

Ethna-DYNAMISCH RCS Luxembourg K818

Annual report including audited financial statements
at 31 December 2018

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

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The Sales Prospectus with integrated Management Regulations, the Key Investor Information Document (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:

"There is no risk-free path for monetary policy."

(Jerome Powell)

Dear investors,

What an exciting and turbulent year it was. At the beginning of 2018 the global economy was on a very solid growth course and there was every indication that growth would remain strong. By the time GDP growth figures for the third quarter of 2018 were out, the picture had changed. In fact the pace of growth in Europe had begun to slow as early as the first quarter. This was mainly attributed to temporary factors, both then and again recently. However, it turns out that hopes for another quick pick-up in growth were premature and unfounded.

In the US, GDP growth could not have been better, due mainly to the Trump administration's very expansionary fiscal policy. As a result, the unemployment rate fell to a historical low, consumption increased greatly and corporate profits also rose strongly. However, the first warning signs in the US, too, appeared in the second half of the year. The real estate market in particular came under pressure due to sharp rises in interest rates in the interim. In addition, the expected increase in capital investments did not come about, which then had negative effects on expectations for productivity and wage development. In December, finally, the US economy gave way to the mounting stress factors and macroeconomic data across the board fell short of the – still high – expectations. The market reacted strongly and the broad-based S&P equity index recorded its worst December since 1932.

In keeping with this late-cycle economic dynamic, the yield curve in the US flattened a good deal and the interest differential between 10-year and 2-year US sovereign bonds shrank to a few tenths of a percentage point. This is a further indicator that the economy is in a very late stage of the economic cycle. Other risks and symptoms that frequently occur were also in evidence: rising real interest rates, high equity market volatility and falling risk-adjusted income.

The causes of this market uncertainty, however, are not solely economic in nature. One reason for the sharp rise in volatility over the course of the year was the political uncertainty; not only the sheer number of sources of political uncertainty – from trade wars to Brexit to potential military conflict in the South China Sea – but also the fact that there's no end to the uncertainty. Investors tend to say that political stock markets are short-lived. But the trade conflict between the US and China shows that political populism doesn't think much of such generalities. The ongoing uncertainty and the potential substantial consequences for growth and employment have finally done serious damage in China as well, the second-largest economy in the world.

On the other hand, central banks' changing monetary policy – in the US in particular but also within the eurozone, Japan and other important developed markets – is contributing to the much more volatile environment. After years of the markets being inundated with liquidity and any uncertainties that arose always being countered with further monetary stimulus, a sea-change finally came about with the appointment of Jerome Powell as Chair of the US central bank. With core inflation at approx. 2 %, a very robust labour market and GDP growth well above potential, the change in the monetary environment was needed. However, we cannot yet clearly discern the consequences of this monetary precedent.

The combination of late-cycle economic developments, a high degree of political uncertainty and the end of expansionary monetary policy – especially in the US – make the 2019 outlook for the stock markets uncertain. At this point in time, there is no reason to expect a recession in the US, China or Europe this year but the 10-year rally in equity and bond markets seems to have ended for now. With this in prospect, we have acted early and structured our portfolios so that they are more defensive and of higher quality.

Ethna-DYNAMISCH:

On the back of 2017's uniform global upturn, equity markets, too, started 2018 on a high. However, once the correction came along in January/February their paths diverged for the rest of the year. In Asia, stock markets were subsequently unable to regain January's highs, while Europe painted a mixed picture. US equity markets held their ground the longest and were still close to historical highs up till the beginning of October before a sharp correction set in in the fourth quarter. As of the end of the year, almost all the major stock market indices were in negative territory; most were even double-digit negatives. In 2018 there was a lot more going on under the surface than the broad indices would have one believe. For example, the year was again much better for growth equities than value stocks. However, the most significant difference was between defensive and cyclical equities. While 2017 was cyclical's year, at the end of February – taking Europe as an example – they reached a relative high and since then have been 21 % weaker than defensive equities (STOXX® Europe 600 Optimised Cyclical and STOXX® Europe 600 Optimised Defensives). Looking specifically at the Ethna-DYNAMISCH, in 2018 we did not adequately protect the fund from the stress factors mentioned. In particular, the selection result – that is, equity portfolio performance relative to the overall market – was negative for the first time in years. However, we managed to limit the decline by adopting an increasingly defensive stance over the course of the year and also thanks to the hedging components implemented in the fund concept as well as gains on foreign currency positions. In addition, the Ethna-DYNAMISCH managed to escape the falls in prices in bond markets at an early stage by virtue of its extremely risk-averse positioning. As a consequence of the steady reduction in risk, the fund's cash position rose sharply over the course of the year, so now that price levels are more attractive, purchases can slowly but surely be made once again.

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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.

