

Ethna SICAV RCS B-212494

Annual report including audited financial statements
for the period
from 3 February 2017 to 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 Société d'Investissement à Capital Variable (SICAV)

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.

Content

	Page
Fund Management Report	3
Consolidated financial statements of Ethna SICAV	5
Geographical breakdown by country and breakdown by economic sector of the sub-fund Ethna SICAV - AKTIV A	7
Composition of the net sub-fund assets of the sub-fund Ethna SICAV - AKTIV A	8
Statement of operations of the sub-fund Ethna SICAV - AKTIV A	9
Statement of net assets of the sub-fund Ethna SICAV - AKTIV A as of 31 December 2017	10
Acquisitions and disposals of the sub-fund Ethna SICAV - AKTIV A from 3 February 2017 to 31 December 2017	11
Geographical breakdown by country and breakdown by economic sector of the sub-fund Ethna SICAV - DEFENSIV A	12
Composition of the net sub-fund assets of the sub-fund Ethna SICAV - DEFENSIV A	13
Statement of operations of the sub-fund Ethna SICAV - DEFENSIV A	14
Statement of net assets of the sub-fund Ethna SICAV - DEFENSIV A as of 31 December 2017	15
Acquisitions and disposals of the sub-fund Ethna SICAV - DEFENSIV A from 3 February 2017 to 31 December 2017	16

	Page
Geographical breakdown by country and breakdown by economic sector of the sub-fund Ethna SICAV - DYNAMISCH A	17
Composition of the net sub-fund assets of the sub-fund Ethna SICAV - DYNAMISCH A	18
Statement of operations of the sub-fund Ethna SICAV - DYNAMISCH A	19
Statement of net assets of the sub-fund Ethna SICAV - DYNAMISCH A as of 31 December 2017	20
Acquisitions and disposals of the sub-fund Ethna SICAV - DYNAMISCH A from 3 February 2017 to 31 December 2017	21
Notes to the Annual Report as of 31 December 2017	22
Report of the Réviseur d'Entreprises agréé	30
Administration, distribution and advisory	33

The Sales Prospectus with integrated Articles of Incorporation, 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 Investment Company, or from the depositary, paying agents and the distributor in the respective countries of distribution. Additional information is available from the Investment Company at all times during regular business hours.

Share 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.

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

Fund Management Report

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 SICAV is the master UCITS in a master-feeder structure and reflects the performance of the individual mono funds Ethna-AKTIV, Ethna-DEFENSIV and Ethna-DYNAMISCH.

Ethna-AKTIV:

4 At the beginning of 2017, market expectations were still cautious due to the negative political sentiment following the Brexit decision and the US presidential election, as well as the upcoming European elections. Underlying macroeconomic data now paint a much more optimistic picture, particularly for Europe. Accordingly, we positioned the fund with constructive caution, true to our investment policy "*Constantia divitiarum*" (*continuous capital growth*). Constructive measures include increased equity exposure, selecting predominantly European stocks and giving a heavier weighting to corporate bonds, particularly those with a BBB-rating, in order to benefit more from developments in this area. To compensate in this market climate, we focused our attention on liquidity in order to be able to make tactical adjustments in a timely manner. On the equities side, we made greater use of index futures, while reducing the average position size on the bonds side. At the same time, we steered the individual components of the overall portfolio more actively: In addition to allocation within the individual asset classes, we paid attention to interest rate sensitivity and foreign currency exposure in order to keep the volatility of the overall portfolio low and also seize opportunities. Thanks to this high level of flexibility and strict application of our investment approach, we were able to significantly limit the impact of negative effects such as the increase in 10-year US interest rates of over 50 basis points or temporary equity corrections, and at the same time achieve an attractive rate of return.

Ethna-DEFENSIV:

Following Trump's election as US President at the end of 2016, the financial markets began 2017 with high expectations due to the measures announced. In the first three months of the year, the Ethna-DEFENSIV fund had to cope with yields shooting up relatively quickly. However, after a short time it became clear that Trump would not honour many of his promises or only very late on, allowing the bond markets to relax again. This helped the Ethna-DEFENSIV fund to achieve a solid rally in early summer. Risk premiums for corporate bonds delivered a very solid performance in 2017 and were a major driver for the Ethna-DEFENSIV fund. Despite great geopolitical uncertainty, 2017 was characterised by low volatility. True to our investment policy "*Constantia divitiarum*" (*continuous capital growth*), this performance was achieved with an all-time low level of volatility for the fund. In the second half of the year, market conditions remained challenging in terms of interest rates, while the equity markets in particular rose undeterred from one high to another. Following the tax reforms in the US and the Fed's third interest rate hike, bond yields rose again at the end of 2017. For 2018, we expect further rate increases from the Fed and an end to the ECB's QE. This should also lead to higher yields for European bonds.

