

Ethna SICAV RCS B-212494

Annual report including audited financial statements
as of 31 December 2019

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)

R.C.S. Luxembourg B-155427



ETHENEIA

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The Sales Prospectus with integrated Articles of Association, 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:

“When we remember we are all mad, the mysteries disappear and life stands explained.”

(Mark Twain)

Dear investors,

Last year can be summed up in a single word: *mad*. Put simply, 2019 was a mad year. It was mad in almost all senses of the word: paradoxical, extraordinary, extreme, emotive and definitely also a bit crazy. These days more than a few people say the whole world has gone mad. But as mad and mysterious each individual part of the puzzle may seem in isolation, when pieced together the overall picture makes perfect sense. Let's take a look at the pieces and the overall picture that emerges when they are assembled.

2019 was *paradoxical*. At first glance, the spectacular performance of equity markets was not quite in keeping with the slackening real economy. At the end of 2018 the pace of growth was already poor in many sectors and regions of the world, with little change in 2019. The leading economic research institutes and organisations continually revised downwards their outlook for future economic growth across the globe. These adjustments were in line with the macroeconomic data, which painted a similarly gloomy picture of economies around the world. In addition, the political uncertainty everywhere did little to improve this situation. While there were no new conflicts in 2019 the two biggest flashpoints – Brexit and the trade war between the US and China – alone robbed many companies of the planning certainty that is so important to continued investment in the future.

2019 was *extraordinary*. The gains in many equity markets were a positive stand-out even in the historical context. How come equity markets were able to post such strong gains with the real economy being as it was? Firstly, just before the start of the year, in the fourth quarter of 2018, prices had plunged and investors had begun to price in a global recession. However, things didn't turn out as badly as expected, and the tendency was to muddle through, a scenario we heard much about. Secondly, hopes were raised at the turn of the year that central banks would again provide strong support; hopes that were fully realised in the course of the rest of the year. So, by the end of April equity markets had already recouped most of 2018's losses. Over the summer months, equity markets were in a volatile sideways trend, as the previous economic fears persisted, having been confirmed rather than allayed by weak economic data. It wasn't until autumn that equity markets came back around and the key market indices climbed to new highs for the year. This uptrend mainly came on the back of gradual improvements in leading indicators, record-low interest rates and the prospect of a resolution of the main economic conflicts. A not insignificant consequence of the fact that share prices rose sharply while corporate profits were stagnant was a significant rise in valuations. These will become one of the fresh challenges in 2020.

2019 was *extreme*. The central banks' continued dominance over markets led to bond market yields that even the most audacious market participants would scarcely have thought possible beforehand. No other figure expresses how extreme they were so much as the yield on 10-year German Bunds at the end of August 2019: -0.70 % was the annualised return that investors could “secure” for themselves if they bought a 10-year German Bund. At that point in time, approximately USD 17 trillion in bonds were yielding less than 0 % to maturity. Not just interest, but the yield on long-dated papers too eventually became non-existent, especially for EUR, JPY and CHF investors. This increasing scarcity of yield pushed up the prices of many asset classes. Thus, investors were able to make handsome returns in 2019 not just with equities, but also with bonds, real estate and gold.

2019 was *emotive*. Not only did political developments stir up the emotions of many people, but the dramatic impact of global climate change was also suddenly very much to the fore. With “Fridays for Future”, Greta, and natural disasters like the recent bushfires in Australia, the environmental aspects of our current way of life made the daily news. In the world of finance, ESG (Environmental, Social & Governance) criteria quickly became established. Although prudent investors had always considered environmental, social and governance aspects in their decision-making, the issue took centre stage in 2019. Tricky though the finer points may seem, at the end of the day ESG has the potential to actually make our mad world a better one. So, don't be surprised if the issue of sustainability plays a more prominent role in the Ethna funds too in the future.

2019 was *crazy* in many respects – but in this it was only leading into 2020. We won't be able to say with certainty until the beginning of 2021 whether the global economy will throw up a pleasant surprise as a result of new fiscal stimulus measures. Or whether equities will again make double-digit gains – as one could expect – for instance, from the US equity market based on empirical evidence. Perhaps the reason given for a continued bull run will be fresh records for negative interest rates, or maybe direct equity purchases by the central banks? If one were to focus these purchases on companies with strong ESG ratings, a Neuer Markt 2.0 could be the next big surprise. Things should remain interesting.