Munsbach, January 2019

The Fund Management on behalf of 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	25.43 %
Germany	10.66 %
Japan	4.65 %
France	4.56 %
Switzerland	4.24 %
South Korea	3.59 %
United Kingdom	3.09 %
Ireland	2.19 %
Netherlands	1.21 %
Cayman Islands	1.06 %
China	0.92 %
Securities holdings	61.60 %
Options	1.39 %
Cash at banks ²⁾	36.88 %
Other receivables and payables (net)	0.13 %
	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 Annual Report.

Breakdown by economic sector of Ethna-DYNAMISCH

6 Breakdown by economic sector ¹⁾	
Pharmaceuticals, biotechnology and biosciences	6.42 %
Government bonds	5.78 %
Telecommunication services	4.73 %
Food, beverages and tobacco	4.44 %
Media & entertainment	3.84 %
Hardware and equipment	3.73 %
Real estate	3.65 %
Capital goods	3.42 %
Energy	3.24 %
Transport	3.12 %
Raw materials and supplies	3.03 %
Consumer services	2.50 %
Diversified financial services	2.42 %
Healthcare: Equipment & services	2.19 %
Software & services	1.79 %
Wholesale and retail	1.78 %
Food and staples retail	1.61 %
Semiconductors & equipment for semiconductor production	1.56 %
Automobiles and components	1.43 %
Insurance	0.92 %
Securities holdings	61.60 %
Options	1.39 %
Cash at banks ²⁾	36.88 %
Other receivables and payables (net)	0.13 %
	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 Annual 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
31/12/2016	56.68	749,583	-3,293.93	75.62
31/12/2017	53.84	668,744	-6,291.43	80.52
31/12/2018	50.92	684,739	1,424.53	74.37

Unit class (T)

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
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
31/12/2018	147.14	1,905,837	37,094.69	77.20

Unit class (SIA-A)

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2016	10.31	19,181	490.03	537.31
31/12/2017	13.77	23,788	2,695.81	578.72
31/12/2018	21.07	39,116	8,771.21	538.64

Unit class (SIA-T)

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2016	54.85	102,328	-8,613.95	536.02
31/12/2017	56.06	95,822	-4,066.53	585.08
31/12/2018	64.70	118,796	13,487.94	544.64

Unit class (R-A)*

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2016	0.31	3,255	-42.32	96.20
31/12/2017	0.21	1,982	-121.76	103.93
31/12/2018	0.08	864	-114.42	95.69

Unit class (R-T)*

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2016	1.11	11,657	-268.58	94.95
31/12/2017	1.45	14,129	255.94	102.47
31/12/2018	2.94	31,202	1,743.52	94.19

* 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

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as of 31 December 2018

	EUR
Securities holdings (securities acquisition costs: EUR 178,549,855.54)	176,783,270.42
Options	3,983,257.75
Cash at banks ¹⁾	105,783,186.51
Interest receivable	71,546.89
Dividends receivable	99,251.71
Receivables from unit sales	706,872.56
Receivables from securities transactions	1,532,760.28
Other receivables ²⁾	142,687.50
	289,102,833.62
Unit redemptions payable	-449,893.14
Unrealised losses on currency forwards	-700,574.18
Securities transactions payable	-708,271.20
Other liabilities and equity ³⁾	-391,909.30
	-2,250,647.82
Net fund assets	286,852,185.80

¹⁾ Cash at banks includes OTC margins. More information on this can be found in the statement of net assets on page 16 (footnote). See notes to the Report.

²⁾ This item mainly comprises receivables associated with futures contracts.

³⁾ This item mainly comprises management fees and the taxe d'abonnement.

Allocation among unit classes

Unit class (A)	
Pro rata net fund assets	EUR 50,922,798.17
Outstanding units	684,738.688
Unit value	EUR 74.37
Unit class (T)	
Pro rata net fund assets	EUR 147,137,625.38
Outstanding units	1,905,836.923
Unit value	EUR 77.20
Unit class (SIA-A)	
Pro rata net fund assets	EUR 21,069,116.46
Outstanding units	39,115.741
Unit value	EUR 538.64
Unit class (SIA-T)	
Pro rata net fund assets	EUR 64,700,971.49
Outstanding units	118,796.308
Unit value	EUR 544.64
Unit class (R-A)*	
Pro rata net fund assets	EUR 82,638.26
Outstanding units	863.617
Unit value	EUR 95.69
Unit class (R-T)*	
Pro rata net fund assets	EUR 2,939,036.04
Outstanding units	31,201.619
Unit value	EUR 94.19