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.

Munsbach, January 2018

Board of Directors of the Management Company

Consolidated financial statements of Ethna SICAV including the sub-funds Ethna SICAV - AKTIV A, Ethna SICAV - DEFENSIV A and Ethna SICAV - DYNAMISCH A

5

Composition of net fund assets

at 31 December 2017

	EUR
Securities holdings (securities acquisition costs: EUR 1,769,960.31)	1,808,858.58
Cash at banks	76.38
Dividends receivable	16,067.11
	1,825,002.07
Interest liabilities	-0.21
Other liabilities ¹⁾	-72.51
	-72.72
Net fund assets	1,824,929.35

¹⁾ This position consists of management fees.

Change in net fund assets

in the period under review from 3 February 2017 (the date of inception) to 31 December 2017

	EUR
Total net fund assets at the beginning of the period under review	0.00
Ordinary net income	22,462.70
Income and expense equalisation	-561.88
Inflow of funds from sale of shares	1,763,738.55
Realised gains	412.27
Realised losses	-20.56
Net change in unrealised gains	51,014.79
Net change in unrealised losses	-12,116.52
Total net fund assets at the end of the period under review	1,824,929.35

Statement of Operations

in the period under review from 3 February 2017 (the date of inception) to 31 December 2017

	EUR
Income	
Income from investment units	37,185.95
Bank interest	-0.56
Income equalisation	3,158.86
Total income	40,344.25
Expense	
Interest expense	-0.39
Management fee	-705.26
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-6,030.52
Government fees	-6,000.00
Other expenses ¹⁾	-2,548.40
Expense equalisation	-2,596.98
Total expense	-17,881.55
Ordinary net income	22,462.70

1) This position consists of legal costs.

Geographical breakdown by country and breakdown by economic sector of the sub-fund Ethna SICAV - AKTIV A

Annual Report 7
3 February 2017 (the date of inception) – 31 December 2017

The company is entitled to create share classes that confer different rights depending on the shares.

Currently the following share class exists with these structural features:

Security identification no.:	A2AH5Q ¹⁾
ISIN code:	LU1546153187
Subscription fee:	up to 3.00 %
Redemption fee:	none
Management fee:	0.05 % p.a.
Minimum subsequent investment:	none
Dividend policy:	distributed
Currency:	EUR

Geographical breakdown by country ²⁾

Luxembourg	99.98 %
Securities holdings	99.98 %
Cash at banks	0.00 %
Other receivables and payables (net)	0.02 %
	100.00 %

Breakdown by economic sector ²⁾

Investment fund units	99.98 %
Securities holdings	99.98 %
Cash at banks	0.00 %
Other receivables and payables (net)	0.02 %
	100.00 %

¹⁾ The value per share was calculated for the first time on 7 February 2017.

²⁾ Due to rounding differences in the individual items, the total amounts may deviate from the actual value.

Composition of the net sub-fund assets of the sub-fund Ethna SICAV - AKTIV A

8 Change since inception

Date	Net Sub-fund assets in EUR millions	Outstanding shares	Net inflows in EUR thousands	Value per share EUR
3 February 2017 (the date of inception)	inception	-	-	100.00 ¹⁾
31.12.2017	0.72	6,927	699.85	104.21

¹⁾ The value per share was calculated for the first time on 7 February 2017.

Composition of net sub-fund assets at 31 December 2017

	EUR
Securities holdings (securities acquisition costs: EUR 699,305.07)	721,698.60
Cash at banks	24.70
Dividends receivable	175.20
	721,898.50
Interest liabilities	-0.06
Other liabilities and equity ²⁾	-28.69
	-28.75
Net sub-fund assets	721,869.75
Outstanding shares	6,927.000
Value per share	EUR 104.21

²⁾ This position consists of management fees.

Change in net sub-fund assets

in the period under review from 3 February 2017 (the date of inception) to 31 December 2017

	EUR
Total net sub-fund assets at the beginning of the period under review	0.00
Ordinary net expenditure	-753.54
Income and expense equalisation	246.36
Inflow of funds from sale of shares	699,845.80
Realised gains	137.60
Net change in unrealised gains	22,393.53
Total net sub-fund assets at the end of the period under review	721,869.75

Statement of operations of the sub-fund Ethna SICAV - AKTIV A

9

Change in number of shares in circulation

	Number
Shares in circulation at the beginning of the period under review	0.000
Shares issued	6,927.000
Shares redeemed	0.000
Shares in circulation at end of period under review	6,927.000

Statement of Operations

in the period under review from 3 February 2017 (the date of inception) to 31 December 2017

	EUR
Income	
Income from investment units	4,593.41
Bank interest	-0.18
Income equalisation	1,711.35
Total income	6,304.58
Expense	
Interest expense	-0.12
Management fee	-240.65
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-2,010.18
Government fees	-2,000.00
Other expenses ¹⁾	-849.46
Expense equalisation	-1,957.71
Total expense	-7,058.12
Ordinary net expenditure	-753.54
Total transaction costs in the financial year ²⁾	0.12
Total expense ratio in percent ²⁾	0.97

¹⁾ This position consists of legal costs.

