees.

### 3.9 Income tax

Income tax is considered an expense for the year and is presented as such in the statement of profit or loss. The related charge includes current tax and the change in deferred taxes.

However, the income tax related to items for which changes in value are recognised directly in equity is also recognised in equity and not in profit or loss; the changes in the value of these items are presented net of the related tax effects.

The Company does not recognise deferred tax assets or liabilities when they originate from the initial recognition of an asset or liability in transactions other than business combinations that affect neither accounting nor taxable profit.

The Company recognises deferred tax assets for all deductible temporary differences and the carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, except as disallowed under prevailing legislation.

At each reporting date the Company reassesses recognised and unrecognised deferred taxes. Based on the outcome of that assessment, the Company derecognises a previously recognised deferred tax asset if its recovery is no longer deemed probable, and recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using the tax rates expected to prevail upon their reversal, based on tax legislation approved, and in accordance with the manner in which the assets are reasonably expected to be recovered and liabilities settled.

Deferred tax assets and deferred tax liabilities are not discounted and are classified as non-current assets or non-current liabilities, regardless of the date they are expected to be realised or settled.

### 3.10 Foreign currency transactions

The Company's functional and presentational currency is the euro.

Assets and liabilities denominated in foreign currency are measured at the closing exchange rate published by the European Central Bank. Differences arising from changes with respect to historic exchange rates are recognised as follows:

- All exchange differences arising from the translation or settlement of monetary items are recognised in profit or loss for the period.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

- In the case of non-monetary investments measured at fair value, such as investments in equity instruments classified as available-for-sale financial assets, losses and gains on which are recognised in equity, the exchange differences included in the pertinent losses and gains are recognised directly in equity, separately disclosing the exchange-related portion of the change in the value of the corresponding non-monetary asset.
- When the losses or gains deriving from a non-monetary item, such as investments in equity instruments classified as available-for-sale financial assets or other financial assets at fair value through profit or loss are recycled to profit or loss, the exchange differences included in the related losses or gains are also reclassified to profit or loss for the period.

### 3.11 Related party balances and transactions

The Company defines its related parties in line with the rules set forth in Standard # 54 of CNMV Circular 7/2002.

Transactions with related parties are carried out on an arm's length basis.

## 4. PROPOSED APPROPRIATION OF PROFIT/(LOSS)

The directors propose the following application of profit for 2021, subject to ratification by the shareholders in general meeting:

	€	
	(Proposed appropriation) 2021	(Ratified appropriation) 2020
<b>Profit/(loss) for the year</b>	1,934,575.25	(38,462.11)
<b>Appropriation to:</b>		
Legal reserve	-	-
Voluntary reserves	434,575.25	-
Interim dividend	1,500,000.00	
Other	-	(38,462.11)
<b>Total</b>	<b>1,934,575.25</b>	<b>(38,462.11)</b>

### Interim dividend

On 31 March 2022, the Board of Directors approved an interim dividend against 2021 profit of 1,500,000.00 euros based on the outlook for profit for the year. That dividend will be paid in 2022. The amount of the dividend is below the threshold stipulated in applicable legislation.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

5. CASH AND CASH EQUIVALENTS

The breakdown of this statement of financial position heading at year-end is as follows:

	€	
	2021	2020
Cash	250.88	332.45
	<b>250.88</b>	<b>332.45</b>

6. FINANCIAL INSTRUMENTS

6.1 Financial assets

6.1.1 Available-for-sale financial assets

The breakdown of this statement of financial position heading at year-end is as follows:

	€	
	2021	2020
Shares in UCIs	867,146.63	1,145,326.92
	<b>867,146.63</b>	<b>1,145,326.92</b>

The main movement in this heading in 2021 relates to an adjustment made to one of the Company's mutual funds, BH Deuda F.I., as a result of first-time application of the amended General Accounting Plan, under which that fund is now classified as a financial asset at fair value through profit or loss and was therefore removed from this category - financial assets at fair value through equity - with an impact of 313,281 euros.

In 2020, the Company acquired 24,562 Class C shares in BH Flexible F.I., 33,100 shares in BH Renta Fija, F.I., 30,000 shares in B&H Deuda F.I., 113,626 shares in Buy & Hold Luxembourg - B&H BONDS and 122,898 shares in Buy & Hold Luxembourg – B&H FLEXIBLE, at acquisition costs of 200,000.00 euros, 300,000.00 euros, 275,741.28 euros, 115,126.05 euros and 125,000.00 euros, respectively.