* 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 2018 to 31 December 2018

	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	247,042,400.28	53,844,466.61	121,714,266.12	13,766,591.68
Ordinary net income	828,052.57	27,035.78	63,253.95	182,050.61
Income and expense equalisation	-127,669.34	3,738.91	-67,414.97	-39,762.54
Inflow of funds from sale of units	105,905,746.90	13,604,254.46	60,649,631.66	10,197,131.77
Outflow of funds from redemption of units	-43,498,276.93	-12,179,727.25	-23,554,942.86	-1,425,920.21
Realised gains	23,463,149.42	4,703,628.31	11,465,193.71	1,538,988.22
Realised losses	-25,597,252.35	-5,096,507.64	-12,508,521.21	-1,730,131.51
Net change in unrealised gains	-10,645,683.37	-1,984,548.69	-5,351,973.33	-702,235.08
Net change in unrealised losses	-10,518,281.38	-1,999,542.32	-5,271,867.69	-717,596.48
Total net fund assets at the end of the period under review	286,852,185.80	50,922,798.17	147,137,625.38	21,069,116.46

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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	56,063,298.20	205,955.61	1,447,822.06
Ordinary net income	569,419.68	-235.73	-13,471.72
Income and expense equalisation	-23,457.94	-197.30	-575.50
Inflow of funds from sale of units	19,289,426.01	19,979.85	2,145,323.15
Outflow of funds from redemption of units	-5,801,489.35	-134,394.93	-401,802.33
Realised gains	5,536,842.24	11,167.56	207,329.38
Realised losses	-6,021,647.78	-10,213.78	-230,230.43
Net change in unrealised gains	-2,492,413.27	-5,321.47	-109,191.53
Net change in unrealised losses	-2,419,006.30	-4,101.55	-106,167.04
Total net fund assets at the end of the period under review	64,700,971.49	82,638.26	2,939,036.04

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	668,743.854	1,456,051.138	23,787.913	95,821.795
Units issued	170,423.778	739,190.743	17,823.599	32,949.158
Units redeemed	-154,428.944	-289,404.958	-2,495.771	-9,974.645
Units in circulation at end of period under review	684,738.688	1,905,836.923	39,115.741	118,796.308

	Unit class (R-A)* Number	Unit class (R-T)* Number
Units in circulation at start of period under review	1,981.737	14,129.169
Units issued	200.607	21,130.960
Units redeemed	-1,318.727	-4,058.510
Units in circulation at end of period under review	863.617	31,201.619

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

Statement of operations of Ethna-DYNAMISCH

Statement of Operations

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in the period under review from 1 January 2018 to 31 December 2018

	Total	Unit class (A)	Unit class (T)	Unit class (SIA-A)
	EUR	EUR	EUR	EUR
Income				
Dividends	5,202,936.30	1,062,734.51	2,520,802.13	341,280.24
Interest on bonds	602,723.66	121,838.79	294,749.44	38,479.25
Bank interest	-265,242.93	-53,275.94	-129,617.88	-17,579.13
Income equalisation	560,910.69	-46,773.85	447,884.06	84,591.26
Total income	6,101,327.72	1,084,523.51	3,133,817.75	446,771.62
Expense				
Interest expense	-7,917.28	-1,330.46	-4,094.15	-588.58
Management fee	-4,275,407.54	-987,161.16	-2,416,717.90	-179,569.01
Taxe d'abonnement	-141,811.88	-28,516.24	-69,281.43	-9,336.25
Publication and audit expenses	-117,759.55	-23,073.02	-58,510.01	-7,867.65
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-17,249.09	-3,517.71	-8,414.34	-1,119.92
Registrar and transfer agent fee	-13,489.15	-2,745.50	-6,556.61	-882.30
Government fees	-14,616.71	-2,974.93	-7,086.91	-942.55
Other expenses ¹⁾	-251,782.60	-51,203.65	-119,433.36	-19,586.03
Expense equalisation	-433,241.35	43,034.94	-380,469.09	-44,828.72
Total expense	-5,273,275.15	-1,057,487.73	-3,070,563.80	-264,721.01
Ordinary net income	828,052.57	27,035.78	63,253.95	182,050.61
Total transaction costs in the financial year ²⁾	307,921.38			
Total expense ratio in per cent ²⁾		1.94	1.95	1.18
Ongoing charges in per cent ²⁾		1.95	1.96	1.19
Swiss total expense ratio in per cent before performance fee ²⁾ (for the period from 1 January 2018 to 31 December 2018)		1.94	1.95	1.18
Swiss total expense ratio in per cent including performance fee ²⁾ (for the period from 1 January 2018 to 31 December 2018)		1.94	1.95	1.18
Swiss performance fee in per cent ²⁾ (for the period from 1 January 2018 to 31 December 2018)		-	-	-