²⁾ See notes to the Report.

Statement of net assets of the sub-fund Ethna SICAV - AKTIV A as of 31 December 2017

10

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 NSFA ¹⁾
Investment fund units ²⁾								
Luxembourg								
LU0136412771	Ethna - AKTIV A	EUR	5,661	118	5,543	130.2000	721,698.60	99.98
							721,698.60	99.98
Investment fund units ²⁾								
							721,698.60	99.98
Securities holdings								
							721,698.60	99.98
Cash at banks - current accounts								
							24.70	0.00
Other receivables and payables (net)								
							146.45	0.02
Total net sub-fund assets in EUR								
							721,869.75	100.00

¹⁾ NSFA = Net sub-fund assets. Due to rounding differences in the individual items, the total amounts may deviate from the actual value.

²⁾ Information on subscription and redemption fees as well as the maximum amount of the management fee for target fund units may be obtained on application from the registered office of the Management Company and from the depositary and paying agents free of charge.

Acquisitions and disposals of the sub-fund Ethna SICAV - AKTIV A from 3 February 2017 (the date of inception) to 31 December 2017

Acquisitions and disposals from 3 February 2017 (the date of inception) to 31 December 2017

11

No purchases or sales of securities, promissory note loans or derivatives were executed during the period under review, including changes excluding capital movements, that are not reported in the statement of net assets.

Exchange rates

As of 31 December 2017, assets existed exclusively in the sub-fund currency of the euro.

Geographical breakdown by country and breakdown by economic sector of the sub-fund

Ethna SICAV - DEFENSIV A

12

Annual Report
3 February 2017 (the date of inception) – 31 December 2017

The company is entitled to create share classes that confer different rights depending on the shares.

Currently the following share class exists with these structural features:

Security identification no.:	A2AH5R ¹⁾
ISIN code:	LU1546156875
Subscription fee:	up to 2.50 %
Redemption fee:	none
Management fee:	0.05 % p.a.
Minimum subsequent investment:	none
Dividend policy:	distributed
Currency:	EUR

Geographical breakdown by country ²⁾

Luxembourg	97.88 %
Securities holdings	97.88 %
Cash at banks	0.00 %
Other receivables and payables (net)	2.12 %
	100.00 %

Breakdown by economic sector ²⁾

Investment fund units	97.88 %
Securities holdings	97.88 %
Cash at banks	0.00 %
Other receivables and payables (net)	2.12 %
	100.00 %

¹⁾ The value per share was calculated for the first time on 7 February 2017.

²⁾ Due to rounding differences in the individual items, the total amounts may deviate from the actual value.

Composition of the net sub-fund assets of the sub-fund Ethna SICAV - DEFENSIV A

13

Change since inception

Date	Net Sub-fund assets in EUR millions	Outstanding shares	Net inflows in EUR thousands	Value per share EUR
3 February 2017 (the date of inception)	inception	-	-	100.00 ¹⁾
31.12.2017	0.57	5,612	562.07	101.29

¹⁾ The value per share was calculated for the first time on 7 February 2017.

Composition of net sub-fund assets

at 31 December 2017

	EUR
Securities holdings (securities acquisition costs: EUR 568,548.73)	556,432.21
Cash at banks	25.53
Dividends receivable	12,021.53
	568,479.27
Interest liabilities	-0.07
Other liabilities and equity ²⁾	-22.58
	-22.65
Net sub-fund assets	568,456.62
Outstanding shares	5,612.000
Value per share	EUR 101.29

²⁾ This position consists of management fees.

Change in net sub-fund assets

in the period under review from 3 February 2017 (the date of inception) to 31 December 2017

	EUR
Total net sub-fund assets at the beginning of the period under review	0.00
Ordinary net income	19,331.74
Income and expense equalisation	-807.79
Inflow of funds from sale of shares	562,069.75
Realised losses	-20.56
Net change in unrealised losses	-12,116.52
Total net sub-fund assets at the end of the period under review	568,456.62

Statement of operations of the sub-fund Ethna SICAV - DEFENSIV A

14

Change in number of shares in circulation

	Number
Shares in circulation at the beginning of the period under review	0.000
Shares issued	5,612.000
Shares redeemed	0.000
Shares in circulation at end of period under review	5,612.000

Statement of Operations

in the period under review from 3 February 2017 (the date of inception) to 31 December 2017

	EUR
Income	
Income from investment units	23,616.99
Bank interest	-0.19
Income equalisation	1,427.08
Total income	25,043.88
Expense	
Interest expense	-0.13
Management fee	-233.08
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-2,010.17
Government fees	-2,000.00
Other expenses ¹⁾	-849.47
Expense equalisation	-619.29
Total expense	-5,712.14
Ordinary net income	19,331.74
Total transaction costs in the financial year ²⁾	0.08
Total expense ratio in percent ²⁾	0.99

¹⁾ This position consists of legal costs.

