

Ethna-DYNAMISCH RCS Luxembourg K818

Annual report including audited financial statements
at 31 December 2017

Investment fund under Luxembourg law

Investment fund pursuant to Part I of the Luxembourg law of 17 December 2010
on Undertakings for Collective Investment, as amended, taking the
legal form of a Fonds Commun de Placement (FCP)

Luxembourg registered company B 155427



ETHENEIA
managing the Ethna Funds

Only the German version of the present Annual Report has been reviewed by the Réviseur d'Entreprises agréé. Consequently, the Audit Report only refers to the German version of the Report; other versions result from a conscientious translation made under the responsibility of the Board of Directors. In case of differences between the German version and the translation, the German version shall be the authentic text.

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The Sales Prospectus with integrated management regulations, the Key Investor Information Documents (KIID) and the fund's annual and semi-annual reports are available free of charge by post, fax or e-mail from the registered office of the management company, or from the depositary, paying agents and the distributor in the respective countries of distribution and the representative in Switzerland. Additional information is available from the management company at all times during regular business hours.

Unit subscriptions are valid only if they are made on the basis of the most recent version of the Sales Prospectus (including its annexes) in conjunction with the latest available annual report and any subsequent semi-annual report.

Unit classes (R-A) and (R-T) are intended exclusively for distribution in Italy, France and Spain.

The information and figures contained in this report relate to past performance only and give no indication of future performance.

Fund Management Report

- 2 The fund management report on behalf of the Board of Directors of the management company:

"Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas."
(Paul Samuelson)

Dear investors,

In 2017, the global economy saw solid growth and even gained momentum in the second half of the year. Leading indicators from the main economic blocs all indicate that the synchronised upturn will last for some time to come. Worldwide, manufacturing production is gaining pace and trade is growing rapidly. In the US, consumer spending is being boosted by the high level of consumer confidence and solid growth in jobs and GDP growth. However, in this cycle capital investment remains at a moderate level. If the growth expected in 2018 continues, capacity utilisation rates should also rise. This would favour an upturn in the investment cycle and allow for a welcome surprise.

In monetary policy, the Fed has already begun to normalise underlying conditions and will continue on this path. The European Central Bank is likely to announce the end of its bond purchase programme at the end of 2018. Overall, monetary conditions will remain relaxed, as the monetary authorities do not want to slow down the upturn but rather support it.

In 2017, inflationary pressure was low and core inflation remained largely unchanged, within the comfort zone of the central banks. In the eurozone and the US, wage inflation has gained momentum recently thanks to falling unemployment rates. However, this trend is not evident everywhere and the job market situation remains strained in some sectors and countries. The decisive news is that the risk of deflation has gone and a certain amount of inflationary pressure is gradually building up. Yet there is also the risk that the central banks could be forced to tighten their monetary policy sooner than expected.

It should be noted that as regards the US, the world's leading economy is in a late phase of the economic cycle. This is indicated by low unemployment in the US in connection with a persistent flattening of the US yield curve. Against this backdrop, and in view of the fact that both leading indicators and growth figures are positive, the risk of future disappointment should not be underestimated.

Another important factor for future progress is China. The country is expected to introduce a number of economic reforms in the near future, from the restructuring and strengthening of state-owned companies and reducing debt in the financial system to curbing price inflation in the housing market. We firmly believe that the government will implement these reforms in order to prepare China for the future. In the short term, the promised reforms are likely to have far-reaching effects on the unstable financial system.

In summary, we expect the global economy to begin 2018 under favourable conditions. However, there are three risks that could dampen the outlook:

- a slowdown in growth, which would indicate that we are closer to the end of the cycle than currently assumed;
 - a rise in inflation, which would push up yield curves;
 - and the instability of the Chinese financial system.
-

We would like at this point to thank you for the trust you have placed in us. We are confident that we will be able to continue successfully with our work into the new year, despite challenging market conditions, with the necessary caution.

Ethna-DYNAMISCH:

The international equity markets saw share prices continue to climb in 2017. As the result of an unusually broad global upturn, stable and low rates of inflation, as well as a favourable environment for risky assets thanks to the actions of central banks, there were few notable negative performances. In the Ethna-DYNAMISCH fund, a high proportion of fund assets were invested in the equity markets and we were therefore able to benefit from this positive development. Our regional focus is on Europe, where thanks to the combination of favourable valuations and growing fundamental momentum we found the most attractive individual stocks. While our selected stocks performed well above average relative to the market as a whole, broad European equity indices lost out relative to their US counterparts. An important reason for this was the ever-stronger euro over the period, which made life harder for European export companies in particular. Overall, in a year of relatively little fluctuation, currency movements created the biggest obstacles to positive performances. On the basis of our active allocation strategy, we bore this theme in mind and were able to limit the impact on the portfolio. Over the year as a whole, the Fund was also invested in selected segments of the bond markets and despite the often criticised low interest rate climate was able to make a significant contribution to positive overall development.

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Munsbach, January 2018

The Fund Management for the Board of Directors of the Management Company

The company is entitled to create unit classes that confer different rights depending on the units.

Currently the following unit classes exist with these structural features:

	Unit class (A)	Unit class (T)	Unit class (SIA-A)	Unit class (SIA-T)
Security identification no.:	A0YBKY	A0YBKZ	A1W66S	A1W66T
ISIN code:	LU0455734433	LU0455735596	LU0985193357	LU0985193431
Subscription fee:	up to 5.00 %	up to 5.00 %	up to 5.00 %	up to 5.00 %
Redemption fee:	none	none	none	none
Management fee:	1.75 % p.a.	1.75 % p.a.	0.95 % p.a.	0.95 % p.a.
Dividend policy:	distributed	reinvested	distributed	reinvested
Currency:	EUR	EUR	EUR	EUR

	Unit class (R-A)*	Unit class (R-T)*
Security identification no.:	A12EJA	A12EJB
ISIN code:	LU1134152310	LU1134174397
Subscription fee:	up to 1.00 %	up to 1.00 %
Redemption fee:	none	none
Management fee:	2.15 % p.a.	2.15 % p.a.
Dividend policy:	distributed	reinvested
Currency:	EUR	EUR

* Unit classes (R-A) and (R-T) are intended exclusively for distribution in Italy, France and Spain.

Geographical breakdown of Ethna-DYNAMISCH

Geographical breakdown by country ¹⁾	
United States of America	26.61 %
Germany	13.36 %
France	9.31 %
Netherlands	6.40 %
South Korea	5.81 %
Japan	4.31 %
United Kingdom	3.76 %
Switzerland	2.04 %
Finland	2.02 %
Luxembourg	1.36 %
China	1.30 %
Ireland	1.10 %
Securities holdings	77.38 %
Options	0.49 %
Cash at banks ²⁾	22.19 %
Other receivables and payables (net)	-0.06 %
	100.00 %

¹⁾ Due to rounding differences in the individual items, the total amounts may deviate from the actual value.

²⁾ See notes to the Report.

Breakdown by economic sector of Ethna-DYNAMISCH

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Breakdown by economic sector ¹⁾	
Software & services	8.05 %
Telecommunication services	7.15 %
Insurance	6.90 %
Automobiles and components	5.17 %
Banks	5.02 %
Energy	4.99 %
Real estate	4.97 %
Hardware and equipment	4.54 %
Commercial services and materials	4.37 %
Media	4.26 %
Government bonds	4.17 %
Pharmaceuticals, biotechnology and biosciences	4.05 %
Transport	3.74 %
Raw materials and supplies	3.72 %
Diversified financial services	2.04 %
Food, beverages and tobacco	1.66 %
Semiconductors & equipment for semiconductor production	1.57 %
Capital goods	1.01 %
Securities holdings	77.38 %
Options	0.49 %
Cash at banks ²⁾	22.19 %
Other receivables and payables (net)	-0.06 %
	100.00 %

¹⁾ Due to rounding differences in the individual items, the total amounts may deviate from the actual value.

²⁾ See notes to the Report.