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 2018 to 31 December 2018

	Unit class (SIA-T) EUR	Unit class (R-A)* EUR	Unit class (R-T)* EUR
Income			
Dividends	1,232,698.65	1,897.87	43,522.90
Interest on bonds	142,258.13	286.95	5,111.10
Bank interest	-62,276.97	-102.32	-2,390.69
Income equalisation	59,016.91	-319.17	16,511.48
Total income	1,371,696.72	1,763.33	62,754.79
Expense			
Interest expense	-1,815.58	-1.20	-87.31
Management fee	-634,286.94	-2,298.00	-55,374.53
Taxe d'abonnement	-33,364.47	-56.09	-1,257.40
Publication and audit expenses	-27,198.82	-49.77	-1,060.28
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-4,042.06	-7.50	-147.56
Registrar and transfer agent fee	-3,184.80	-5.49	-114.45
Government fees	-3,480.98	-6.50	-124.84
Other expenses ¹⁾	-59,344.42	-90.98	-2,124.16
Expense equalisation	-35,558.97	516.47	-15,935.98
Total expense	-802,277.04	-1,999.06	-76,226.51
Ordinary net income	569,419.68	-235.73	-13,471.72
Total expense ratio in per cent ²⁾	1.15	2.26	2.40
Ongoing charges in per cent ²⁾	1.17	2.28	2.41
Swiss total expense ratio in per cent before performance fee ²⁾ (for the period from 1 January 2018 to 31 December 2018)	1.15	2.26	2.40
Swiss total expense ratio in per cent including performance fee ²⁾ (for the period from 1 January 2018 to 31 December 2018)	1.15	2.26	2.40
Swiss performance fee in per cent ²⁾ (for the period from 1 January 2018 to 31 December 2018)	-	-	-

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 per cent ¹⁾

As of: 31 December 2018

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	-6.68	-7.64	0.12	-
Ethna-DYNAMISCH (R-A)* since 07/05/2015	LU1134152310 A12EJA	EUR	-6.85	-7.93	-0.90	-
Ethna-DYNAMISCH (R-T)* since 20/04/2015	LU1134174397 A12EJB	EUR	-6.89	-8.08	-1.13	-
Ethna-DYNAMISCH (SIA-A) since 02/04/2014	LU0985193357 A1W66S	EUR	-6.33	-6.93	2.30	-
Ethna-DYNAMISCH (SIA-T) since 19/06/2014	LU0985193431 A1W66T	EUR	-6.31	-6.91	2.46	-
Ethna-DYNAMISCH (T) since 10/11/2009	LU0455735596 A0YBKZ	EUR	-6.68	-7.64	0.08	-

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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.

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 2018

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Statement of net assets as of 31 December 2018

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								
Cayman Islands								
US01609W1027	Alibaba Group Holding Ltd. ADR	USD	25,000	0	25,000	138.4500	3,035,917.90	1.06
							3,035,917.90	1.06
China								
CNE100000593	PICC Property & Casualty Co. Ltd.	HKD	1,000,000	0	3,000,000	7.8400	2,634,497.13	0.92
							2,634,497.13	0.92
Germany								
DE000BASF111	BASF SE	EUR	87,500	0	87,500	59.6700	5,221,125.00	1.82
DE0007257503	CECONOMY AG	EUR	900,000	250,000	650,000	3.1930	2,075,450.00	0.72
DE0008232125	Dte. Lufthansa AG	EUR	125,035	0	275,035	19.5850	5,386,560.48	1.88
DE000LEG1110	LEG Immobilien AG	EUR	0	0	50,000	91.2400	4,562,000.00	1.59
DE000PAH0038	Porsche Automobil Holding SE -VZ-	EUR	10,000	0	80,000	51.3000	4,104,000.00	1.43
DE0007164600	SAP SE	EUR	25,000	10,000	60,000	85.7900	5,147,400.00	1.79
DE000A1ML7J1	Vonovia SE	EUR	3,521	20,000	103,521	39.7000	4,109,783.70	1.43
							30,606,319.18	10.66
France								
FR0013258662	ALD S.A.	EUR	0	0	350,000	10.1600	3,556,000.00	1.24
FR0000130577	Publicis Groupe S.A.	EUR	3,185	0	93,185	48.0800	4,480,334.80	1.56
FR0000120271	Total S.A.	EUR	21,225	0	111,225	45.3500	5,044,053.75	1.76
							13,080,388.55	4.56
Ireland								
IE00BTN1Y115	Medtronic Plc.	USD	80,000	0	80,000	89.6500	6,290,676.26	2.19
							6,290,676.26	2.19
Japan								
JP3486800000	Daito Trust Construction Co. Ltd.	JPY	0	0	15,000	15,260.0000	1,813,165.53	0.63
JP3496400007	KDDI Corporation	JPY	0	0	160,000	2,610.0000	3,307,898.32	1.15
JP3735400008	Nippon Telegraph & Telephone Corporation	JPY	0	0	120,000	4,488.0000	4,266,048.18	1.49