²⁾ See notes to the Report.

Statement of net assets of the sub-fund Ethna SICAV - DEFENSIV A as of 31 December 2017

15

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 NSFA ¹⁾
Investment fund units²⁾								
Luxembourg								
LU0279509904	Ethna - DEFENSIV A	EUR	4,274	109	4,165	133.6100	556,432.21	97.88
							556,432.21	97.88
Investment fund units²⁾								
							556,432.21	97.88
Securities holdings								
							556,432.21	97.88
Cash at banks - current accounts								
							25.53	0.00
Other receivables and payables (net)								
							11,998.88	2.12
Total net sub-fund assets in EUR								
							568,456.62	100.00

¹⁾ NSFA = Net sub-fund assets. Due to rounding differences in the individual items, the total amounts may deviate from the actual value.

²⁾ Information on subscription and redemption fees as well as the maximum amount of the management fee for target fund units may be obtained on application from the registered office of the Management Company and from the depositary and paying agents free of charge.

Acquisitions and disposals of the sub-fund Ethna SICAV - DEFENSIV A from 3 February 2017 (the date of inception) to 31 December 2017

16 **Acquisitions and disposals from 3 February 2017 (the date of inception) to 31 December 2017**

No purchases or sales of securities, promissory note loans or derivatives were executed during the period under review, including changes excluding capital movements, that are not reported in the statement of net assets.

Exchange rates

As of 31 December 2017, assets existed exclusively in the sub-fund currency of the euro.

Geographical breakdown by country and breakdown by economic sector of the sub-fund Ethna SICAV - DYNAMISCH A

Annual Report 17
3 February 2017 (the date of inception) – 31 December 2017

The company is entitled to create share classes that confer different rights depending on the shares.

Currently the following share class exists with these structural features:

Security identification no.:	A2AH5S ¹⁾
ISIN code:	LU1546162501
Subscription fee:	up to 5.00 %
Redemption fee:	none
Management fee:	0.05 % p.a.
Minimum subsequent investment:	none
Dividend policy:	distributed
Currency:	EUR

Geographical breakdown by country ²⁾

Luxembourg	99.28 %
Securities holdings	99.28 %
Cash at banks	0.00 %
Other receivables and payables (net)	0.72 %
	100.00 %

Breakdown by economic sector ²⁾

Investment fund units	99.28 %
Securities holdings	99.28 %
Cash at banks	0.00 %
Other receivables and payables (net)	0.72 %
	100.00 %

¹⁾ The value per share was calculated for the first time on 7 February 2017.

²⁾ Due to rounding differences in the individual items, the total amounts may deviate from the actual value.

Composition of the net sub-fund assets of the sub-fund Ethna SICAV - DYNAMISCH A

18

Change since inception

Date	Net Sub-fund assets in EUR millions	Outstanding shares	Net inflows in EUR thousands	Value per share EUR
3 February 2017 (the date of inception)	inception	-	-	100.00 ¹⁾
31.12.2017	0.53	5,017	501.82	106.56

¹⁾ The value per share was calculated for the first time on 7 February 2017.

Composition of net sub-fund assets

at 31 December 2017

	EUR
Securities holdings (securities acquisition costs: EUR 502,106.51)	530,727.77
Cash at banks	26.15
Dividends receivable	3,870.38
	534,624.30
Interest liabilities	-0.08
Other liabilities and equity ²⁾	-21.24
	-21.32
Net sub-fund assets	534,602.98
Outstanding shares	5,017.000
Value per share	EUR 106.56

²⁾ This position consists of management fees.

Change in net sub-fund assets

in the period under review from 3 February 2017 (the date of inception) to 31 December 2017

	EUR
Total net sub-fund assets at the beginning of the period under review	0.00
Ordinary net income	3,884.50
Income and expense equalisation	-0.45
Inflow of funds from sale of shares	501,823.00
Realised gains	274.67
Net change in unrealised gains	28,621.26
Total net sub-fund assets at the end of the period under review	534,602.98

Statement of operations of the sub-fund Ethna SICAV - DYNAMISCH A

19

Change in number of shares in circulation

	Number
Shares in circulation at the beginning of the period under review	0.000
Shares issued	5,017.000
Shares redeemed	0.000
Shares in circulation at end of period under review	5,017.000

Statement of Operations

in the period under review from 3 February 2017 (the date of inception) to 31 December 2017

	EUR
Income	
Income from investment units	8,975.55
Bank interest	-0.19
Income equalisation	20.43
Total income	8,995.79
Expense	
Interest expense	-0.14
Management fee	-231.53
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-2,010.17
Government fees	-2,000.00
Other expenses ¹⁾	-849.47
Expense equalisation	-19.98
Total expense	-5,111.29
Ordinary net income	3,884.50
Total transaction costs in the financial year ²⁾	0.02
Total expense ratio in percent ²⁾	0.99

¹⁾ This position consists of legal costs.