In parallel, in 2020 the Company sold all of its Class A shares in B&H Flexible, F.I. and its Class A and C shares in B&H Acciones, F.I., BH Renta Fija Europa, S.I.C.A.V., S.A. and in Pigmanort, S.I.C.A.V., S.A. It also sold 17,253 Class C shares in Fondo B&H Renta Fija, F.I. Those transactions generated a gain of 35,221.62 euros, which was recognised under "Gains/(losses) on financial assets and liabilities (net)" in the 2020 statement of profit or loss.

The fair value of the Company's investments in undertakings for collective investment was calculated using their reported redemption values as of the reporting date. At year-end 2021, the Company had recognised valuation adjustments - all of which gains - of 214,448.53 euros (2020: 133,355.80 euros) on those investments, which are recognised (net of the corresponding tax effect of 53,612.13 euros (2020: 29,652.38 euros), in turn recognised in deferred tax liabilities; refer to note 12) in equity, specifically under "Valuation adjustments", in the amount of 160,836.40 euros (2020: 103,703.42 euros).

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

No impairment losses were recognised in either 2021 or 2020.

#### 6.1.2 Loans and advances

##### 6.1.2.1 Due from financial brokers

The breakdown of this statement of financial position heading at year-end is as follows:

	€	
	2021	2020
Demand deposits	29,189.11	44,459.38
	<b>29,189.11</b>	<b>44,459.38</b>

The accounts classified as "Demand deposits" in the table above earn interest at market rates and are unrestricted.

##### 6.1.2.2 Loans and advances to customers

The breakdown of this statement of financial position heading at year-end is as follows:

	€	
	2021	2020
Management fees receivable (notes 11.1 & 13)	3,012,287.96	174,165.20
Advances and other transactions	(1,700.63)	8,202.14
	<b>3,010,587.33</b>	<b>182,367.24</b>

As stipulated in the corresponding prospectuses, as of year-end 2021, the Company does not accrue management service fees in respect of the Class A shares in B&H Renta Fija, F.I. and B&H Acciones Europa, F.I., two of the funds managed by the Company.

In 2021, the Company recognised revenue from management fees derived from the shares in B&H Flexible, F.I., in the amount of 203,683.75 euros, B&H Acciones Europa, F.I., in the amount of 334,720.16 euros, B&H Renta Fija, F.I., in the amount of 151,752.79 euros, B&H Deuda, F.I., in the amount of 83,332.16 euros and B&H Luxembourg (Bonds, Equity, Flexible), in the amount of 3,661,008.80 euros. The fees accrued have been recognised under fee and commission income in the Company's 2021 statement of profit or loss.

#### 6.2 Financial liabilities

##### 6.2.1 Due to financial brokers

At both reporting dates, this statement of financial position heading reflects the balance drawn down against a credit facility extended to the Company by a bank with a limit of 165,000.00 euros; the loan accrues interest at a rate of 1.05% on the balance drawn. The balance drawn at year-end 2021 stood at 131,643.89 euros.

##### 6.2.2 Due to customers

At year-end 2021, this heading mainly comprises balances due to several creditors in respect of debts generated in the course of the Company's activities in the amount of 143,443.99 euros (year-end 2020: 114,214.17 euros).



BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

## 7. TANGIBLE ASSETS

The reconciliation of the balances comprising this financial statement of position heading at the beginning and end of both reporting periods is as follows:

	€				
	31 Dec. 2019	Additions	31 Dec. 2020	Additions	31 Dec. 2021
Buildings	10,615.92	-	10,615.92	-	10,615.92
Plant	49,203.22	-	49,203.22	-	49,203.22
Furniture and fittings	78,333.76	-	78,333.76	735.08	79,068.84
Computer equipment	17,713.38	4,864.03	22,577.41	7,644.77	30,222.18
Other tangible assets	4,505.96	-	4,505.96	-	4,505.96
Accumulated depreciation	<u>(51,242.80)</u>	<u>(18,598.03)</u>	<u>(69,840.83)</u>	<u>(18,110.43)</u>	<u>(87,951.26)</u>
	<b><u>109,129.44</u></b>	<b><u>(13,734.00)</u></b>	<b><u>95,395.44</u></b>	<b><u>(9,730.58)</u></b>	<b><u>85,664.86</u></b>

At year-end 2021, the Company had fully depreciated intangible assets still in use with a gross carrying amount of 17,330.02 euros (year-end 2020: 1,199.00 euros).