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 2018

ISIN	Securities		Acquisitions in the period under review	Disposals in the period under review	Holdings	Price	Price EUR	% share of NFA ¹⁾
Japan (continued)								
JP316260005	SMC Corporation	JPY	15,000	0	15,000	33,300.0000	3,956,645.62	1.38
							13,343,757.65	4.65
Netherlands								
NL0009434992	Lyondellbasell Industries NV	USD	2,500	0	47,500	83.4300	3,475,945.09	1.21
							3,475,945.09	1.21
Switzerland								
CH0102659627	GAM Holding AG	CHF	600,000	150,000	450,000	3.6780	1,467,027.12	0.51
CH0021783391	Pargesa Holding S.A.	CHF	34,500	14,500	90,000	68.6500	5,476,422.62	1.91
CH0012032048	Roche Holding AG Genusscheine	CHF	25,000	0	25,000	235.7000	5,222,921.47	1.82
							12,166,371.21	4.24
South Korea								
KR7032640005	LG Uplus Corporation	KRW	0	0	450,000	17,000.0000	5,991,015.83	2.09
KR7005931001	Samsung Electronics Co. Ltd. -VZ-	KRW	171,500	0	175,000	31,400.0000	4,303,350.58	1.50
							10,294,366.41	3.59
United States of America								
US02079K3059	Alphabet Inc.	USD	4,500	0	4,500	1,052.9000	4,155,819.66	1.45
US0311621009	Amgen Inc.	USD	2,500	0	37,500	190.3300	6,260,306.11	2.18
US17275R1023	Cisco Systems Inc.	USD	0	0	170,000	42.9100	6,398,298.39	2.23
US25470F1049	Discovery Inc. -A-	USD	0	0	110,000	24.7800	2,390,842.91	0.83
US3703341046	General Mills Inc.	USD	150,000	0	150,000	39.0300	5,135,075.87	1.79
US4581401001	Intel Corporation	USD	10,000	0	110,000	46.3600	4,472,940.97	1.56
US5007541064	Kraft Heinz Co., The	USD	120,000	0	120,000	43.7600	4,605,911.76	1.61
US7170811035	Pfizer Inc.	USD	25,000	0	185,000	42.8500	6,953,118.15	2.42
US9024941034	Tyson Foods Inc.	USD	5,000	0	65,000	52.4900	2,992,588.37	1.04
US88579Y1010	3M Co.	USD	35,000	0	35,000	190.7000	5,854,311.03	2.04
							49,219,213.22	17.15
United Kingdom								
GB00B03MLX29	Royal Dutch Shell Plc. -A-	EUR	0	0	170,000	24.9500	4,241,500.00	1.48
GB0008847096	Tesco Plc.	GBP	2,200,000	0	2,200,000	1.8955	4,622,145.87	1.61
							8,863,645.87	3.09
Securities traded on an exchange							153,011,098.47	53.32
Equities, rights and profit participation certificates							153,011,098.47	53.32
Bonds								
Securities traded on an exchange								
USD								
US912810RS96	2.500 % United States of America v.16(2046)		5,000,000	0	5,000,000	89.3555	3,918,755.76	1.37
US912810RU43	2.875 % United States of America v.16(2046)		5,000,000	0	5,000,000	96.3516	4,225,575.08	1.47
US912810RV26	3.000 % United States of America v.17(2047)		5,000,000	0	5,000,000	98.7578	4,331,103.11	1.51

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 2018

ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review	Holdings	Price	Price EUR	% share of NFA ¹⁾
USD (continued)							
US912810RZ30	2.750 % United States of America v.17(2047)	5,000,000	0	5,000,000	93.7695	4,112,338.00	1.43
						16,587,771.95	5.78
Securities traded on an exchange						16,587,771.95	5.78
Bonds						16,587,771.95	5.78
Certificates							
Securities traded on an exchange							
United States of America							
DE000A0S9GB0	Dte. Börse Commodities GmbH/Gold Unze 999 Zert. Perp.	EUR 40,000	150,000	200,000	35.9220	7,184,400.00	2.50
						7,184,400.00	2.50
Securities traded on an exchange						7,184,400.00	2.50
Certificates						7,184,400.00	2.50
Securities holdings						176,783,270.42	61.60
Options							
Long positions							
EUR							
Put on Anheuser-Busch InBev S.A./NV March 2019/65.00		200	0	200		167,600.00	0.06
Put on Continental AG March 2019/130.00		100	0	100		141,500.00	0.05
Put on Euro Stoxx 50 Price Index March 2019/3,000.00		2,500	0	2,500		3,862,500.00	1.35
						4,171,600.00	1.46
USD							
Put on CME Nasdaq 100 E-Mini Index March 2019/6,200.00		200	0	200		1,019,208.84	0.36
Put on E-Mini S&P 500 Index Future March 2019/2,500.00		200	0	200		960,442.07	0.33
Put on Franklin Resources Inc. January 2019/30.00		400	0	400		57,889.66	0.02
						2,037,540.57	0.71
Long positions						6,209,140.57	2.17
Short positions²⁾							
EUR							
Put on Euro Stoxx 50 Price Index March 2019/2,700.00		0	2,500	-2,500		-1,290,000.00	-0.45
						-1,290,000.00	-0.45
USD							
Put on CME Nasdaq 100 E-Mini Index March 2019/5,700.00		0	200	-200		-510,481.54	-0.18
Put on E-Mini S&P 500 Index Future March 2019 March 2019/2,300.00		0	200	-200		-425,401.28	-0.15
						-935,882.82	-0.33
Short positions²⁾						-2,225,882.82	-0.78
Options						3,983,257.75	1.39
Cash at banks - current accounts³⁾						105,783,186.51	36.88
Other receivables and payables (net)						302,471.12	0.13
Total net fund assets in EUR						286,852,185.80	100.00

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 107,671,914.74.