²⁾ See notes to the Report.

Statement of net assets of the sub-fund Ethna SICAV - DYNAMISCH A as of 31 December 2017

20

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 NSFA ¹⁾
Investment fund units ²⁾								
Luxembourg								
LU0455734433	Ethna - DYNAMISCH A	EUR	6,782	191	6,591	80.5200	530,727.77	99.28
							530,727.77	99.28
Investment fund units ²⁾								
							530,727.77	99.28
Securities holdings								
							530,727.77	99.28
Cash at banks - current accounts								
							26.15	0.00
Other receivables and payables (net)								
							3,849.06	0.72
Total net sub-fund assets in EUR								
							534,602.98	100.00

¹⁾ NSFA = Net sub-fund assets. Due to rounding differences in the individual items, the total amounts may deviate from the actual value.

²⁾ Information on subscription and redemption fees as well as the maximum amount of the management fee for target fund units may be obtained on application from the registered office of the Management Company and from the depositary and paying agents free of charge.

Acquisitions and disposals of the sub-fund Ethna SICAV - DYNAMISCH A from 3 February 2017 (the date of inception) to 31 December 2017

Acquisitions and disposals from 3 February 2017 (the date of inception) to 31 December 2017

21

No purchases or sales of securities, promissory note loans or derivatives were executed during the period under review, including changes excluding capital movements, that are not reported in the statement of net assets.

Exchange rates

As of 31 December 2017, assets existed exclusively in the sub-fund currency of the euro.



22 Notes to the annual report including audited financial statements for the period from 3 February 2017 to 31 December 2017

1.) General

The Investment Company Ethna SICAV is a public limited liability company with variable capital (Société d'Investissement à Capital Variable) incorporated under the laws of the Grand Duchy of Luxembourg with its registered office at 16, Rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg. The company was founded on 3 February 2017 for an indefinite period in the form of an umbrella fund. Its articles of incorporation were published in the Recueil électronique des sociétés et associations ("RESA") of the Luxembourg Trade and Companies Register. The Investment Company is registered with the Luxembourg Trade and Companies Register under the registration number RCS Luxembourg B-212494.

Ethna SICAV is a Luxembourg investment company (Société d'Investissement à Capital Variable) set up in the form of an umbrella fund ("Investment Company" or "Fund") with one or more sub-funds 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 objective of the investment policy of Ethna SICAV, as the master UCITS of its three sub-funds that function as feeder UCITS, is to reflect the performance of the individual mono funds Ethna – AKTIV, Ethna – DEFENSIV and Ethna – DYNAMISCH, which are legally dependent investment funds in accordance with Chapter II of the Law of 17 December 2010 in the form of a mono fund. The individual sub-funds are therefore feeder UCITS as defined in Article 77 of the Law of 17 December 2010.

The Board of Directors of the Investment Company has delegated the asset management, administration and distribution of shares in the Investment Company to 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. The most recent 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.

The current version of the Sales Prospectus with integrated management regulations, the most recent annual and semi-annual reports and the key investor information documents of the individual master UCITS can be downloaded from the website of the Management Company www.ethenea.com.

2.) Main accounting and valuation principles; calculation of the value per share

Responsibility for preparing this report in accordance with the applicable Luxembourg statutory provisions and regulations relating to the preparation and presentation of annual financial statements lies with the Board of Directors of the Investment Company.

1. The fund's net assets are stated in euros (EUR) ("reference currency").
2. The value of a share ("net asset value per share") is stated in the currency ("(sub-)fund currency") as specified in the relevant annex to the Sales Prospectus unless a currency other than the (sub-)fund currency is specified for any additional share classes in the relevant annex to the Prospectus ("share class currency").
3. The net asset value per share 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 Board of Directors of the Investment Company may make different arrangements for individual sub-funds, while taking into account that the net asset value per share must be calculated at least twice a month.