These assets are depreciated on a straight-line basis over their useful lives. The table below shows the rates of depreciation applied by asset category:

	%
Plant	10%
Furniture and fittings	10%
Computer equipment	25%
Other tangible assets	10%

No significant amounts of property, plant or equipment were subject to use or title restrictions, retired from service or pledged as security for liabilities at either year-end.

The Company had no material contractual commitments for the acquisition or sale of tangible assets at either year-end.

The Company has not recognised any impairment losses on any tangible assets.

## 8. INTANGIBLE ASSETS

The reconciliation of the balances comprising this financial statement of position heading at the beginning and end of both reporting periods is as follows:

	€				
	31 Dec. 2019	Additions	31 Dec. 2020	Additions	31 Dec. 2021
Software	218,500.59	33.13	218,533.72	15,960.91	234,494.63
Accumulated amortisation	<u>(30,552.91)</u>	<u>(22,106.42)</u>	<u>(52,659.33)</u>	<u>(23,433.55)</u>	<u>(76,092.88)</u>
	<b><u>187,947.68</u></b>	<b><u>(22,106.42)</u></b>	<b><u>165,874.39</u></b>	<b><u>(7,302.84)</u></b>	<b><u>158,401.75</u></b>

The Company had no fully amortised software still in use at either year-end.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

9. OTHER ASSETS

The breakdown of "Other assets" at year-end:

	€	
	2021	2020
Prepaid expenses	14,846.16	13,453.95
Security deposits extended	15,150.00	15,150.00
Other items	-	693.90
	<b>29,996.16</b>	<b>29,297.85</b>

"Prepaid expenses" main comprise the premium on the Company's director liability insurance policy at both year-ends.

"Security deposits extended" corresponds in full to the deposit extended to the landlord of the offices in which the Company carries on its business activities.

10. EQUITY

The breakdown of equity at year-end is set out in the next table:

	€	
	2021	2020
<b>CAPITAL AND RESERVES</b>		
Capital	677,084.00	677,084.00
Share premium	320,491.30	320,491.30
Legal reserve	68,602.65	68,602.65
Voluntary reserves	376,541.73	378,467.89
Retained earnings (prior-year losses)	(38,462.11)	-
Profit/(loss) for the year	1,934,575.25	(38,462.11)
Valuation adjustments	160,836.40	103,703.42
	<b>3,499,669.22</b>	<b>1,509,887.15</b>
<b>TOTAL EQUITY</b>		

a) Capital and share premium

At both year-ends, the Company's share capital consisted of 677,084 bearer shares with a par value of 1.00 euros each, all fully paid. All the shares carry identical voting and dividend rights.

On 11 May 2017, the Company's shareholders resolved at a Universal General Meeting to increase capital by 308,321.00 euros (with a charge against unrestricted reserves), as provided for in article 303.1 of Spain's Corporate Enterprises Act. The capital increase was executed by creating and issuing 308,321 new shares, each with a unit par value of one euro. Those shares carry the same rights as those already outstanding at the time and were allocated to the Company's shareholders in proportion to their existing shareholdings. The Company incurred 1,256.72 euros of expenses in connection with the rights issue, which were recognised against reserves.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

It was also agreed at that same shareholders' meeting to transform the Company into a public limited company (*sociedad anónima*), as provided for in Spanish Law 3/2009 and other prevailing company law. That transformation changed the legal status of the shares but did not change their par value. As a result, the Company's share capital was divided into 316,654 shares with a unit par value of one euro, all belonging to the same class and series and all fully paid in.

The shareholders further resolved at that meeting to increase capital by 135,710.00 euros via the creation of 135,710 new shares, each with a unit par value of one euro. That share issue was completed with a share premium of 145,209.70 euros, which is equivalent to 1.07 euros per share.

Lastly, at a separate Universal General Meeting held on 25 September 2017, the Company's shareholders agreed to increase capital by 224,720.00 euros via the creation of 224,720 new shares, each with a unit par value of one euro. That share issue was completed with a share premium of 175,281.60 euros, which is equivalent to 0.78 euros per share.