³⁾ Ethna - DYNAMISCH provided cash collateral to Morgan Stanley & Co International PLC. in the amount of EUR 410,000.00 as of the reporting date 31 December 2018. See notes to the Report.

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

Forward foreign exchange contracts

The following forward foreign exchange contracts were open as of 31 December 2018:

Currency	Counterparty		Currency amount	Price EUR	% share of NFA ¹⁾
USD/EUR	Citigroup Global Markets Ltd.	Currency purchases	5,000,000.00	4,375,551.87	1.53
USD/EUR	DZ PRIVATBANK S.A.	Currency purchases	3,500,000.00	3,062,886.31	1.07
USD/EUR	J.P. Morgan Securities PLC, London	Currency purchases	9,000,000.00	7,875,993.36	2.75
EUR/JPY	Citigroup Global Markets Ltd.	Currency sales	750,000,000.00	5,939,677.63	2.07
EUR/USD	Citigroup Global Markets Ltd.	Currency sales	1,600,000.00	1,400,176.60	0.49
EUR/USD	DZ PRIVATBANK S.A.	Currency sales	11,000,000.00	9,626,214.10	3.36
EUR/USD	Morgan Stanley & Co. Intl. PLC, London	Currency sales	33,900,000.00	29,666,241.65	10.34

Forward foreign exchange contracts with cash settlement

The following forward foreign exchange contracts with cash settlement were open as of 31 December 2018:

Currency	Counterparty		Currency amount	Price EUR	% share of NFA ¹⁾
EUR/KRW	J.P. Morgan Securities PLC, London	Currency sales	10,000,000,000.00	7,819,046.33	2.73

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

Acquisitions and disposals

from 1 January 2018 to 31 December 2018

18 Acquisitions and disposals from 1 January 2018 to 31 December 2018

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				
DE0008404005	Allianz SE	EUR	0	25,000
DE000A0Z2ZZ5	Freenet AG	EUR	60,000	210,000
DE000SHL1006	Siemens Healthineers AG	EUR	100,000	100,000
Finland				
FI0009005987	UPM-Kymmene Corporation	EUR	0	190,000
France				
FR0000120628	AXA S.A.	EUR	50,000	250,000
FR0000131906	Renault S.A.	EUR	50,000	100,000
Ireland				
IE00BF0L3536	AIB Group Plc.	EUR	0	500,000
Luxembourg				
LU0061462528	RTL Group S.A.	EUR	5,000	55,000
Netherlands				
NL0011540547	ABN AMRO GROUP N.V. ADR	EUR	0	190,000
NL0010773842	NN Group N.V.	EUR	0	110,000
NL0011821392	Signify N.V.	EUR	0	81,000
South Korea				
KR7000270009	Kia Motors Corporation	KRW	0	140,000
United States of America				
US4592001014	IBM Corporation	USD	2,500	32,500
US68389X1054	Oracle Corporation	USD	40,000	160,000
United Kingdom				
GB0008706128	Lloyds Banking Group Plc.	GBP	0	6,000,000

Acquisitions and disposals from 1 January 2018 to 31 December 2018

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				
DE000A2LQ1S0	Dte. Lufthansa AG BZR 28.05.18	EUR	210,000	210,000
DE000A2LQ132	Vonovia SE BZR 28.05.18	EUR	100,000	100,000
Bonds				
Securities traded on an exchange				
USD				
US779382AU43	7.375 % Rowan Companies Inc. v.16(2025)		0	4,000,000
US912810SD19	3.000 % United States of America v.18(2048)		5,000,000	5,000,000
US912810QY73	2.750 % United States of America v.12(2042)		0	4,000,000
US912810RB61	2.875 % United States of America v.13(2043)		5,000,000	9,000,000
US912810RJ97	3.000 % United States of America v.14(2044)		4,000,000	8,000,000
US912810RN00	2.875 % United States of America v.15(2045)		5,000,000	5,000,000
US912810RK60	2.500 % United States of America v.15(2045)		5,000,000	5,000,000
Securities admitted to or included in organised markets				
USD				
US45332JAA07	8.625 % Inception Merger Sub Inc. 144A v.16(2024)		0	4,000,000
US465349AA60	7.125 % Informatica LLC 144A v.15(2023)		0	4,000,000
Certificates				
Securities traded on an exchange				
United Kingdom				
IE00B579F325	Source Physical Markets Plc./Gold Unze 999 Zert. v.09(2100)	USD	40,000	40,000
Options				
EUR				
	Put on Commerzbank AG December 2018/8.00		1,300	1,300
	Put on Euro Stoxx 50 Price Index December 2018/2,700.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index December 2018/2,900.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index December 2018/3,000.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index December 2018/3,200.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index June 2018/2,800.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index June 2018/2,900.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index June 2018/2,950.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index June 2018/3,100.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index June 2018/3,200.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index June 2018/3,250.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index March 2018/2,900.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index March 2018/3,100.00		2,500	0
	Put on Euro Stoxx 50 Price Index March 2018/3,200.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index March 2018/3,400.00		0	2,500
	Put on Euro Stoxx 50 Price Index September 2018/3,050.00		2,500	2,500
	Put on Euro Stoxx 50 Price Index September 2018/3,350.00		2,500	2,500