Change over the last 3 financial years

Unit class (A)

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2015	60.66	795,226	33,779.16	76.27
31/12/2016	56.68	749,583	-3,293.93	75.62
31/12/2017	53.84	668,744	-6,291.43	80.52

Unit class (T)

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2015	119.39	1,547,725	59,814.21	77.14
31/12/2016	106.37	1,378,473	-12,684.63	77.17
31/12/2017	121.71	1,456,051	6,429.42	83.59

Unit class (SIA-A)

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2015	9.89	18,282	973.45	541.12
31/12/2016	10.31	19,181	490.03	537.31
31/12/2017	13.77	23,788	2,695.81	578.72

Unit class (SIA-T)

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2015	63.37	119,203	6,166.87	531.57
31/12/2016	54.85	102,328	-8,613.95	536.02
31/12/2017	56.06	95,822	-4,066.53	585.08

Unit class (R-A)*

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2015	0.36	3,721	365.74	97.36
31/12/2016	0.31	3,255	-42.32	96.20
31/12/2017	0.21	1,982	-121.76	103.93

Unit class (R-T)*

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2015	1.38	14,534	1,408.13	95.27
31/12/2016	1.11	11,657	-268.58	94.95
31/12/2017	1.45	14,129	255.94	102.47

* Unit classes (R-A) and (R-T) are intended exclusively for distribution in Italy, France and Spain.

Composition of the net fund assets of Ethna-DYNAMISCH

8 Composition of net fund assets at 31 December 2017

	EUR
Securities holdings (securities acquisition costs: EUR 170,250,939.88)	191,136,739.46
Options	1,218,793.05
Cash at banks ¹⁾	54,824,612.34
Unrealised gains on forward foreign exchange contracts	290,439.88
Interest receivable	183,382.09
Dividends receivable	55,800.00
Receivables from unit sales	870,576.03
	248,580,342.85
Unit redemptions payable	-781,511.74
Other liabilities and equity ²⁾	-756,430.83
	-1,537,942.57
Net fund assets	247,042,400.28

¹⁾ See notes to the Report.

²⁾ This item mainly comprises management and performance fees.

Allocation among unit classes

Unit class (A)	
Pro rata net fund assets	EUR 53,844,466.61
Outstanding units	668,743.854
Unit value	EUR 80.52

Unit class (T)	
Pro rata net fund assets	EUR 121,714,266.12
Outstanding units	1,456,051.138
Unit value	EUR 83.59

Unit class (SIA-A)	
Pro rata net fund assets	EUR 13,766,591.68
Outstanding units	23,787.913
Unit value	EUR 578.72

Unit class (SIA-T)	
Pro rata net fund assets	EUR 56,063,298.20
Outstanding units	95,821.795
Unit value	EUR 585.08

Unit class (R-A)*	
Pro rata net fund assets	EUR 205,955.61
Outstanding units	1,981.737
Unit value	EUR 103.93

Unit class (R-T)*	
Pro rata net fund assets	EUR 1,447,822.06
Outstanding units	14,129.169
Unit value	EUR 102.47

* Unit classes (R-A) and (R-T) are intended exclusively for distribution in Italy, France and Spain.

Change in net fund assets

In the period under review from 1 January 2017 to 31 December 2017

	Total EUR	Unit class (A) EUR	Unit class (T) EUR	Unit class (SIA-A) EUR
Total net fund assets at the beginning of the period under review	229,629,115.53	56,682,791.94	106,370,227.56	10,305,996.95
Ordinary net income	1,004,095.63	124,793.76	249,021.22	112,454.50
Income and expense equalisation	29,509.19	25,314.25	-21,364.25	-24,643.12
Inflow of funds from sale of units	62,297,565.99	13,365,956.68	34,447,882.81	4,180,663.48
Outflow of funds from redemption of units	-63,396,112.37	-19,657,386.35	-28,018,461.91	-1,484,857.53
Realised gains	25,441,196.19	6,051,647.47	11,821,084.38	1,139,762.42
Realised losses	-16,361,773.39	-3,881,299.54	-7,612,575.48	-741,586.70
Net change in unrealised gains	10,722,655.58	2,433,213.56	4,966,358.21	458,320.68
Net change in unrealised losses	-1,199,169.25	-310,242.19	-487,906.42	-45,159.15
Distribution	-1,124,682.82	-990,322.97	0.00	-134,359.85
Total net fund assets at the end of the period under review	247,042,400.28	53,844,466.61	121,714,266.12	13,766,591.68

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	Unit class (SIA-T) EUR	Unit class (R-A)* EUR	Unit class (R-T)* EUR
Total net fund assets at the beginning of the period under review	54,850,154.16	313,108.91	1,106,836.01
Ordinary net income	520,314.61	-129.46	-2,359.00
Income and expense equalisation	50,654.25	-387.56	-64.38
Inflow of funds from sale of units	9,723,466.13	85,662.33	493,934.56
Outflow of funds from redemption of units	-13,789,993.05	-207,421.01	-237,992.52
Realised gains	6,289,126.32	18,850.01	120,725.59
Realised losses	-4,031,307.75	-14,658.69	-80,345.23
Net change in unrealised gains	2,806,127.14	8,307.54	50,328.45
Net change in unrealised losses	-355,243.61	2,623.54	-3,241.42
Distribution	0.00	0.00	0.00
Total net fund assets at the end of the period under review	56,063,298.20	205,955.61	1,447,822.06

* Unit classes (R-A) and (R-T) are intended exclusively for distribution in Italy, France and Spain.

Change in number of units in circulation

	Unit class (A) Number	Unit class (T) Number	Unit class (SIA-A) Number	Unit class (SIA-T) Number
Units in circulation at start of period under review	749,582.860	1,378,472.935	19,180.803	102,328.244
Units issued	171,836.605	429,101.350	7,296.000	17,683.948
Units redeemed	-252,675.611	-351,523.147	-2,688.890	-24,190.397
Units in circulation at end of period under review	668,743.854	1,456,051.138	23,787.913	95,821.795

	Unit class (R-A)* Number	Unit class (R-T)* Number
Units in circulation at start of period under review	3,254.879	11,656.827
Units issued	860.858	4,896.300
Units redeemed	-2,134.000	-2,423.958
Units in circulation at end of period under review	1,981.737	14,129.169

* Unit classes (R-A) and (R-T) are intended exclusively for distribution in Italy, France and Spain.

Statement of operations of Ethna-DYNAMISCH

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Statement of Operations

In the period under review from 1 January 2017 to 31 December 2017

	Total	Unit class (A)	Unit class (T)	Unit class (SIA-A)
	EUR	EUR	EUR	EUR
Income				
Dividends	3,979,767.52	947,382.37	1,850,940.84	174,067.76
Interest on bonds	1,522,865.43	362,834.59	708,495.96	67,046.04
Income from withholding tax refunds	81,600.00	19,519.53	37,859.09	3,540.25
Bank interest	-95,018.36	-22,172.09	-44,396.83	-4,197.27
Other income	7,095.71	1,697.36	3,292.13	307.85
Income equalisation	-33,825.55	-109,299.56	131,161.34	65,466.03
Total income	5,462,484.75	1,199,962.20	2,687,352.53	306,230.66
Expense				
Interest expense	-1,400.40	-333.90	-658.01	-62.41
Performance fee	-397,310.18	-74,698.56	-168,113.87	-28,899.44
Management fee	-3,629,576.71	-981,684.40	-1,958,329.86	-101,865.56
Taxe d'abonnement	-120,556.53	-28,480.66	-56,350.00	-5,332.16
Publication and audit expenses	-100,571.25	-23,416.20	-47,854.29	-4,649.59
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-9,979.58	-2,395.71	-4,625.04	-437.25
Registrar and transfer agent fee	-5,840.52	-1,392.47	-2,729.07	-257.27
Government fees	-15,820.31	-3,769.30	-7,395.66	-698.65
Other expenses ¹⁾	-181,650.00	-42,982.55	-82,478.42	-10,750.92
Expense equalisation	4,316.36	83,985.31	-109,797.09	-40,822.91
Total expense	-4,458,389.12	-1,075,168.44	-2,438,331.31	-193,776.16
Ordinary net income	1,004,095.63	124,793.76	249,021.22	112,454.50
Total transaction costs in the financial year ²⁾	256,477.57			
Total expense ratio in per cent ²⁾		1.92	1.94	1.18
Performance fee in per cent ²⁾		0.13	0.15	0.27
Ongoing charges in per cent ²⁾		1.94	1.95	1.19
Swiss total expense ratio in percent before performance fee ²⁾ (for the period from 1 January 2017 to 31 December 2017)		1.92	1.94	1.18
Swiss total expense ratio in percent including performance fee ²⁾ (for the period from 1 January 2017 to 31 December 2017)		2.05	2.09	1.45
Swiss performance fee in per cent ²⁾ (for the period from 1 January 2017 to 31 December 2017)		0.13	0.15	0.27

¹⁾ This item mainly comprises paying agents' fees and general management costs.

²⁾ See notes to the Report.