The Company's shareholder structure at both year-ends:

	No. of shares		Shareholding, %	
	2021	2020	2021	2020
Julián Pascual Huerta	341,632	341,632	50.46%	50.46%
Antonio Aspas Romano	192,180	192,180	28.38%	28.38%
Rafael Varela de Vargas	143,272	143,272	21.16%	21.16%
José María Sainz-Pardo Zaragoza	-	-	-	-
	<b>677,084</b>	<b>677,084</b>	<b>100.00%</b>	<b>100.00%</b>

b) Legal reserve

Companies must transfer 10% of profit for the year to a legal reserve until this reserve is equivalent to at least 20% of share capital. This reserve cannot be distributed to shareholders and may only be used to offset income statement losses provided no other reserves are available. Under certain circumstances, this reserve can also be used increase capital by the amount exceeding 10% of share capital *pro forma* for the increase. The Company's legal reserve met the 20% threshold at both year-ends.

c) Voluntary and merger reserves

The voluntary and merger reserves are unrestricted, the only limitations being the amount of incorporation expenses and the conditions that their distribution (i) must not reduce share capital; or (ii) cause a breach of the minimum capital requirements outlined in note 16.

11. INCOME AND EXPENSES

11.1 Fees and commission income

This statement of profit or loss heading comprises the remuneration received by the Company from the UCITS it manages. Management fees are calculated daily as an annual percentage of the net asset value of the UCITS under management and are paid monthly or quarterly.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

All of the fees received in 2021 and 2020 correspond to the management of UCITS in Spain.

The fees accrued in 2021 for the management of the mutual funds and pension funds itemised in note 1 amounted to 4,434,497.66 euros and 31,613.91 euros, respectively, of which 3,012,287.96 euros was pending collection at year-end 2021 (note 6.1.2.2).

### 11.2 Staff costs

The breakdown of this statement of profit or loss heading in 2021 and 2020:

	€	
	2021	2020
Wages and salaries	618,405.36	571,475.11
Social security contributions	92,971.27	91,808.61
Other staff expenses	4,889.04	8,729.31
	<b>716,265.67</b>	<b>672,013.03</b>

The average and year-end 2021 and 2020 headcounts by job category and gender are as follows:

	Average		Year-end			
	2021	2020	2021		2020	
			Men	Women	Men	Women
Officers	2	3	2	-	3	-
Skilled professionals	9	7	7	2	3	3
	<b>11</b>	<b>10</b>	<b>9</b>	<b>2</b>	<b>6</b>	<b>3</b>

The Company had no employees with a disability of a severity of more than 33% in either 2021 or 2020.

### 11.3 General expenses

The breakdown of this statement of profit or loss heading:

	€	
	2021	2020
Rent and fees (note 13)	49,851.15	48,485.78
Repairs and upkeep	3,965.72	15,208.36
Independent professional services	284,476.67	307,441.62
Insurance premiums	18,974.72	17,349.43
Banking and similar services	2,665.34	1,793.91
Advertising and publicity	189,328.30	71,960.89
Other services	481,261.03	422,770.12
Utilities	20,871.06	21,255.00
Other taxes and levies	12,679.49	20,501.97
	<b>1,064,073.48</b>	<b>926,767.08</b>

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

"Independent professional services" in 2021 mainly included consultancy and audit services.

"Other services" in both years included the Company's contribution to the national investment guarantee scheme and a number of levies paid to the CNMV. This heading also includes miscellaneous expenses related with software purchased for the management of the investment funds in Luxembourg.

## 12. TAX MATTERS

Taxable profit, determined in accordance with prevailing tax legislation, is subject to taxation at a rate of 25%. Nevertheless, taxable income may be reduced by certain deductions in keeping with prevailing tax legislation.

The table below reconciles accounting profit/(loss) for the year and taxable profit (tax loss) in 2021 and 2020:

€	Statement of profit or loss	
	Increases/(decreases)	
	2021	2020
<b>Accounting profit/(loss) (before tax)</b>	<b>2,572,449.86</b>	<b>(50,987.76)</b>
Permanent differences	40,648.58	3,427.62
Temporary differences		
- Limit on the deductibility of depreciation	15,692.18	15,692.18
Taxable income/(tax loss)	2,628,790.62	(31,867.96)
Reduction for capitalisation reserve	(2,542.44)	-
Utilisation of tax losses and tax credits	(7,164.59)	-
Taxable income before deductions	2,619,083.59	(31,867.96)
Reduction for tax break reserve for SMEs	(100,000.00)	24,703.37
Taxable income after the tax break reserve for SMEs	2,519,083.59	(7,164.59)
Gross tax payable, before deductions and withholdings	629,770.89	-
Deductions	(19,703.82)	-
Withholdings and payments on account	(12,829.12)	22,734.11
<b>Corporate income tax receivable/payable</b>	<b>597,237.96</b>	<b>22,734.11</b>

Tax expense was calculated as follows:

	€	
	2021	2020
Taxable income at rate of 25%	(637,874.61)	12,525.65
<b>Income tax</b>	<b>(637,874.61)</b>	<b>12,525.65</b>

In accordance with prevailing tax legislation, income tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

At year-end 2021, the Company had its books open to inspection in respect of all applicable taxes for the last four years. The Company's tax advisors believe that the probability of materialisation of tax liabilities that could have a material impact on the Company's financial position is remote.