Acquisitions and disposals from 1 January 2018 to 31 December 2018

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.

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ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review
USD			
	Put on Advanced Micro Devices Inc. August 2018/11.00	800	800
	Put on Amazon.com Inc. June 2018/1,200.00	10	10
	Put on Amazon.com Inc. June 2018/1,500.00	10	10
	Put on Amazon.com Inc. March 2018/1,200.00	10	10
	Put on Apple Inc. June 2018/170.00	100	100
	Put on Boeing Co. June 2018/330.00	40	40
	Put on CME E-Mini S&P 500 Index Future June 2018/2,250.00	400	400
	Put on CME E-Mini S&P 500 Index Future June 2018/2,400.00	800	800
	Put on CME E-Mini S&P 500 Index Future June 2018/2,450.00	400	400
	Put on CME E-Mini S&P 500 Index Future June 2018/2,600.00	800	800
	Put on CME E-Mini S&P 500 Index Future March 2018/2,200.00	600	400
	Put on CME E-Mini S&P 500 Index Future March 2018/2,400.00	400	800
	Put on CME E-Mini S&P 500 Index Future March 2018/2,400.00	400	400
	Put on CME E-Mini S&P 500 Index Future September 2018/2,500.00	400	400
	Put on CME Nasdaq 100 E-Mini Index Future December 2018/6,200.00	200	200
	Put on CME Nasdaq 100 E-Mini Index Future December 2018/6,800.00	200	200
	Put on CME Nasdaq 100 E-Mini Index Future June 2018 June 2018/5,900.00	100	100
	Put on CME Nasdaq 100 E-Mini Index Future June 2018 June 2018/6,500.00	100	100
	Put on CME Nasdaq 100 E-Mini Index Future June 2018/5,600.00	100	100
	Put on CME Nasdaq 100 E-Mini Index Future June 2018/6,200.00	100	100
	Put on CME Nasdaq 100 E-Mini Index Future March 2018/5,300.00	100	0
	Put on CME Nasdaq 100 E-Mini Index Future March 2018/6,200.00	250	250
	Put on CME Nasdaq 100 E-Mini Index Future September 2018/5,700.00	200	200
	Put on CME Nasdaq 100 E-Mini Index Future September 2018/6,100.00	200	200
	Put on CME Nasdaq 100 E-Mini Index Future September 2018/6,300.00	200	200
	Put on CME Nasdaq 100 E-Mini Index Future September 2018/6,700.00	200	200
	Put on CME Nasdaq 100 E-Mini Index March 2018/5,600.00	250	250
	Put on CME Nasdaq 100 E-Mini Index March 2018/5,800.00	0	250
	Put on Coca-Cola Co. June 2018/43.00	400	400
	Put on E-Mini S&P 500 Index Future December 2018/2,450.00	400	400
	Put on E-Mini S&P 500 Index Future December 2018/2,650.00	400	400
	Put on E-Mini S&P 500 Index Future March 2018 March 2018/2,600.00	400	400
	Put on E-Mini S&P 500 Index Future March 2019 March 2019/2,400.00	200	200
	Put on E-Mini S&P 500 Index Future March 2019 March 2019/2,600.00	200	200
	Put on E-Mini S&P 500 Index Future September 2018 September 2018/2,300.00	400	400
	Put on E-Mini S&P 500 Index Future September 2018/2,650.00	400	400
	Put on E-Mini S&P 500 Index Future September/2,450.00	400	400
	Put on Kimberly-Clark Corporation May 2018/110.00	150	150
	Put on NVIDIA Corporation December 2018/260.00	40	40
	Put on Nvidia Corporation June 2018/200.00	50	50
	Put on Tesla Inc. June 2018/305.00	50	50
Futures contracts			
EUR			
	DAX Performance-Index Future December 2018	125	125
	DAX Performance-Index Future June 2018	30	30
	DAX Performance-Index Future March 2018	90	90
	DAX Performance-Index Future March 2019	50	50
	EUREX Dow Jones EURO STOXX 50 Index Future December 2018	250	250