Statement of Operations

In the period under review from 1 January 2017 to 31 December 2017

	Unit class (SIA-T) EUR	Unit class (R-A)* EUR	Unit class (R-T)* EUR
Income			
Dividends	986,548.75	2,581.01	18,246.79
Interest on bonds	376,238.07	1,140.19	7,110.58
Income from withholding tax refunds	20,260.16	42.58	378.39
Bank interest	-23,746.14	-63.74	-442.29
Other income	1,761.77	3.70	32.90
Income equalisation	-128,718.44	852.07	6,713.01
Total income	1,232,344.17	4,555.81	32,039.38
Expense			
Interest expense	-337.62	-1.59	-6.87
Performance fee	-123,977.91	-222.83	-1,397.57
Management fee	-559,713.67	-3,672.08	-24,311.14
Taxe d'abonnement	-29,739.53	-87.22	-566.96
Publication and audit expenses	-24,047.95	-91.84	-511.38
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-2,468.68	-6.16	-46.74
Registrar and transfer agent fee	-1,429.67	-4.42	-27.62
Government fees	-3,869.01	-12.69	-75.00
Other expenses ¹⁾	-44,509.71	-121.93	-806.47
Expense equalisation	78,064.19	-464.51	-6,648.63
Total expense	-712,029.56	-4,685.27	-34,398.38
Ordinary net income	520,314.61	-129.46	-2,359.00
Total expense ratio in per cent ²⁾	1.13	2.30	2.35
Performance fee in per cent ²⁾	0.21	0.13	0.12
Ongoing charges in per cent ²⁾	1.15	2.31	2.37
Swiss total expense ratio in percent before performance fee ²⁾ (for the period from 1 January 2017 to 31 December 2017)	1.13	2.30	2.35
Swiss total expense ratio in percent including performance fee ²⁾ (for the period from 1 January 2017 to 31 December 2017)	1.34	2.43	2.47
Swiss performance fee in percent ²⁾ (for the period from 1 January 2017 to 31 December 2017)	0.21	0.13	0.12

¹⁾ This item mainly comprises paying agents' fees and general management costs.

²⁾ See notes to the Report.

* Unit classes (R-A) and (R-T) are intended exclusively for distribution in Italy, France and Spain.

Performance in percent ¹⁾

As of: 31 December 2017

Fund	ISIN Security code	Unit class currency	6 months	1 year	3 years	10 years
Ethna-DYNAMISCH A since 10/11/2009	LU0455734433 A0YBKY	EUR	4.40	8.36	10.91	-
Ethna-DYNAMISCH R-A* since 07/05/2015	LU1134152310 A12EJA	EUR	4.16	8.04	4.79 **	-
Ethna-DYNAMISCH R-T* since 20/04/2015	LU1134174397 A12EJB	EUR	4.15	7.92	2.47 **	-
Ethna-DYNAMISCH SIA-A since 02/04/2014	LU0985193357 A1W66S	EUR	4.66	9.02	13.52	-
Ethna-DYNAMISCH SIA-T since 19/06/2014	LU0985193431 A1W66T	EUR	4.79	9.15	13.64	-
Ethna-DYNAMISCH T since 10/11/2009	LU0455735596 A0YBKZ	EUR	4.36	8.32	10.88	-

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¹⁾ On the basis of published unit values (BVI method); the result complies with the Guidelines on the "Calculation and Publication of Performance Data of Collective Investment Schemes" issued by the Swiss Funds & Asset Management Association on 16 May 2008.

* Unit classes (R-A) and (R-T) are intended exclusively for distribution in Italy, France and Spain.

** Since inception.

Past performance is no indicator of current or future performance. The performance data do not include commissions and charges incurred in the issue and redemption of units.

Statement of net assets of Ethna-DYNAMISCH as of 31 December 2017

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Statement of net assets as of 31 December 2017

ISIN	Securities		Acquisitions in the period under review	Disposals in the period under review	Holdings	Price	Price EUR	% share of NFA ¹⁾
Equities, rights and profit participation certificates								
Securities traded on an exchange								
China								
CNE100000593	PICC Property & Casualty Co. Ltd.	HKD	1,000,000	1,000,000	2,000,000	14.9800	3,211,422.20	1.30
							3,211,422.20	1.30
Germany								
DE0008404005	Allianz SE	EUR	0	10,000	25,000	193.2500	4,831,250.00	1.96
DE0008232125	Dte. Lufthansa AG	EUR	106,465	156,465	150,000	31.1200	4,668,000.00	1.89
DE000A0Z2ZZ5	Freenet AG	EUR	10,000	0	150,000	30.9850	4,647,750.00	1.88
DE000LEG1110	LEG Immobilien AG	EUR	10,000	0	50,000	95.3800	4,769,000.00	1.93
DE000PAH0038	Porsche Automobil Holding SE -VZ-	EUR	35,000	20,000	70,000	70.0900	4,906,300.00	1.99
DE0007164600	SAP SE	EUR	45,000	0	45,000	93.8900	4,225,050.00	1.71
DE000A1ML7J1	Vonovia SE	EUR	30,000	30,000	120,000	41.2200	4,946,400.00	2.00
							32,993,750.00	13.36
Finland								
FI0009005987	UPM-Kymmene Corporation	EUR	0	30,000	190,000	26.2300	4,983,700.00	2.02
							4,983,700.00	2.02
France								
FR0013258662	ALD S.A.	EUR	400,000	50,000	350,000	13.0550	4,569,250.00	1.85
FR0000120628	AXA S.A.	EUR	20,000	0	200,000	24.9750	4,995,000.00	2.02
FR0000130577	Publicis Groupe S.A.	EUR	30,000	10,000	90,000	56.5300	5,087,700.00	2.06
FR0000131906	Renault S.A.	EUR	0	0	50,000	83.6700	4,183,500.00	1.69
FR0000120271	Total S.A.	EUR	90,000	0	90,000	46.3350	4,170,150.00	1.69
							23,005,600.00	9.31
Ireland								
IE00BF0L3536	AIB Group Plc.	EUR	500,000	0	500,000	5.4210	2,710,500.00	1.10
							2,710,500.00	1.10
Japan								
JP3486800000	Daito Trust Construction Co. Ltd.	JPY	15,000	0	15,000	23,155.0000	2,578,335.52	1.04
JP3496400007	KDDI Corporation	JPY	0	0	160,000	2,808.5000	3,335,783.06	1.35
JP3735400008	Nippon Telegraph & Telephone Corporation	JPY	0	20,000	120,000	5,319.0000	4,738,213.48	1.92
							10,652,332.06	4.31

¹⁾ NFA = net fund assets. Due to rounding differences in the individual items, the total amounts may deviate from the actual value.

The accompanying notes form an integral part of this Annual Report.