Tax assets break down as follows:

	€	
<b>Current tax assets</b>	<b>2021</b>	<b>2020</b>
Receivable in respect of withholdings	22,734.11	22,734.11
	<b>22,734.11</b>	<b>22,734.11</b>
	€	
<b>Deferred tax assets</b>	<b>2021</b>	<b>2020</b>
Deferred tax assets - Available-for-sale financial assets (note 6.1.2.1)	13,524.96	16,258.34
Unused tax losses	-	1,791.15
Unused tax credits	-	4,303.82
Other	-	-
	<b>13,524.96</b>	<b>22,353.31</b>

Tax liabilities break down as follows:

	€	
<b>Tax liabilities</b>	<b>2021</b>	<b>2020</b>
<u>Current tax liabilities</u>		
Income tax	-	-
VAT	5,036.32	3,694.50
Withholdings	63,679.51	37,655.47
Social security payable	19,192.93	7,965.32
	<b>87,908.76</b>	<b>49,315.29</b>
<u>Deferred tax liabilities</u>		
Tax break reserve for SMEs	-	-
Deferred tax liabilities - Available-for-sale financial assets	78,716.35	40,692.84
	<b>78,716.35</b>	<b>40,692.84</b>

The Company has estimated taxable income for the next five years (the projection period considered to be sufficiently credible) on the basis of its business plan.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

### 13. RELATED-PARTY TRANSACTIONS AND BALANCES

The Company views the UCITS under management and its key management personnel (the Company's directors) as its related parties.

#### Director disclosures

The members of the Company's Board of Directors received 40,950.00 euros for the provision of services and 175,737.08 euros of remuneration in 2021 (2020: 319.386 euros for the provision of services and 226,180.00 euros of remuneration and termination benefits). The Company had not extended any loans to the members of its Board or assumed any pension or life insurance commitments in respect of current or former directors at either year-end.

The Company did not pay any civil liability insurance premiums on behalf of its directors in 2021 or 2020.

For the purposes of article 229 of Spain's Corporate Enterprises Act, the directors have stated that they are not party to conflicts with respect to the Company's interests.

The transactions entered into with the UCITS under management in 2021 and 2020 and the resulting year-end balances are shown below:

	€	
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Management fees receivable (note 6.1.2.2 )	3,012,287.96	174,165.20
<u>Expenses</u>		
General expenses (note 11.3)	-	-
<u>Income</u>		
Fee and commission income (note 11.1)	4,466,111.57	1,586,454.32

### 14. DISCLOSURES CONCERNING THE ENVIRONMENT AND GREENHOUSE GAS EMISSION ALLOWANCES

The Company's directors believe the environmental risks deriving from its business activities are minimal and adequately covered; accordingly they do not anticipate additional liabilities in this respect. The Company did not incur expenses or receive grants in respect of environmental protection work in either 2021 or 2020. Lastly, the Company does not have any greenhouse gas emission allowances.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

## 15. RISK MANAGEMENT

### 15.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

#### 15.1.1 Interest-rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's managers have established limits and controls designed to manage this risk factor.

#### 15.1.2 Foreign exchange risk

The Company was not significantly exposed to foreign exchange risk at either year-end.

#### 15.1.3 Price risk

Price risk is the risk of unfavourable changes in the fair values of assets as a result of price changes triggered by factors specific to the financial instrument itself or factors affecting all instruments traded in the market.

The Company measures the risk exposure of its financial investment portfolio periodically using value-at-risk methodology (VaR) which expresses the maximum expected loss for a specific time interval on the basis of the historic performance of a security or portfolio. The VaR of the financial investment portfolio (at a 1-day interval and confidence level of 98%) was 1.07% at year-end 2021 (0.23% at year-end 2020).

#### 15.1.4 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in securing liquid funds or accessing them in sufficient amount and at an acceptable cost to meet its payment obligations in due course.