4. To calculate the net asset value per share, the value of the assets belonging to the respective sub-fund less any liabilities of the sub-fund concerned (“net sub-fund assets”) is calculated on each valuation day, divided by the number of shares of the sub-fund concerned in circulation on the valuation day. However, the Management Company may decide to determine the net asset value per share on 24 and 31 December of any given year, without this constituting a calculation of the net asset value per share on a valuation day as specified in sentence 1 above of this point 4. As a consequence, shareholders shall not be entitled to demand the issue, redemption and/or exchange of shares on the basis of a net asset value per share calculated on 24 and/or 31 December in any year.
5. To the extent that information regarding the position of the company’s net 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 of the relevant sub-fund are translated into the reference currency. Individual net sub-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 individual sub-funds 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 Sales Prospectus of the sub-fund concerned.

Where securities, money market 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, derivative financial 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, derivative financial instruments (derivatives) and other assets may be sold.

The Management Company can determine for individual sub-funds 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 Sales Prospectus of the sub-fund concerned.

- c) OTC derivatives are valued on a daily basis using a verifiable method to be specified by the management company.
- d) Units and shares 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. If a sub-fund is structured as a feeder UCITS, the units/shares in the master UCITS are valued at the redemption price of the master UCITS on the valuation day.
- 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, derivatives and other assets that are denominated in a currency other than the relevant sub-fund currency is converted into the relevant sub-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 individual sub-funds that securities, money market instruments, derivatives and other assets denominated in a currency other than the respective sub-fund currency are converted into the respective sub-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 Sales Prospectus of the sub-fund concerned.

Individual net sub-fund assets are reduced by any distributions paid to shareholders in the relevant sub-fund.

6. The net asset value per share is calculated separately for each sub-fund based on the criteria set out above. However, if different share classes have been created within a sub-fund, the corresponding net asset value per share is calculated separately for each share class within the relevant sub-fund in accordance with the criteria set out above.

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

3.) Taxation

24

Taxation of the Investment Company

The company assets are subject to a tax in the Grand Duchy of Luxembourg, the *taxe d'abonnement*, currently of 0.05 % p.a., or 0.01 % p.a. for the sub-funds or share classes the shares of which are issued solely to institutional shareholders. The *taxe d'abonnement* is payable quarterly on the company's net assets reported at the end of each quarter. The rate of the *taxe d'abonnement* for a sub-fund or share class is mentioned in the respective annex to the Sales Prospectus. If the fund assets are invested in other Luxembourg investment funds that are already subject to the *taxe 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 the respective (sub-)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 respective (sub-)fund assets are invested. In such cases, neither the depositary nor the management company is required to collect tax certificates.

Taxation on income from shares in the Investment Company for the shareholder

Effective 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 rendered 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. Shareholders 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 shares or income from shares 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 prospective investors ensure they are informed about laws and regulations which apply to the purchase, ownership and redemption of shares and seek advice if necessary.

Information for investors liable for tax in Germany:

The tax rules pursuant to section 5 (1) of the German Investment 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

Additional information on the use of income is 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 calculation method was applied:

$$\text{TER} = \frac{\text{Total cost in sub-fund currency}}{\text{Average sub-fund volume}} \times 100$$

(Basis: NSFA calculated daily *)

* NSFA = Net sub-fund assets.

The TER indicates the level of expenses charged to the individual sub-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 individual sub-funds. It shows the total amount of these costs as a percentage of the average individual sub-fund volumes in a financial year.

8.) 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 shares pays for as part of the issue price and the seller of shares receives as part of the redemption price.

25

9.) Current accounts (cash at banks and/or liabilities to banks) of the individual sub-funds

All of the individual sub-funds' 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 the relevant net sub-fund assets. Current accounts in foreign currencies, if applicable, are converted into the relevant sub-fund currency.

Interest is calculated on the basis of the terms of the relevant individual account.

10.) 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 sub-funds it manages. 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 sub-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.

Sub-fund: Ethna SICAV – AKTIV A **Risk management procedure applied**
absolute VaR

In the period from 3 February 2017 (the date of inception) 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 8.91 %, a maximum of 22.76 % and an average of 15.40 % 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 3 February 2017 (the date of inception) to 31 December 2017, the leverage effect had the following values:

Lowest leverage:	0.00 %
Highest leverage:	0.00 %
Median leverage:	0.00 % (0.00 %)
Calculation method:	Nominal value method (total of nominal values of all derivatives)

26 **Sub-fund:** Ethna SICAV – DEFENSIV A **Risk management procedure applied**
absolute VaR

In the period from 3 February 2017 (the date of inception) to 31 December 2017, the absolute VaR approach was used to monitor and measure the total risk associated with derivatives. An absolute value of 10 % was used for the internal limit.