Statement of net assets as of 31 December 2017

ISIN	Securities		Acquisitions in the period under review	Disposals in the period under review	Holdings	Price	Price EUR	% share of NFA ¹⁾
Luxembourg								
LU0061462528	RTL Group S.A.	EUR	20,000	0	50,000	67.0900	3,354,500.00	1.36
							3,354,500.00	1.36
Netherlands								
NL0011540547	ABN AMRO GROUP N.V. ADR	EUR	325,000	135,000	190,000	26.9500	5,120,500.00	2.07
NL0009434992	Lyondellbasell Industries NV	USD	10,000	5,000	45,000	111.1600	4,190,500.13	1.70
NL0010773842	NN Group N.V.	EUR	120,000	10,000	110,000	36.3200	3,995,200.00	1.62
NL0011821392	Philips Lighting N.V.	EUR	81,000	0	81,000	30.6550	2,483,055.00	1.01
							15,789,255.13	6.40
Switzerland								
CH0021783391	Pargesa Holding S.A.	CHF	0	10,000	70,000	84.3000	5,049,632.04	2.04
							5,049,632.04	2.04
South Korea								
KR7000270009	Kia Motors Corporation	KRW	150,000	10,000	140,000	33,500.0000	3,670,553.36	1.49
KR7032640005	LG Uplus Corporation	KRW	150,000	100,000	450,000	14,000.0000	4,930,594.06	2.00
KR7005931001	Samsung Electronics Co. Ltd. -VZ-	KRW	0	1,500	3,500	2,090,000.0000	5,724,967.55	2.32
							14,326,114.97	5.81
United States of America								
US0311621009	Amgen Inc.	USD	35,000	0	35,000	175.2500	5,138,435.12	2.08
US17275R1023	Cisco Systems Inc.	USD	10,000	0	170,000	38.5900	5,495,769.46	2.22
US25470F1049	Discovery Communications Inc. -A-	USD	175,000	65,000	110,000	22.5500	2,077,992.80	0.84
US4592001014	IBM Corporation	USD	25,000	15,000	30,000	154.0400	3,871,324.45	1.57
US4581401001	Intel Corporation	USD	10,000	30,000	100,000	46.2200	3,871,994.64	1.57
US68389X1054	Oracle Corporation	USD	0	0	120,000	47.5200	4,777,079.67	1.93
US7170811035	Pfizer Inc.	USD	10,000	10,000	160,000	36.3700	4,874,926.70	1.97
US9024941034	Tyson Foods Inc.	USD	10,000	10,000	60,000	81.5500	4,099,019.85	1.66
							34,206,542.69	13.84
United Kingdom								
GB0008706128	Lloyds Banking Group Plc.	GBP	0	0	6,000,000	0.6757	4,565,026.46	1.85
GB00B03MLX29	Royal Dutch Shell Plc. -A-	EUR	170,000	0	170,000	27.7750	4,721,750.00	1.91
							9,286,776.46	3.76
Securities traded on an exchange							159,570,125.55	64.61
Equities, rights and profit participation certificates							159,570,125.55	64.61
Bonds								
Securities traded on an exchange								
USD								
US779382AU43	7.375 % Rowan Companies Inc. v.16(2025)		4,000,000	0	4,000,000	102.3450	3,429,504.90	1.39
US912810QY73	2.750 % Vereinigte Staaten von Amerika v.12(2042)		0	0	4,000,000	100.4102	3,364,669.72	1.36
US912810RB61	2.875 % Vereinigte Staaten von Amerika v.13(2043)		0	0	4,000,000	102.5703	3,437,054.97	1.39
US912810RJ97	3.000 % Vereinigte Staaten von Amerika v.14(2044)		1,000,000	0	4,000,000	104.8008	3,511,796.30	1.42
							13,743,025.89	5.56
Securities traded on an exchange							13,743,025.89	5.56

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¹⁾ NFA = net fund assets. Due to rounding differences in the individual items, the total amounts may deviate from the actual value.

Statement of net assets as of 31 December 2017

ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review	Holdings	Price	Price EUR	% share of NFA ¹⁾
Securities admitted to or included in organised markets							
USD							
US45332JAA07	8.625 % Inception Merger Sub Inc. 144A v.16(2024)	4,000,000	0	4,000,000	106.9010	3,582,173.08	1.45
US465349AA60	7.125 % Informatica LLC 144A v.15(2023)	0	0	4,000,000	102.7810	3,444,114.94	1.39
						7,026,288.02	2.84
Securities admitted to or included in organised markets						7,026,288.02	2.84
Bonds						20,769,313.91	8.40
Certificates							
Securities traded on an exchange							
United States of America							
DE000A0S9GB0	Dte. Börse Commodities GmbH/Gold Unze 999 Zert. Perp.	EUR 325,000	15,000	310,000	34.8300	10,797,300.00	4.37
						10,797,300.00	4.37
Securities traded on an exchange						10,797,300.00	4.37
Certificates						10,797,300.00	4.37
Securities holdings						191,136,739.46	77.38
Options							
Long positions							
EUR							
Put on Euro Stoxx 50 Price Index March 2018/3,400.00		2,500	0	2,500		1,307,500.00	0.53
						1,307,500.00	0.53
USD							
Put on CME E-Mini S&P 500 Index Future March 2018/2,400.00		400	0	400		134,037.03	0.05
Put on CME Nasdaq 100 E-Mini Index March 2018/5,800.00		250	0	250		165,451.96	0.07
						299,488.99	0.12
Long positions						1,606,988.99	0.65
Short positions²⁾							
EUR							
Put on Euro Stoxx 50 Price Index March 2018/3,100.00		0	2,500	-2,500		-335,000.00	-0.14
						-335,000.00	-0.14

¹⁾ NFA = net fund assets. Due to rounding differences in the individual items, the total amounts may deviate from the actual value.

²⁾ The total amount of commitments from options written as of the reporting date, valued at the underlying price, is EUR 104,810,044.40.

Statement of net assets as of 31 December 2017

ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review	Holdings	Price	Price EUR	% share of NFA ¹⁾
USD							
	Put on CME E-Mini S&P 500 Index Future March 2018/2,200.00	200	400	-200		-27,226.27	-0.01
	Put on CME Nasdaq 100 E-Mini Index Future March 2018/5,300.00	150	250	-100		-25,969.67	-0.01
						-53,195.94	-0.02
	Short positions²⁾					-388,195.94	-0.16
	Options					1,218,793.05	0.49
	Cash at banks - current accounts³⁾					54,824,612.34	22.19
	Other receivables and payables (net)					-137,744.57	-0.06
	Total net fund assets in EUR					247,042,400.28	100.00

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Forward foreign exchange contracts

The following forward foreign exchange contracts were open as of 31 December 2017:

Currency	Counterparty		Currency amount	Price EUR	% share of NFA ¹⁾
EUR/JPY	Citigroup Global Markets Ltd.	Currency sales	1,000,000,000.00	7,422,498.94	3.00
EUR/USD	Morgan Stanley & Co. Intl. PLC, London	Currency sales	40,000,000.00	33,407,693.29	13.52

Forward foreign exchange contracts with cash settlement

The following forward foreign exchange contracts with cash settlement were open as of 31 December 2017:

Currency	Counterparty		Currency amount	Price EUR	% share of NFA ¹⁾
EUR/KRW	Citigroup Global Markets Ltd.	Currency sales	15,000,000,000.00	11,731,962.29	4.75

¹⁾ NFA = net fund assets. Due to rounding differences in the individual items, the total amounts may deviate from the actual value.

²⁾ The total amount of commitments from options written as of the reporting date, valued at the underlying price, is EUR 104,810,044.40.

³⁾ See notes to the Report.

Acquisitions and disposals from 1 January 2017 to 31 December 2017

18 Acquisitions and disposals from 1 January 2017 to 31 December 2017

Purchases and sales of securities, promissory note loans and derivatives executed during the period under review, including changes excluding capital movements to the extent not reported in the statement of net assets.

ISIN	Securities		Acquisitions in the period under review	Disposals in the period under review
Equities, rights and profit participation certificates				
Securities traded on an exchange				
Germany				
DE000CBK1001	Commerzbank AG	EUR	250,000	450,000
DE0005557508	Dte. Telekom AG	EUR	0	320,000
DE000A1K03W5	STARAMBA SE	EUR	5,100	5,100
DE000TLX1005	Talanx AG	EUR	30,667	150,667
Ireland				
IE00BYSZ9G33	Allied Irish Banks Plc.	EUR	500,000	500,000
IE00BZ0YPY56	Allied Irish Banks Plc.	EUR	500,000	500,000
Italy				
IT0000072618	Intesa Sanpaolo S.p.A.	EUR	1,250,000	1,250,000
Netherlands				
NL0011872643	ASR Nederland NV	EUR	115,000	185,000
NL0010877643	Fiat Chrysler Automobiles NV	EUR	0	400,000
NL0011794037	Koninklijke Ahold Delhaize NV	EUR	0	200,000
NL0000009355	Unilever NV	EUR	0	120,000
Switzerland				
CH0360674466	Galenica AG	CHF	70,000	70,000
United States of America				
US0082521081	Affiliated Managers Group Inc.	USD	0	30,000
US2786421030	eBay Inc.	USD	0	120,000
US36555P1075	Gardner Denver Holdings Inc.	USD	100,000	100,000
US70450Y1038	PayPal Holdings Inc.	USD	30,000	30,000
US9120081099	US Foods Holding Corporation	USD	10,000	10,000
US92343V1044	Verizon Communications Inc.	USD	0	80,000
US9311421039	Wal-Mart Stores Inc.	USD	0	60,000
US9497461015	Wells Fargo & Co.	USD	60,000	60,000
United Kingdom				
GB0022569080	Amdocs Ltd.	USD	0	50,000
GB0001411924	Sky Plc.	GBP	0	400,000

The accompanying notes form an integral part of this Annual Report.

Acquisitions and disposals from 1 January 2017 to 31 December 2017

Purchases and sales of securities, promissory note loans and derivatives executed during the period under review, including changes excluding capital movements to the extent not reported in the statement of net assets.