#### 15.1.5 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. It is Company policy to arrange financial instruments with reputable counterparties.

The Company does not expect to incur material losses as a result of its counterparties breaching their obligations.



BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

The following table shows total credit risk exposure at year-end:

	€	
	<u>2021</u>	<u>2020</u>
Demand deposits (note 6.1.2.1)	29,189.11	44,459.38
Loans and advances to customers (note 6.1.2.2)	3,010,587.33	182,367.24
Other financial assets (note 6.1.2.3)	314,859.02	1,578.02
	<u><b>3,354,635.46</b></u>	<u><b>228,404.64</b></u>

"Demand deposits" are the amounts held by the Company at banks.

"Loans and advances to customers" mainly comprise balances receivable from the UCITS managed by the Company in the amount of 3,012,287.96 euros (year-end 2020: 174,165.20 euros) (note 6.1.2.2).

## 16. CAPITAL MANAGEMENT

The Company's capital management policy is designed to maintain the capital needed to meet regulatory requirements and cover the capital requirements intrinsic to its business operations by investing in low-risk assets.

The regulations governing the UCITS management companies outlined in note 1 include having to maintain a minimum level of own funds in relation to assets under management.

Article 33 of Royal Decree 83/2015 amends article 100.1) of Royal Decree 1082/2012, which regulates the calculation of eligible and minimum capital such that the Company's own funds cannot fall below one of the following two thresholds:

- a) Minimum share capital of 125,000 euros, grossed up by:
- 0.02% of the cash value of the assets of the UCITS administered or managed by the Company in respect of the portion of such assets in excess of 250 million euros, including the portfolios it is managing under delegation. Under no circumstances may the initial capital requirement plus this top-up exceed 10 million euros.
  - The additional sum of capital referred to in the paragraph above may be covered up to 50% by a guarantee in the same amount from a credit institution or insurance provider. Any such credit institution or insurer must be domiciled in a European Union member state or a third country provided that the latter is bound by prudential requirements that, in the opinion of the CNMV, are equivalent to those stipulated in European Union law.

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

- In order to cover potential exposures as a result of professional liability in relation to the activities that may be performed by management companies that manage UCITS that are not authorised under Directive 2009/65/EC, of 13 July 2009, private equity firms or closed-end mutual funds, such firms must either:

- i) Hold sufficient additional own funds to cover their potential liability deriving from professional negligence.

'Sufficient additional own funds' for such purposes shall be understood to equal 0.01% of the assets under management of UCITS not authorised under Directive 2009/65/EC.

- ii) Or take out professional negligence civil liability insurance.

For the purpose of calculating the minimum capital requirement referred to in the paragraphs above, the assets of UCITS under management, private equity firms and closed-end mutual funds will be deducted by the amounts of any investments held by them in other such institutions that are in turn managed by the same management company.

- b) 25% of the fixed overhead expensed in the prior-year statement of profit or loss. Overhead is deemed to include staff costs, general expenses, contributions and taxes, depreciation and amortisation and other operating charges. That amount of overhead may be adjusted when business volumes have varied substantively year-on-year, a circumstance deemed to have been met when overhead increases or decreases by 25% with respect to total prior-year expenditure, the latter calculated on a year-to-date basis.

Irrespective of the amount implied by these requirements, a management company's capital may at no time fall below the amount stipulated in article 97.1 Regulation (EU) No. 575/2013 of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No. 648/2012.

The calculation of eligible capital in relation to the Company's minimum capital requirements at year-end 2021 and 2020 is as follows:

	€	
<b>Minimum capital:</b>	<b>2021</b>	<b>2020</b>
Minimum share capital	125,000.00	125,000.00
In relation to assets under management	-	-
Additional capital for exposure to professional liability	-	-
	<b>125,000.00</b>	<b>125,000.00</b>
Overhead	1,649,563.19	1,429,772.61
25% of overhead	412,390.80	357,443.15
<b>Total minimum capital</b>	<b>412,390.80</b>	<b>357,443.15</b>

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

<b>Eligible capital:</b>	€	
	<b>2021</b>	<b>2020</b>
Capital	677,084.00	677,084.00
Reserves	445,144.38	447,070.54
Share premium	320,491.30	320,491.30
Positive valuation adjustments	160,836.40	103,703.42
Retained earnings (prior-year losses)	(38,462.11)	-
Profit/(loss) for the year	1,934,575.25	(38,462.11)
Intangible assets	(158,401.75)	(165,874.39)
<b>Total eligible capital</b>	<b>3,341,267.47</b>	<b>1,344,012.76</b>
<b>Capital surplus / (shortfall)</b>	<b>2,928,876.67</b>	<b>986,569.61</b>

## 17. CUSTOMER SERVICE DISCLOSURES

Article 17 of Spanish Economy Ministry Order ECO/734/2004, of 11 March 2004, obliges customer attention departments and services and financial institutions' customer ombudsmen, if any, to present their boards with a report each year outlining the work performed by them in the preceding year.