The VaR figure in relation to this internal limit was a minimum of 5.19 %, a maximum of 27.26 % and an average of 9.90 % 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 3 February 2017 (the date of inception) to 31 December 2017, the leverage effect had the following values:

Lowest leverage:	0.00 %
Highest leverage:	0.00 %
Median leverage:	0.00 % (0.00 %)
Calculation method:	Nominal value method (total of nominal values of all derivatives)

Sub-fund: Ethna SICAV – DYNAMISCH A **Risk management procedure applied**
absolute VaR

In the period from 3 February 2017 (the date of inception) 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 16.84 %, a maximum of 69.80 % and an average of 23.49 % 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 3 February 2017 (the date of inception) to 31 December 2017, the leverage effect had the following values:

Lowest leverage:	0.00 %
Highest leverage:	0.00 %
Median leverage:	0.00 % (0.00 %)
Calculation method:	Nominal value method (total of nominal values of all derivatives)

11.) Significant events during the reporting period

Ethna SICAV was founded on 3 February 2017. The net asset value was calculated for the first time on 7 February 2017.

Updates and amendments were made to the Sales Prospectus that took effect on 30 July 2017. Furthermore, the registered office was relocated from 16, rue Gabriel Lippmann, L-5365 Munsbach to 4, rue Thomas Edison, L-1445 Strassen, Luxembourg.

The Sales Prospectus was updated with regards to the investment policy of the Ethna – AKTIV master UCITS with effect from 29 December 2017.

12.) Significant events after the period under review

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

13.) Master-feeder structure

The objective of the investment policy of Ethna SICAV, as the master UCITS of its three sub-funds that function as feeder UCITS, is to reflect the performance of the individual mono funds Ethna – Aktiv, Ethna – Defensiv and Ethna – Dynamisch, which are legally dependent investment funds in accordance with Chapter II of the Law of 17 December 2010 in the form of a mono fund. The individual sub-funds are therefore feeder UCITS as defined in Article 77 of the Law of 17 December 2010.

Aggregated expense and investment policy:

The fees for the master UCITS were established for the period from 1 January 2017 to 31 December 2017.

The fees for the feeder UCITS were established for the period from the date of their inception on 3 February 2017 to 31 December 2017.

Ethna SICAV – AKTIV A

Aggregated fees – Ethna – AKTIV (unit class A) master UCITS with Ethna SICAV – AKTIV A feeder UCITS

at 31 December 2017

	Master UCITS	Feeder UCITS	Aggregated
Management fee	-57,223,315.45	-240.65	-57,223,556.10
Taxe d'abonnement	-1,627,289.30	0.00	-1,627,289.30
Publication and audit expenses	-204,196.41	0.00	-204,196.41
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-102,890.52	-2,010.18	-104,900.70
Registrar and transfer agent fee	-72,534.96	0.00	-72,534.96
Government fees	-81,467.42	-2000.00	-83,467.42
Other expenses	-1,533,006.13	-849.49	-1,533,855.59
Total expense	-60,844,700.19	-5,100.32	-60,849,800.51
Aggregated fees in percent	1.81		

27

Share of the feeder UCITS in the master UCITS (0.01 %)

Investment policy of the Ethna – AKTIV master UCITS

In order to achieve the investment objective, the fund assets are invested in accordance with the principle of risk diversification in equities, fixed and variable-rate bonds, debt securities, convertible bonds and bonds with warrants into both securities and certificates. This includes precious metals and commodities certificates and index certificates, which track the performance of the relevant underlying instruments 1:1 and exclude physical delivery. Investments in these certificates may not exceed 20 % of net fund assets. The total exposure to equities, equity funds and equity-type securities may not exceed 49 % of net fund assets. No more than 10 % of the fund's assets may be invested in UCITS or other UCIs (target funds) and the fund is therefore eligible as a target fund. Dependent on the market situation and in the interests of unitholders, up to 100 % of fund assets may also be invested in time deposits, money market instruments and liquid assets including sight deposits.

Ethna SICAV – DEFENSIV A

Aggregated fees – Ethna – DEFENSIV (unit class A) master UCITS with Ethna SICAV – DEFENSIV A feeder UCITS

at 31 December 2017

	Master UCITS	Feeder UCITS	Aggregated
Management fee	-5,363,858.69	-233.08	-5,364,091.77
Taxe d'abonnement	-277,430.15	0.00	-277,430.15
Publication and audit expenses	-98,537.12	0.00	-98,537.12
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-19,515.36	-2,010.17	-21,525.53
Registrar and transfer agent fee	-12,018.42	0.00	-12,018.42
Government fees	-13,831.87	-2,000	-15,831.87
Other expenses	-336,451.84	-849.47	-337,301.31
Total expense	-6,121,643.45	-5,092.72	-6,126,736.17
Aggregated fees in percent	1.09		

Share of the feeder UCITS in the master UCITS (0.06 %)