ISIN	Securities		Acquisitions in the period under review	Disposals in the period under review
Unlisted securities				
Germany				
DE000A2E42S2	Dte. Lufthansa AG BZR 06.06.17	EUR	300,000	300,000
DE000A2E38R2	Vonovia SE BZR 16.06.17	EUR	150,000	150,000
Bonds				
Securities traded on an exchange				
USD				
US912810RS96	2.500 % Vereinigte Staaten von Amerika v.16(2046)		0	4,000,000
US912810RK60	2.500 % Vereinigte Staaten von Amerika v.15(2045)		0	4,000,000
US912810RN00	2.875 % Vereinigte Staaten von Amerika v.15(2045)		0	4,000,000
US912810RU43	2.875 % Vereinigte Staaten von Amerika v.16(2046)		1,000,000	4,000,000
US912810RV26	3.000 % Vereinigte Staaten von Amerika v.17(2047)		4,000,000	4,000,000
Securities admitted to or included in organised markets				
USD				
US156700BA34	7.500 % CenturyLink Inc. v.16(2024)		0	4,000,000
US23311RAH93	5.850 % DCP Midstream LLC 144A Fix-to-Float v.13(2043)		0	4,000,000
US35804HAA41	9.750 % Fresh Market Inc. 144A v.16(2023)		0	4,000,000
US450913AC25	6.750 % Iamgold Corporation 144A v.12(2020)		0	4,000,000
US561233AA57	5.750 % Mallinckrodt International Financial S.A. /Mallinckrodt CB LLC 144A v.14(2022)		4,000,000	4,000,000
US779382AR14	4.750 % Rowan Companies Inc. v.14(2024)		0	4,000,000
US87422VAA61	6.500 % Talen Energy Supply LLC DL-Notes 2016(16/25)		0	4,000,000
Options				
EUR				
	Put on EURO STOXX 50 Index December 2017/3,100.00		2,000	2,000
	Put on EURO STOXX 50 Index March 2017/2,800.00		0	2,500
	Put on Euro Stoxx 50 June 2017/2,925.00		2,500	2,500
	Put on Euro Stoxx 50 June 2017/3,075.00		2,500	2,500
	Put on Euro Stoxx 50 June 2017/3,150.00		2,500	2,500
	Put on Euro Stoxx 50 March 2017/3,000.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index December 2017/2,900.00		2,000	2,000
	Put on Euro Stoxx 50 Price Index December 2017/3,200.00		2,000	2,000
	Put on Euro Stoxx 50 Price Index December 2017/3,400.00		4,500	4,500
	Put on Euro Stoxx 50 Price Index September 2017/3,300.00		750	750
USD				
	Put on CME E-Mini S&P 500 Index Future December 2017/2,100.00		400	400
	Put on CME E-Mini S&P 500 Index Future December 2017/2,300.00		400	400
	Put on CME E-Mini S&P 500 Index Future June 2017/2,025.00		500	500
	Put on CME E-Mini S&P 500 Index Future June 2017/2,175.00		600	600
	Put on CME E-Mini S&P 500 Index Future June 2017/2,200.00		600	600
	Put on CME E-Mini S&P 500 Index Future June 2017/2,380.00		200	200
	Put on CME E-Mini S&P 500 Index Future March 2017/2,050.00		0	500
	Put on CME E-Mini S&P 500 Index Future March 2017/2,100.00		750	750
	Put on CME E-Mini S&P 500 Index Future September 2017/2,300.00		200	200
	Put on CME Nasdaq 100 E-Mini Index Future December 2017/5,000.00		250	250
	Put on CME Nasdaq 100 E-Mini Index Future December 2017/5,600.00		250	250

Acquisitions and disposals from 1 January 2017 to 31 December 2017

Purchases and sales of securities, promissory note loans and derivatives executed during the period under review, including changes excluding capital movements to the extent not reported in the statement of net assets.

ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review
Futures contracts			
EUR			
	EUX 10YR Euro-Bund Future Juni 2017	375	375

Exchange rates

For the valuation of assets in a foreign currency, the following exchange rate for 31 December 2017 was used for conversion into euro.

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Australian dollar	EUR 1 =	AUD	1.5318
Sterling	EUR 1 =	GBP	0.8881
Hong Kong dollars	EUR 1 =	HKD	9.3292
Japanese yen	EUR 1 =	JPY	134.7090
New Zealand dollar	EUR 1 =	NZD	1.6834
Norwegian krone	EUR 1 =	NOK	9.8471
Swiss franc	EUR 1 =	CHF	1.1686
South Korean Won	EUR 1 =	KRW	1,277.7365
US dollar	EUR 1 =	USD	1.1937



Notes to the Annual Report as of 31 December 2017

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1.) General

The Ethna-DYNAMISCH investment fund is managed by ETHENEA Independent Investors S.A. pursuant to the fund's management regulations. The management regulations first came into force on 10 November 2009.

They were filed with the Luxembourg Trade and Companies Register with a reference to this filing published in *Mémorial, Recueil des Sociétés et Associations*, Official Gazette of the Grand Duchy of Luxembourg ("Mémorial"), on 30 November 2009. The Management Regulations were last amended on 13 October 2016 and published in the Recueil électronique des sociétés et associations ("RESA").

Ethna-DYNAMISCH is a Luxembourg investment fund (Fonds Commun de Placement) set up in the form of a mono fund for an indefinite period in accordance with Part I of the Luxembourg Law of 17 December 2010, as amended, relating to undertakings for collective investment (the "Law of 17 December 2010").

The management company of the fund is ETHENEA Independent Investors S.A. ("management company"), a public limited liability company incorporated under the laws of the Grand Duchy of Luxembourg with its registered office at 16, Rue Gabriel Lippmann, L-5365 Munsbach. The company was founded on 10 September 2010 for an indefinite period. Its Articles of Association were published on 15 September 2010 in the Mémorial. Amendments to the management company's Articles of Association entered into force on 1 January 2015 and were published in the Mémorial on 13 February 2015. The management company is registered with the Luxembourg Trade and Companies Register under the registration number R.C.S. Luxembourg B-155427.

Unit classes (R-A) and (R-T) are intended exclusively for distribution in Italy, France and Spain.

2.) Main accounting and valuation principles; unit value calculation

These annual financial statements were prepared under the responsibility of the Board of Directors of the management company in accordance with the statutory provisions and regulations on the preparation and presentation of annual financial statements applicable in Luxembourg.

1. The fund's net assets are stated in euros (EUR) ("reference currency").
2. The value of a fund unit ("unit value") is stated in the currency ("fund currency") as specified in the annex to the Sales Prospectus unless a currency other than the fund currency is specified for any additional unit classes in the annex to the Prospectus ("unit class currency").
3. The unit value is calculated by the management company or by an agent commissioned by it under the supervision of the depositary on every day that is a banking day in Luxembourg with the exception of 24 and 31 December of each year ("valuation day") and is rounded to two decimal places. The management company may make different arrangements for the fund, while taking into account that the unit value must be calculated at least twice a month.

However, the management company may decide to determine the unit value on 24 and 31 December of any given year, without this constituting a calculation of the unit value on a valuation day as specified in sentence 1 above of this point 3. As a consequence, investors shall not be entitled to demand the issue, redemption and/or exchange of units on the basis of a unit value calculated on 24 and/or 31 December in any year.

4. To calculate the unit value, the value of the assets in the fund less any fund liabilities ("net fund assets") is calculated on each valuation day, divided by the number of fund units in circulation on the valuation day.

5. To the extent that information regarding the position of the fund assets as a whole needs to be provided in annual reports, semi-annual reports or other financial statistics in accordance with legal requirements or the rules in the fund management regulations, the fund assets are translated into the reference currency. Net fund assets are calculated in accordance with the following principles:

- a) Securities, money market instruments, derivative financial instruments (derivatives) and other assets which are officially listed on a stock exchange are valued at the last available price of the trading day preceding the valuation day which ensures a reliable valuation.

The Management Company can determine for the fund that securities, money market instruments, derivatives and other assets that are officially listed on a stock exchange are valued at the last available price at the close of trading, ensuring a reliable valuation. This is mentioned in the annex to the fund's Sales Prospectus.

Where securities, money market instruments, derivative financial instruments (derivatives) and other assets are officially listed on several stock exchanges, the exchange with the highest liquidity is used.

- b) Securities, money market instruments, derivatives and other assets not officially listed on a stock exchange (or whose exchange prices are not considered representative because of a lack of liquidity, for example) but which are traded on a regulated market are valued at a price that may be no lower than the bid price and no higher than the offer price of the trading day preceding the valuation day and that the Management Company considers in good faith to be the best possible price at which the securities, money market instruments, derivatives and other assets may be sold.