Two customer claims were received in 2021; both were settled in favour of the claimants (no claims received in 2020).

Nor were any complaints or claims lodged before the Bank of Spain and/or the CNMV in 2021 or 2020.

## 18. OTHER DISCLOSURES

### Audit fees

The Company's financial statements are audited by Ernst & Young, S.L. The fees accrued (i.e., irrespective of when they were invoiced) for auditing the financial statements for the year ended 31 December 2021 amounted to 5,500.00 euros (2020: 5,500.00 euros). The Company did not incur any fees for services other than account auditing services provided by its auditor or any of its auditor's related parties.

### Information on late payments to suppliers. Additional Provision Three, 'Disclosure requirement' of Law 15/2010 (July 5 2010)

	<b>2021</b>	<b>2020</b>
	<b>(Days)</b>	<b>(Days)</b>
Average supplier payment term	39	39
Paid transactions ratio	39	39
Outstanding transactions ratio	39	39
	<b>(€ 000)</b>	<b>(€ 000)</b>
Total payments made	1,109,984.51	866,434.65
Total payments outstanding	143,443.99	114,214.67

BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Notes to the financial statements for the year ended  
31 December 2021

19. EVENTS AFTER THE REPORTING PERIOD

The Russian army invaded Ukraine on 24 February 2022. In addition to the direct implications for trade relations with those countries, in response to the invasion, the US, the EU, the UK, Switzerland and other countries around the world have imposed severe sanctions on Russia, Russian businesses and Russian citizens with potential consequences for the global economy. Those sanctions include the expulsion of the Russian banks from the international payment network, SWIFT (Society for Worldwide Interbank Financial Telecommunication) and restrictions on transactions with the Russian central bank. In turn, the Russian government has imposed certain restrictions that affect all foreign currency accounts and overseas transactions.

At 31 December 2021 and at the date of authorising these financial statements for issue, the Company did not have significant exposures to or perform significant transactions with the countries directly involved in the conflict.

However, given the complexity of the situation and prevailing uncertainty as to the ultimate outcome of the current situation, it is not possible to reliably estimate the potential impact of the conflict on the global economic situation and, by extension, the activities and operations of the Company, which would, at any rate, be recognised prospectively in the 2022 financial statements.

## **MANAGEMENT REPORT**

## **Markets**

The first half of the year was marked by a significant rally, with the stock markets making gains each month during that period, driven by the progress made on the vaccination front across the main western economies, paving the way for economic recovery, as was borne out in better than expected corporate earnings reports, marked by growth in like-for-like sales in Europe for the first time since the onset of the pandemic. The second half, however, was shaped by uncertainty as to whether corporate earnings would be adversely affected by the three threats hanging over the economy.

Firstly, the existence of supply chain disruptions and bottlenecks, above all the shortage of chips affecting multiple industries, from the automotive to the computing sectors.

Secondly, the high level of inflation and growth in energy costs, which went as high as 7% in the US, prompting a sooner than expected withdrawal of the financial stimulus measures and increase in official rates on that side of the Atlantic. Thirdly, the advent of new variants of the coronavirus, with the scope for triggering the reintroduction of restrictions on mobility or, in the worst case scenario, further lockdowns.

Those doubts dissipated during the last quarter of the year thanks to a number of factors, including strong consumer spending, the effectiveness of the vaccines (despite the fact that the number of people infected by the Omicron variant was far higher in many countries than during previous waves, the number of hospitalisations has remained well below 2020 levels) and, above all, a third-quarter results season that evidenced ongoing revenue and earnings momentum in Europe and the US, so that the main western stock markets ended the year with gains of close to 25%.

For now investors are paying heed to the central banks' message that the spike in inflation will prove transient and is largely attributable to bottlenecks in production and transportation caused by the pandemic and that inflation will trend towards the 2% mark over the coming months.