Investment policy of the Ethna – DEFENSIV master UCITS

In order to achieve the investment objective, the fund assets are invested in accordance with the principle of risk diversification in the following: fixed and variable-rate bonds, convertible bonds and bonds with warrants into securities, participation certificates, bank bonds, index certificates on interest rates and bond indices, promissory note loans, credit linked notes and other fixed-interest securities (e.g. zero-coupon bonds) of international issuers in OECD countries. Investments may also be made in precious metals and commodities certificates and index certificates, which track the performance of the relevant underlying instruments 1:1 and exclude physical delivery. Investments in these certificates may not exceed 20 % of net fund assets. Fund assets may also be invested in high-yield government, convertible and corporate bonds in OECD countries. Derivatives such as futures or forward contracts may also be used to achieve the investment objective. Dependent on the market situation and in the interests of unitholders, up to 100 % of fund assets may also be invested in time deposits, money market instruments and liquid assets including sight deposits. Up to 10 % of the net fund assets may be invested in equities and equity-type securities. A maximum of 10 % of net fund assets may be invested in units of other UCITS and UCIs.

Ethna SICAV – DYNAMISCH A

Aggregated fees – Ethna – DYNAMISCH (unit class A) master UCITS with Ethna SICAV – DYNAMISCH A feeder UCITS at 31 December 2017

28

	Master UCITS	Feeder UCITS	Aggregated
Management fee	-981,684.40	-231.53	-981,915.93
Taxe d'abonnement	-28,480.66	0.00	-28,480.66
Publication and audit expenses	-23,416.20	0.00	-23,416.20
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-2,395.71	-2,010.17	-4,405.88
Registrar and transfer agent fee	-1,392.47	0.00	-1,392.47
Government fees	-3,769.30	2,000.00	-5,769.30
Other expenses	-42,982.55	-849.47	-43,832.02
Total expense	-1,084,121.29	- 5,091.17	- 1,089,212.46
Aggregated fees in percent	1.94		

Share of the feeder UCITS in the master UCITS (0.21 %)

Investment policy of the Ethna – DYNAMISCH master UCITS

In order to achieve the investment objective, the fund assets are invested in accordance with the principle of risk diversification, in open-ended equities, bonds and money market funds and exchange-traded funds (ETFs), and directly in equities, fixed and variable-rate bonds and money market instruments globally.

The fund may also invest in certificates qualifying as securities pursuant to the provisions of Article 41 (1) of the Law of 17 December 2010.

This includes precious metals and commodities certificates and index certificates, which track the performance of the relevant underlying instruments 1:1 and exclude physical delivery. Investments in these certificates may not exceed 20 % of net fund assets.

In principle, the exposure to equities, equity funds and equity-type securities may not exceed 70 % of net fund assets. Dependent upon the assessment of the economic and capital market environment, a better risk/return ratio can be achieved via a flexible mix of the various investment assets.

This provides investors with the possibility of participating in the potential growth of economies and capital markets.

14.) 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, so that a breakdown by 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.

15.) Transparency of securities 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 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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30 To the Shareholders of
Ethna-SICAV
4, rue Thomas Edison
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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-SICAV (“the Fund” or “the SICAV”) and its individual sub-funds, 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 period from 3 February 2017 to 31 December 2017; 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 and its individual sub-funds as of 31 December 2017 and of its earnings position for the period from 3 February 2017 to 31 December 2017, 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 Board of Directors of the SICAV 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. 31

Responsibility of the Board of Directors of the SICAV for the annual financial statements

The Board of Directors of the SICAV 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 SICAV 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 SICAV 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.

32 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 SICAV, 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 SICAV, 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, 22 March 2018

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

M. Wirtz-Bach

Administration, distribution and advisory

Investment Company:	Ethna SICAV 4, rue Thomas Edison L-1445 Strassen, Luxembourg	33
Board of Directors of the Investment Company:		
Chairman of the Board of Directors:	Frank Hauprich ETHENEA Independent Investors S.A.	
Directors:	Josiane Jennes ETHENEA Independent Investors S.A. Michael Borelbach IPConcept (Luxemburg) S.A.	
Management company:	ETHENEA Independent Investors S.A. 16, rue Gabriel Lippmann L-5365 Munsbach	
Managing directors of the management company:	Frank Hauprich Thomas Bernard Josiane Jennes	
Board of Directors of the Management Company (managing body):		
Chairman of the Board of Directors:	Luca Pesarini ETHENEA Independent Investors S.A.	
Directors:	Thomas Bernard ETHENEA Independent Investors S.A. Nikolaus Rummler IPConcept (Luxemburg) S.A. Arnoldo Valsangiacomo ETHENEA Independent Investors S.A.	

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Registrar and transfer agent, and central administration 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
Paying agent and information agent in Belgium:	CACEIS Belgium SA/NV Avenue du Port / Havenlaan 86C b 320 B-1000 Brussels
Auditors of the Investment Company and the Management Company:	KPMG Luxembourg, Société coopérative Cabinet de revision agréé 39, Avenue John F. Kennedy L-1855 LUXEMBOURG

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