The Management Company can determine for the fund that securities, money market instruments, derivatives and other assets not officially listed on a stock exchange (or whose exchange prices are not considered representative because of a lack of liquidity, for example) but which are traded on a regulated market are valued at the last available price that the Management Company considers in good faith to be the best possible price at which the securities, money market instruments, derivatives and other assets may be sold. This is mentioned in the annex to the fund's Sales Prospectus.

- c) OTC derivatives are valued on a daily basis using a verifiable method to be specified by the management company.
- d) Units of UCITS or UCIs shall be valued at the last redemption price determined before the valuation day, or at the last available price which ensures a reliable valuation. If redemption has been suspended for investment fund units or a redemption price has not been specified, these units are valued in the same way as all other assets at the relevant market value as determined by the management company in good faith using generally accepted and verifiable valuation rules.
- e) If prices are not in line with the market, if the financial instruments specified under b) are not traded on a regulated market and if no prices have been specified for financial instruments other than those under a) to d), these financial instruments and any of the other legally permissible assets are valued at the relevant market value as determined by the Management Company in good faith on the basis of generally accepted and verifiable valuation rules (e.g. suitable valuation models, taking into account current market conditions).
- f) Liquid assets are valued at face value plus interest.
- g) Receivables, such as deferred interest and liabilities, are generally valued at their nominal value.
- h) The market value of securities, money market instruments, derivative financial instruments (derivatives) and other assets that are denominated in a currency other than the fund currency is converted into the relevant fund currency on the basis of the exchange rate determined at the WM/Reuters fixing at 5:00 p.m. (4:00 p.m. London time) on the trading day preceding the valuation day. Gains and losses on foreign exchange transactions will be added or deducted as appropriate.

The Management Company can determine for the fund that securities, money market instruments, derivatives and other assets denominated in a currency other than the fund currency are converted into the relevant fund currency on the basis of the exchange rate determined on the valuation day. Gains and losses on foreign exchange transactions will be added or deducted as appropriate. This is mentioned in the annex to the fund's Sales Prospectus.

Net fund assets are reduced by any distributions paid to investors in the fund.

6. The unit value is calculated in accordance with the aforementioned criteria. However, if unit classes have been created within the fund, the unit value is calculated in accordance with the aforementioned criteria separately for each unit class.

For accounting reasons, the tables published in this report may contain rounding discrepancies of +/- one unit (currency, per cent, etc.).

3.) Taxation

Taxation of the fund

The fund assets are subject to a tax in the Grand Duchy of Luxembourg, the so-called tax d'abonnement, payable quarterly at the current rate of 0.05% p.a. of the net fund assets as reported at the end of the relevant quarter. The rate of the tax d'abonnement for the fund or unit classes is mentioned in the annex to the Prospectus. If the fund assets are invested in other Luxembourg investment funds that are already subject to the tax d'abonnement, the tax is waived for the portion of the fund assets invested in those Luxembourg investment funds. The fund's income from the investment of fund assets is not taxed in the Grand Duchy of Luxembourg. However, this income may be subject to withholding tax in the countries in which the fund assets are invested. In such cases, neither the depositary nor the management company is required to collect tax certificates.

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Taxation on income from investment fund units for the investor

On 1 January 2015, the agreement of the EU member states on the automatic exchange of information between national tax authorities, which specifies that all interest payments should be taxed according to the provisions of the country of residence, was transposed into Luxembourg law in accordance with Directive 2003/48/EC. This renders obsolete the former regulation establishing a withholding tax (35 % of the interest payment) instead of information exchange, which the government of Luxembourg had decided upon as a temporary solution. Since 1 January 2015, information on the amounts of interest paid by banks in Luxembourg directly to individuals who are resident in another member state of the European Union have been automatically forwarded to the Luxembourg tax authorities, who will then inform the tax authority of the country in which the beneficiary is resident. The first exchange of information took place in 2016 and applied to interest paid during the 2015 tax year. As a result, the system of non-recoverable withholding tax of 35 % on interest payments was abolished on 1 January 2015.

Investors who are not resident in the Grand Duchy of Luxembourg, or who do not maintain a permanent establishment there, do not have to pay income, inheritance, or wealth tax on units or income from units in the Grand Duchy of Luxembourg. They are subject to the national tax regulations of their country of residence. Since 1 January 2017, in accordance with the Luxembourg law implementing the Directive, natural persons who are resident in the Grand Duchy of Luxembourg and who are not resident for tax purposes in another country have had to pay a final withholding tax of 20 % on the interest income mentioned in the legislation. Under certain conditions, this withholding tax may also apply to the interest income of an investment fund.

It is recommended that unitholders ensure they are informed about laws and regulations which apply to the purchase, ownership and redemption of units and seek advice if necessary.

Information for investors liable for tax in Germany:

The bases for taxation pursuant to section 5 (1) of the German Tax Act (Investmentsteuergesetz – InvStG) are made available in the German Federal Gazette www.bundesanzeiger.de under “Kapitalmarkt – Besteuerungsgrundlagen” within the publication timeframe required by law.

4.) Appropriation of income

The income of unit classes (A), (SIA-A) and (R-A) is distributed. The income of unit classes (T), (SIA-T) and (R-T) is reinvested. Distribution takes place at the intervals determined from time to time by the management company. Further details on the use of income are provided in the Sales Prospectus.

5.) Information relating to charges and expenditure

Information on management and depositary fees and charges may be found in the current Sales Prospectus.

6.) Transaction costs

Transaction costs include all costs which were accounted for and/or settled separately on account of the fund in the financial year and are directly connected with a purchase or sale of securities, money market instruments, derivatives or other assets. These costs include primarily commission fees, transaction fees and taxes.

7.) Total Expense Ratio (TER)

In calculating the total expense ratio (TER), the following BVI calculation method was applied:

$$\text{TER} = \frac{\text{Total cost in fund currency}}{\text{Average fund volume (basis: NFA calculated daily *)}} * 100$$

* NFA = net fund assets

The TER indicates the level of expenses charged to the fund assets. This covers management and depositary fees and the tax d'abonnement, as well as all other costs with the exception of transaction costs incurred by the fund. It shows the total amount of these costs as a percentage of the average fund volume in a financial year. (Any performance fees are shown separately in direct relation to the TER.)

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8.) Ongoing charges

"Ongoing charges" is a figure calculated pursuant to Article 10 (2) (b) of Commission Regulation (EU) No. 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament.

The ongoing charges indicate the level of expenses charged to the fund assets in the past financial year. This covers management and custodian fees and the tax d'abonnement as well as all other costs, with the exception of any performance fees incurred by the fund. The figure shows the total amount of these charges as a percentage of the average fund volume in the financial year. In the case of investment funds which invest more than 20 % of their assets in other fund products / target funds, the charges for the target funds are also included – any retrocession receipts (trailer fees) for these products are offset against the charges.

9.) Income and expense equalisation

An income equalisation amount and expense equalisation amount are set against ordinary income and expense. This covers net income arising during the period under review which the purchaser of units pays for as part of the issue price and the seller of units receives as part of the redemption price.

10.) Fund current accounts (cash at banks and/or liabilities to banks)

All of the Fund's current accounts (including those in different currencies) that actually and legally form only part of a single current account are designated as a single current account in connection with net fund assets. Current accounts in foreign currencies, if applicable, are converted into the currency of the Fund. Interest is calculated on the basis of the terms of the relevant individual account.

11.) Risk management

The management company applies a risk management procedure which enables it to monitor and measure at all times the risk contained in the investment positions and their contribution to the overall risk profile of the investment portfolio of the funds managed by the management company. In accordance with the Law of 17 December 2010 and the applicable supervisory requirements of the Commission de Surveillance du Secteur Financier ("CSSF"), the management company reports regularly to the CSSF on the risk management procedure it applies. As part of its risk management procedure, the Management Company ensures, through the use of effective and appropriate methods, that the overall risk connected with derivatives in the funds under management does not exceed the total net value of their portfolios. To do this, the management company uses the following methods:

Commitment Approach:

Under the Commitment Approach, positions in derivative financial instruments are converted into their underlying equivalent using the delta method. This takes account of netting and hedging effects between derivative financial instruments and their underlyings. Equivalent to underlyings, their total value must not exceed the total net value of the fund portfolio.

VaR Approach:

The Value-at-Risk (VaR) figure is a statistical concept and is used as a standard measure of risk in the financial sector. The VaR indicates the potential loss on a portfolio during a given period (the holding period) which has a given probability (the confidence level) of not being exceeded.