That fear of inflation meant that the sectors that stand to benefit from it, such as the financial and commodities sectors, posted significant gains during the second half, while the sectors more exposed to rate hikes, due mainly to the impact of having to discount future earnings at a higher rate, such as the technology sector, underperformed the market.

In fixed income, the growth in costs and inflation prompted the Federal Reserve to sharpen its message and signal the gradual tapering of its bond repurchase programme and as many as three rate hikes in 2022, with another two to follow in 2023. Nevertheless, the risk premium on high-yield bonds actually narrowed in 2021.

The average return on the UCITS managed by the Company was 22.7%.

## **Outlook**

The trend in the markets in general and the Company's portfolio in particular in the coming months will be shaped by three factors: (i) developments in the war in Ukraine and the effects the sanctions on Russia could have on the global economy; (ii) the trend in corporate earnings reported for 2021 and guidance for 2022; (iii) inflation readings throughout the first half of 2022. Any sign that inflation is stabilising and heading towards the targeted level of 2% in the medium term would act as a significant catalyst for the main stock and fixed-income indices. In contrast, any reports suggesting that inflation is rising further and is likely to continue to rise throughout 2022 would be read negatively by the market, triggering likely corrections across the main debt and equity markets. Lastly, developments with respect to the pandemic, the latest being the greater transmissibility but reduced severity of the Omicron variant, will have significant effects on the sectors most affected by the health situation, such as tourism, depending on the trend in case numbers and hospitalisations over the next few months.

We will therefore be watching market trends closely over the coming months and trust that the extensive research we perform before selecting the securities that comprise our debt and equity portfolios will translate into outperformance relative to the market, as we strive to tap the various opportunities arising in the different asset classes to constantly fine-tune our asset allocation.

## **Business performance**

In 2021, all of the funds managed by B&H outperformed their respective benchmark indices, ranking in the top quartile in their respective categories. That healthy performance drove growth in assets under management of over 30% in 2021, which in turn unlocked sharp growth in fixed and performance fees.

From an operational perspective, 2021 marked completion of the process of merging all of the SICAVs into their respective Luxembourg funds and three of the four Spanish funds were subordinated to the Luxembourg funds, facilitating and enhancing operations as well as reducing the expenses borne by unitholders.

At year-end 2021, the Company had 10 employees, eight men and two women.

Income from fees and commissions amounted to 4,466,111.57 euros, up 180% from 2020, due mainly to the growth in performance fees. Of the total, 1,644,707 euros corresponded to fixed UCITS management fees, 6,982.98 euros to portfolio advisory and management fees and 2,814,421.07 euros to performance fees.

The Company earned 40,849.56 euros on trading in 2021.

Staff costs amounted to 716,265.57 euros, up 6.6% from 2021.

The Company reported a profit after tax of 1,930,652.2 euros in 2021, shaped by the sharp growth in performance fees.

## **Payments to suppliers**

The Company paid its trade suppliers within the terms stipulated in Spanish Law 15/2010.

### **Events after the reporting date**

Russia invaded Ukraine in February 2021 with potentially major ramifications for the financial markets and the global economy.

### **Changes in the board composition**

There were no changes in the Board of Directors in 2021; after the reporting date, however, in February 2022, the chairman was replaced by Pacet de Inversiones, a firm represented on the board by Julián Pascual.

The number of directors remains unchanged at three.

### **Research, development and environmental protection activities**

The nature of the Company's business meant it did not invest in any of these activities in 2021.

### **Purchase/sale of own shares**

The Company did buy or sell any own shares in 2021.

### **Outlook**

We expect that the increase in the size of the Luxembourg funds, following the merger and subordination of the SICAVs and Spanish funds into the Luxembourg funds, coupled with a stronger performance in their various benchmark indices, will facilitate the sale and marketing to institutional investors of the funds managed by the Company, so driving growth in the volume of assets under management.



BUY & HOLD CAPITAL,  
SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA, S.A.

Authorisation for the issuance of the 2021 financial statements

At a meeting held on 31 March 2021, the members of the Board of Directors authorised the issuance of the financial statements and management report of Buy & Hold Capital, S.G.I.I.C., S.A. for the year ended 31 December 2021, set out over 38 sheets, each of which witnessed by the Board's (non-director) Secretary, with all three directors signing this last page.

---

Julián Pascual Huerta  
Chairman

---

Rafael Valera de Vargas  
Director

---

Antonio Aspas Romano  
Secretary and Director