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

Acquisitions and disposals from 1 January 2018 to 31 December 2018

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
EUR (continued)			
	EUREX Dow Jones EURO STOXX 50 Index Future March 2018	200	200
	EUX 10YR Euro-Bund Future December 2018	70	70
	EUX 10YR Euro-Bund Future September 2018	100	100
USD			
	CME Nasdaq 100 E-Mini Index Future June 2018	145	145
	CME Nasdaq 100 E-Mini Index Future March 2018	70	70
	CME Nasdaq 100 E-Mini Index Future September 2018	75	75
	E-Mini S&P 500 Index Future June 2018	60	60
	E-Mini S&P 500 Index Future March 2018	60	60

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Exchange rates

For the valuation of assets in a foreign currency, the following exchange rate for 31 December 2018 was used for conversion into euro.

Australian dollar	EUR 1 =	AUD 1.6222
Sterling	EUR 1 =	GBP 0.9022
Hong Kong dollars	EUR 1 =	HKD 8.9277
Japanese yen	EUR 1 =	JPY 126.2433
New Zealand dollar	EUR 1 =	NZD 1.7001
Norwegian krone	EUR 1 =	NOK 10.0292
Swiss franc	EUR 1 =	CHF 1.1282
South Korean Won	EUR 1 =	KRW 1,276.9120
US dollar	EUR 1 =	USD 1.1401



22 Notes to the Annual Report as of 31 December 2018

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 on undertakings for collective investment, as amended (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.
7. In connection with listed derivatives, the fund is required to cover risks by providing collateral in the form of bank deposits or securities. The collateral provided in the form of bank deposits amounts to:

ESMA - Initial Margin/Variation Margin for the financial year ending 31 December 2018

Fund name	Counterparty	Initial margin	Variation margin
Ethna-DYNAMISCH	DZ PRIVATBANK S.A.	EUR 390,593.70	EUR -54,237.50

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

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3.) Taxation

Taxation of the fund

The fund assets are subject to a tax in the Grand Duchy of Luxembourg, the 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 Sales 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.

Taxation on income from investment fund units for the investor

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.

4.) Appropriation of income

Income from unit classes (A), (SIA-A) and (R-A) is distributed. Income from 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 appropriation 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 primarily comprise commissions, processing fees and tax.

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. In addition to management and depositary fees and the tax d'abonnement, all other costs are included, 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. In addition to management and depositary fees and the tax d'abonnement, all other costs are included, with the exception of applicable performance fees. 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 (if necessary, delta-weighted) equivalent or nominal value. 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' attention is drawn to the fact 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.

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 2018 to 31 December 2018, 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. For this period, the VaR figure in relation to this internal limit was a minimum of 16.99 %, a maximum of 46.39 % and an average of 25.90 %. 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 2018 to 31 December 2018, the leverage effect had the following values:

Lowest leverage:	64.89 %
Highest leverage:	174.50 %
Median leverage:	124.57 % (124.18 %)
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

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 2018 to 31 December 2018:

Ethna-DYNAMISCH	Swiss TER in %	Swiss performance fee in %
Unit class (A)	1.94	0.00
Unit class (T)	1.95	0.00
Unit class (SIA-A)	1.18	0.00
Unit class (SIA-T)	1.15	0.00

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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

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

14.) Significant events after the period under review

Updates and amendments were made to the Sales Prospectus that took effect on 1 March 2019. The following amendment was made: Launch of the unit class CHF-T, SIA CHF-T, USD-T, SIA USD-T.

There were no other 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 2018, the total remuneration of the 68 employees of ETHENEA Independent Investors S.A. for the year was EUR 5,789,591.22 in fixed annual salaries plus EUR 1,359,500.00 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.

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.

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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 (“SFTR”).

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
L-1855 Luxembourg

Tel.: +352 22 51 51 1
Fax: +352 22 51 71
Email: info@kpmg.lu
Internet: www.kpmg.lu

To the unitholders of
Ethna-DYNAMISCH
16, rue Gabriel Lippmann
L-5365 Munsbach, Luxembourg

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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 2018; the statement of operations and changes to net fund assets for the financial year ending on this date; and explanatory notes, along with 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 2018 and of its earnings position and change in net fund assets 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 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.

- 30 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.

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 and presentation 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

The aim of our audit 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.

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 fund's 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, 7 March 2019

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

M. Wirtz-Bach

Administration, distribution and advisory

32	Management company:	ETHENEA Independent Investors S.A. 16, rue Gabriel Lippmann L-5365 Munsbach
	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

**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
Postfach
CH-8022 Zürich

Paying agent in Switzerland:

DZ PRIVATBANK (Schweiz) AG

Münsterhof 12
Postfach 2918
CH-8022 Zürich

Information for investors in Belgium:

Unit classes (T) and (SIA-T) are 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

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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