Relative VaR approach:

In the relative VaR approach, the VaR for the fund must not exceed the VaR for a reference portfolio by a factor contingent on the level of the fund's risk profile. The maximum factor permitted by the supervisory authorities is 200 %. The benchmark portfolio provides a correct representation of the fund's investment policy.

Absolute VaR approach:

In the absolute VaR approach, the VaR for the fund (99 % confidence level, 20-day holding period) must not exceed a portion of the fund's assets contingent on the level of the fund's risk profile. The maximum limited permitted by the supervisory authorities is 20 % of the fund's assets.

For funds which use the VaR approaches to ascertain the total risk, the Management Company estimates the expected degree of leverage effect. The extent of this leverage effect may deviate from the actual value depending on prevailing market conditions, falling below or exceeding it. Investors should note that no conclusions can be drawn from this information with respect to the risk entailed in the fund. Furthermore, the expected leverage published is explicitly not to be understood as an investment limit. The method used to determine the overall risk and, if applicable the publication of the reference portfolio and the expected degree of leverage, as well as the calculation method, are stated in the fund-specific appendix.

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In accordance with the Sales Prospectus valid at the end of the financial year, Ethna-DYNAMISCH is subject to the following risk management procedure:

UCITS	Risk management procedure applied
Ethna-DYNAMISCH	absolute VaR

Absolute VaR Approach for Ethna-DYNAMISCH

In the period from 1 January 2017 to 31 December 2017, the absolute VaR approach was used to monitor and measure the total risk associated with derivatives. An absolute value of 15 % was used for the internal limit. The VaR figure in relation to this internal limit was a minimum of 17.29 %, a maximum of 31.67 % and an average of 23.83 % over the period in question. The VaR was calculated using a (parametric) variance-covariance approach, applying the calculation standard of a one-sided confidence interval of 99 %, a holding period of 20 days and a (historical) observation period of 252 trading days.

In the period from 1 January 2017 to 31 December 2017, the leverage effect had the following values:

Lowest leverage:	71.96 %
Highest leverage:	168.64 %
Mean leverage (median):	113.94 % (116.16 %)
Calculation method:	Nominal value method (total of nominal values of all derivatives)

It should be noted that the leverage does not take into account hedging or netting of opposing positions. Derivatives, which were used to hedge asset positions and thus served to reduce risk at overall fund level, also led to an increase in leverage. The leverage determined on this basis is therefore mainly an indicator of the use of derivatives, but not necessarily of the risk resulting from derivatives.

12.) Information for Swiss investors**a.) Securities numbers:**

Ethna-DYNAMISCH unit class (A) securities no. 10724364

Ethna-DYNAMISCH unit class (T) securities no. 10724365

Ethna-DYNAMISCH unit class (SIA-A) securities no. 22830636

Ethna-DYNAMISCH unit class (SIA-T) securities no. 22830638

b.) Total expense ratio (TER) in accordance with the guidelines issued by the Swiss Funds & Management Association (SFAMA) on 16 May 2008:

Commissions and costs incurred in the management of the collective investment scheme must be disclosed using the internationally recognised measure known as the "Total Expense Ratio (TER)". This figure expresses the total of those commissions and costs which are incurred by the assets of the collective investment scheme on an ongoing basis (operating expense) retrospectively as a percentage of net assets and is to be calculated using the following formula:

$$\text{TER \%} = \frac{\text{Total operating expense in UA}^*}{\text{Average net assets in UA}^*} \times 100$$

* UA = Units in the currency of account of the collective investment scheme

26 For newly established funds, the TER is to be calculated for the first time using the statement of operations published in the first annual or semi-annual report. Operating expense may be converted to a 12-month period. The median of month-end values over the period under review is used to calculate the average value for fund assets.

$$\text{Annualised operating expense in UA}^* = \frac{\text{Operating expense in n months}}{N} \times 12$$

* UA = Units in the currency of account of the collective investment scheme

As per the Swiss Funds & Asset Management Association (SFAMA) guidelines of 16 May 2008, the following TER in per cent was calculated for the period 1 January 2017 to 31 December 2017:

Ethna-DYNAMISCH	Swiss TER in %	Swiss performance fee in %
Unit class (A)	1.92	0.13
Unit class (T)	1.94	0.15
Unit class (SIA-A)	1.18	0.27
Unit class (SIA-T)	1.13	0.21

c.) Information for investors

Payments may be made from the fund management fee to distributors and asset managers in return for distribution of the investment fund (trailer fees). Reimbursements may be granted from the management fee to institutional investors which hold the fund units for third-party beneficial owners.

d.) Amendments to the Prospectus in the financial year

Published amendments to the Prospectus in the financial year are made available in the Swiss Official Gazette of Commerce at shab.ch and at swissfunddata.ch.

13.) Significant events during the period under review

a) Updates and amendments were made to the prospectus that took effect on 1 January 2017. The following amendments were made:

- Amendment of the performance fee calculation (introduction of a high-water mark).

b) Updates and amendments were made to the prospectus with effect from 29 December 2017:

- Change in investment policy in relation to the German Investment Tax Reform Act.
- The expected degree of leverage is defined as a maximum value rather than a corridor.
- Change in costs borne by the Fund: Costs of any depositories/custodians.
- Support in the area of equities management comes from ETHENEA Independent Investors (Switzerland).
- Changes in the investor circle and removal of the minimum initial investment amount for unit classes SIA-T and SIA-A.
- Editorial amendments.

There were no other noteworthy changes or significant events during the period under review.

14.) Significant events after the period under review

There were no noteworthy changes or significant events after the period under review.

15.) Remuneration policy (unaudited)

The Management Company of ETHENEA Independent Investors S.A. applies a remuneration policy that complies with the legal requirements. The remuneration system is designed to be compatible with sound and effective risk management, neither encouraging the assumption of risks that are inconsistent with the risk profiles, management regulations or articles of association of the undertakings for collective investment in transferable securities (hereinafter "UCITS") under management, nor preventing ETHENEA Independent Investors S.A. from duly acting in the best interests of the UCITS.

Employee remuneration consists of an appropriate fixed annual salary plus variable remuneration based on performance and results.

As of 31 December 2017, the total remuneration of the 57 employees of ETHENEA Independent Investors S.A. for the year was EUR 4,472,878 in fixed annual salaries plus EUR 2,200,000 in variable remuneration. The aforementioned remuneration pertains to all of the UCITS managed by ETHENEA Independent Investors S.A. All employees are involved in total management activities for all funds; therefore, distribution based on fund is not possible.

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More detailed information on the current remuneration policy can be obtained free of charge on the website of the Management Company, www.ethenea.com, in the legal notices section. Investors will be provided with a paper version free of charge upon request.

16.) Transparency of securities financing transactions and their reuse (unaudited)

By definition, ETHENEA Independent Investors S.A., as a Management Company of undertakings for collective investment in transferable securities (UCITS), comes within the scope of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 ("STFR").

In the financial year of the investment fund, no securities financing transactions or total return swaps within the meaning of this regulation were used. Thus, no disclosures pursuant to Article 13 of this regulation are to be made to investors in the Annual Report.

More detailed information on the fund's investment strategy and the financial instruments it uses can be found in the current prospectus, and can be obtained free of charge from the website of the Management Company at www.ethenea.com.

Report of the Réviseur d'Entreprises agréé



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39, Avenue John F. Kennedy
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Tel.: +352 22 51 51 1
Fax: +352 22 51 71
Email: info@kpmg.lu
Web: www.kpmg.lu

28 To the unitholders of
Ethna-DYNAMISCH
4, rue Thomas Edison
L-1445 Strassen, Luxembourg

Report on the audit of the annual financial statements

Audit opinion

We have audited the accompanying annual financial statements of Ethna-DYNAMISCH (“the Fund”), consisting of the statements of net fund assets, securities holdings and other net assets as of 31 December 2017; the statement of operations and changes to net fund assets for the financial year ending on this date; and explanatory notes, including a summary of key accounting methods.

In our opinion, the annual financial statements provided give a true and fair view of the financial position of the Fund as of 31 December 2017 and of its earnings position for the financial year ending on this date, in accordance with the legal provisions and regulations applying in Luxembourg to the preparation and presentation of annual financial statements.

Basis for our audit opinion

We have carried out our audit in accordance with the Law concerning the audit profession (the “Law of 23 July 2016”) and international standards on auditing (“ISAs”) accepted for Luxembourg by the Commission de Surveillance du Secteur Financier (“CSSF”). Our responsibility in accordance with this law and these standards is described in more detail in the section “Responsibility of the Réviseur d'Entreprises agréé” for the audit of the annual financial statements. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) accepted for Luxembourg by the CSSF, together with professional conduct requirements to be upheld within the framework of the audit of the annual financial statements and have fulfilled all other professional obligations in accordance with these conduct requirements. We believe that the audit evidence we have obtained is suitable and sufficient to serve as a basis for our audit opinion.

Additional information

The Management Company’s Board of Directors is responsible for the additional information. The additional information includes the information contained in the Annual Report, but not the financial statements or our report as Réviseur d'Entreprises agréé on these financial statements.

Our audit results for the financial statements do not cover the additional information, and we make no guarantee whatsoever regarding this information.

In auditing the financial statements, our responsibility is to read the additional information and to assess whether there is a significant discrepancy between it and the financial statements or the findings obtained from the audit, or whether the additional information appears otherwise misrepresented. If we determine on the basis of our activities that the additional information contains substantial misrepresentations, we are required to report this. We have nothing to report in this regard. 29

Responsibility of the Board of Directors for the annual financial statements

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of the annual financial statements in accordance with the legal provisions and regulations applying in Luxembourg to the preparation of annual financial statements, and for the internal controls which it deems necessary in order to ensure that annual financial statements are prepared and presented which are free of material misstatement, whether due to error or fraud.

In preparing the annual financial statements, the Board of Directors of the management company is responsible for assessing the Fund's ability to continue as a going concern and, where relevant, provide factual information in connection with continuation as a going concern, and use the going concern assumption as an accounting policy, unless the Board of Directors of the management company intends to liquidate the Fund or cease trading, or has no realistic alternative but to do so.

Responsibility of the Réviseur d'Entreprises agréé for the audit of the annual financial statements

Our aim is to obtain reasonable assurance that the annual financial statements as a whole are free of material misstatement, whether due to error or fraud, and prepare a Report of the Réviseur d'Entreprises agréé containing our audit opinion. Reasonable assurance corresponds to a high degree of certainty but is no guarantee that an audit in accordance with the Law of 23 July 2016 and pursuant to the ISAs accepted for Luxembourg by the CSSF will always uncover material misstatements, if there are any. Misstatements can be due to fraud or error and are considered material when it can reasonably be believed that these individually or as a whole could influence economic decisions of users made on the basis of the financial statements.

Within the framework of an audit in accordance with the Law of 23 July 2016 and international standards on auditing ("ISAs") accepted for Luxembourg by the CSSF, we exercise our best judgement and adopt a critical stance.

30 Furthermore:

- We identify and assess the risk of material misstatements in the annual financial statements due to fraud or error, plan and carry out audit procedures in response to these risks and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. The risk that material misstatements may not be revealed is higher in the case of fraud than in the case of error, as fraud can entail fraudulent conduct, falsifications, deliberate omissions, misleading statements and bypassing of internal controls.
- We obtain an understanding of the internal control system relevant to our audit, in order to plan audit procedures that are appropriate under the given circumstances but not with the aim of expressing an opinion on the effectiveness of the internal control system.
- We assess the appropriateness of the accounting principles used by the Board of Directors of the management company, accounting estimates and corresponding explanations.
- We reach a conclusion on the appropriateness of the application of the going concern accounting principle by the Board of Directors of the management company, as well as on the basis of the audit evidence obtained as to whether a material uncertainty exists in connection with events or circumstances that could create serious doubt about the Fund's ability to continue with its activities. Should we conclude that a material uncertainty exists, we are obliged to indicate this in the Report of the Réviseur d'Entreprises agréé on the accompanying notes to the annual financial statements or, if the information is inappropriate, to amend our audit opinion. These conclusions are based on the principles of the audit evidence obtained up to the date of the Report of the Réviseur d'Entreprises agréé. Future or events or circumstances may result in the Fund no longer being able to continue with its business activities.
- We assess the overall presentation, structure and contents of the annual financial statements, including the explanations, and assess whether this gives a reasonable presentation of underlying transactions and events.

We communicate with those responsible for governance about the planned audit scope and time frame, as well as significant findings including material weaknesses in the internal control system identified within the framework of the audit.

Luxembourg, 5 March 2018

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

M. Wirtz-Bach

Administration, distribution and advisory

Management company:	ETHENEA Independent Investors S.A. 16, rue Gabriel Lippmann L-5365 Munsbach	31
Managing directors of the management company:	Thomas Bernard Frank Hauprich Josiane Jennes	
Board of Directors of the Management Company (managing body):		
Chairman:	Luca Pesarini ETHENEA Independent Investors S.A.	
Members:	Thomas Bernard ETHENEA Independent Investors S.A. Nikolaus Rummler IPConcept (Luxemburg) S.A. Arnoldo Valsangiacomo ETHENEA Independent Investors S.A.	
Auditor for the fund and the management company:	KPMG Luxembourg, Société coopérative Cabinet de révision agréé 39, Avenue John F. Kennedy L-1855 Luxembourg	
Depositary:	DZ PRIVATBANK S.A. 4, rue Thomas Edison L-1445 Strassen, Luxembourg	

Fund manager: **ETHENEA Independent Investors S.A.**
16, rue Gabriel Lippmann
L-5365 Munsbach

Central administration, registrar and transfer agent: **DZ PRIVATBANK S.A.**
4, rue Thomas Edison
L-1445 Strassen, Luxembourg

Paying agent in the Grand Duchy of Luxembourg: **DZ PRIVATBANK S.A.**
4, rue Thomas Edison
L-1445 Strassen, Luxembourg

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**Information for investors in the
Federal Republic of Germany:**

Paying agent and information agent: **DZ BANK AG**
Deutsche Zentral-Genossenschaftsbank
Frankfurt am Main
Platz der Republik
D-60265 Frankfurt am Main

Information for investors in Austria:

**Credit institution as defined by section 141 (1) of
the Austrian Investment Fund Act (InvFG) 2011:** **ERSTE BANK**
der oesterreichischen Sparkassen AG
Am Belvedere 1
A-1100 Wien

**Agent from which unitholders may obtain the
prescribed information pursuant to section 141
of the Austrian Investment Fund Act (InvFG) 2011:** **ERSTE BANK**
der oesterreichischen Sparkassen AG
Am Belvedere 1
A-1100 Wien

**Domestic tax representative as as defined by
section 186 (2) no. 2 of the Austrian Investment
Fund Act (InvFG) 2011** **ERSTE BANK**
der oesterreichischen Sparkassen AG
Am Belvedere 1
A-1100 Wien

Information for investors in Switzerland:

Representative in Switzerland: **IPConcept (Schweiz) AG**
Münsterhof 12
P.O. Box
CH-8022 Zurich

Paying agent in Switzerland:

DZ PRIVATBANK (Schweiz) AG

Münsterhof 12
P.O. Box 2918
CH-8022 Zurich

Information for investors in Belgium:

Unit class (T) is licensed for public distribution in Belgium. Units in other unit classes may not be publicly distributed to investors in Belgium.

Paying agent and distributor:

CACEIS Belgium SA/NV

Avenue du Port / Havenlaan 86C b 320
B-1000 Brussels

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Distributor:

DEUTSCHE BANK AG

Brussels branch, Marnixlaan 13 - 15
B-1000 Brussels

**Information for investors in the
Principality of Liechtenstein:**

Paying agent:

VOLKSBANK AG

Feldkircher Strasse 2
FL-9494 Schaan

Information for investors in Italy:

Paying Agents:

BNP Paribas Securities Services

Via Ansperto no. 5
IT-20123 Milano

Société Générale Securities Services

Via Benigno Crespi, 19/A - MAC 2
IT-20159 Milano

RBC Investor Services Bank S.A.

Via Vittor Pisani 26
IT-20124 Milano

State Street Bank S.p.A.

Via Ferrante Aporti 10
IT-20125 Milano

Banca Sella Holding S.p.A.

Piazza Gaudenzio Sella 1
IT-13900 Biella

Allfunds Bank S.A.

Via Santa Margherita 7
IT-20121 Milano

Information for investors in Spain:

Paying agent:

Allfunds Bank S.A.

c/ Estafeta nº 6 (La Moraleja)
Complejo Plaza de la Fuente - Edificio 3-
ES-28109 Alcobendas (Madrid)

Information for investors in France:

Paying agent:

Caceis Bank

1/3 Place Valhubert
F-75013 Paris

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