Sometimes the world seems to have gone off the rails. However, from the point of view of capital markets, much is following a strict pattern. Sure, we are in unfamiliar territory – in terms of the unconventional measures undertaken by the global central banks – but the drivers behind this development are easy to identify: the combination of high levels of debt and moderate growth is increasingly tying the hands of many governments. While the central banks initially only wanted to make time to introduce the necessary economic and social reforms after the global financial crisis of 2008/09, they are now trapped in their ultra-loose monetary policy. As of yet, there is no sign of them breaking this cycle and staying out. “Low for longer” is likely to remain the norm rather than the crazy exception for fixed income securities. In such an environment, most asset classes should be able to continue their structural upward trend – driven by rises in valuations, supported by a growing lack of alternatives and perhaps even stoked by an economic recovery.

4 Ethna-AKTIV:

As explained above, the capital markets threw up a few challenges and surprises in 2019. As a flexible multi-asset fund, the Ethna-AKTIV demonstrated its strengths in this environment and more than made up for the previous year’s losses.

Since it was to be expected at the beginning of the year that the economic environment would deteriorate and the full extent of central bank supports was not yet clear, the fund’s positioning was accordingly defensive. We initially thought the risk/return ratio of bonds was better than equities. Consequently, we began the year with a high proportion of long-dated corporate bonds and additionally extended duration in order to benefit from the anticipated falls in interest rates. Interest rates did actually fall over the course of the year, so the fund benefited on an ongoing basis into the third quarter. At the same time, thanks to this allocation, the fund benefited from the considerable narrowing of credit spreads both in Europe and in the US.

It was clear as early as the first quarter that a recession was not imminent despite the ongoing trade war between the US and the People’s Republic of China. Consequently, we successively increased the equity exposure. Nevertheless it remained necessary to actively manage the equity allocation due to the re-escalation of the trade conflict, and constantly to adapt it to the current market situation. For that reason, the equity portfolio was unable to contribute to fund performance until the end of the third quarter. It wasn’t until the fourth quarter, when it became clear that there would be agreement on Brexit and in the trade war, that the fund was able to significantly increase the equity exposure again and thus benefit from the risk-on environment in a sustained manner. The fact that bonds trended sideways in this period as a result did not have an effect on overall performance. Fund diversification functioned as expected, as the performance of equities made up for bonds’ lack thereof. As interest rates fell and with central banks resuming purchases on a large scale, gold also rallied strongly and the fund participated in this increase in value thanks to an increasing precious metal allocation.

The year 2019 showed plainly where the Ethna-AKTIV’s strengths lie. With its flexible allocation, it was well-positioned to take the opportunities that arose in various market phases and thus to deliver a sizeable result for the year.

Ethna-DEFENSIV:

The participation of Ethna-DEFENSIV, whose bond allocation was almost constantly around 90 %, in the very positive performance of the global bond markets was excellent in 2019. The bond portfolio had a medium to long duration. At the beginning of the year, due to the promising earnings outlook, we reduced the proportion of quasi-sovereigns and mortgage bonds and invested in high-quality corporate bonds. Thus the fund also benefited from the sharp falls in risk premia. When the yields on 10-year Bunds reached a low of -0.72 % at the end of August before climbing back up to approximately -0.20 % between then and the end of the year, the price of the fund did not escape unscathed. Despite slight losses over this period, the fund’s performance for the year was decent. In order to cushion the impact of this interest rate rise, in the final four months of 2019 the proportion of EUR-denominated bonds in the Ethna-DEFENSIV was reduced in favour of USD-denominated bonds. Further measures for the purposes of stabilising the fund performance and diversification involved building up a position in gold and expanding the currency position in Swiss francs. In addition, we slightly reduced the duration of the bond portfolio. In the coming months we will put greater focus on investments with a medium residual maturity. We also see an opportunity to benefit from yield curve effects. The medium maturity segment is in short supply and this should give these bonds extra support. Towards the end of the year we built up a position in the portfolio in Spanish sovereign bonds. Their good liquidity coupled with Spain’s improved credit rating, the ongoing yield differential versus German Bunds, and the ECB’s asset purchase programme are compelling reasons for investing in them. For the coming year 2020, we are confident that this diversified positioning and entry into equities will again deliver a positive performance for the year.

Ethna-DYNAMISCH:

The Ethna-DYNAMISCH benefited from the positive sentiment in capital markets in 2019 and ended the year with an all-time high performance. Nevertheless it must be said that 2019 was not an easy year overall for the fund. Performance was hampered initially by an overly low equity allocation and weak selection results. The low risk ratio at the beginning of the year was directly related to the economic concerns that mounted in the fourth quarter of 2018 and greatly lessened the extent of the previous stock market losses. That said, the fund's participation in the rapid equity market rally in the first few weeks of 2019 was below average as a result. At the same time, the bull run in equities was driven mainly by growth equities with high valuations, meaning that the Ethna-DYNAMISCH's value-heavy equity portfolio couldn't quite keep up with the market. In order to escape and stay out of the value trap, we made a comparatively simple but very effective change in our individual security selection process. Instead of first selecting the cheapest from the overall equity universe, and then selecting the best of them, as before, we now focus first on the best companies and only then on the best-priced equities. This is not least a reflection of one of Warren Buffett's central tenets: "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price." We made another improvement to the Ethna-DYNAMISCH in 2019, including at an overarching level: to enable us to exploit more upside potential in bullish phases as well as to utilise the potential of equities to a greater extent in view of the entrenched negative interest rate environment, the fund's previous cap of 70 % on equity investments was lifted as of 1 July 2019. Since then the Ethna-DYNAMISCH may invest up to 100 % in equities if need be. Both the stronger focus on companies and the immediate utilisation of a higher equity allocation put the fund back on a successful track in the second half of the year. Bonds, gold and foreign currencies played a secondary role in the portfolio in 2019, but each still made a positive contribution to the overall result. What we now have to do for 2020 is maintain the recent very positive momentum. The instruments and flexibility required to do so and a well-positioned portfolio as of the end of 2019/start of 2020 are in place and give us optimism for the future.

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 2020

The Fund Management on behalf of the Board of Directors of the Management Company

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

6 Composition of net fund assets

as of 31 December 2019

	EUR
Securities holdings (securities acquisition costs: EUR 27,725,514.26)	28,838,418.96
Cash at banks ¹⁾	17,074.42
Receivables from sales of shares	2,661.50
Receivables from securities transactions	20,726.56
	28,878,881.44
Share redemptions payable	-20,726.55
Interest liabilities	-19.51
Securities transactions payable	-2,661.46
Other liabilities and equity ²⁾	-1,185.84
	-24,593.36
Net fund assets	28,854,288.08

Change in net fund assets

in the period under review from 1 January 2019 to 31 December 2019

	EUR
Total net fund assets at the beginning of the period under review	29,881,796.33
Ordinary net income	10,243.64
Income and expense equalisation	132.31
Inflow of funds from sale of shares	1,626,167.87
Outflow of funds from redemption of shares	-5,452,852.25
Realised gains	1,474.25
Realised losses	-81,059.39
Net change in unrealised gains	1,118,851.46
Net change in unrealised losses	1,784,473.41
Distribution	-34,939.55
Total net fund assets at the end of the period under review	28,854,288.08

¹⁾ See notes to the Report.

²⁾ This item comprises management fees.

Statement of Operations

in the period under review from 1 January 2019 to 31 December 2019

	EUR
Income	
Income from investment units	29,670.51
Bank interest	-48.39
Income equalisation	-917.85
Total income	28,704.27
Expense	
Interest expense	-0.13
Management fee / fund management fee / investment adviser fee, if applicable	-14,646.64
Taxe d'abonnement	-3.11
Publication and audit expenses	-730.30
Registrar and transfer agent fee	-2,091.98
Other expenses ¹⁾	-1,774.01
Expense equalisation	785.54
Total expense	-18,460.63
Ordinary net income	10,243.64

¹⁾ This item mainly comprises general management costs and legal costs.

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

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Annual Report
1 January 2019 – 31 December 2019

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
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 ¹⁾	
Luxembourg	99.96 %
Securities holdings	99.96 %
Cash at banks ²⁾	0.05 %
Other receivables and payables (net)	-0.01 %
	100.00 %

Breakdown by economic sector ¹⁾	
Investment fund units	99.96 %
Securities holdings	99.96 %
Cash at banks ²⁾	0.05 %
Other receivables and payables (net)	-0.01 %
	100.00 %

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

²⁾ See notes to the Report.

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

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Change over the last 3 financial years

Date	Net Sub-fund assets in EUR millions	Outstanding shares	Net inflows in EUR thousands	Value per share EUR
31/12/2017	0.72	6,927	699.85	104.21
31/12/2018	28.85	298,709	29,936.39	96.57
31/12/2019	27.72	260,367	-3,836.38	106.47

Composition of net sub-fund assets

as of 31 December 2019

	EUR
Securities holdings (securities acquisition costs: EUR 26,634,358.81)	27,709,357.73
Cash at banks ¹⁾	13,239.99
Receivables from sales of shares	2,661.50
Receivables from securities transactions	20,726.56
	27,745,985.78
Share redemptions payable	-20,726.55
Interest liabilities	-13.12
Securities transactions payable	-2,661.46
Other liabilities and equity ²⁾	-1,139.28
	-24,540.41
Net sub-fund assets	27,721,445.37
Outstanding shares	260,366.970
Value per share	EUR 106.47

¹⁾ See notes to the Report.

²⁾ This item comprises management fees.

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Change in net sub-fund assets

in the period under review from 1 January 2019 to 31 December 2019

	EUR
Total net sub-fund assets at the beginning of the period under review	28,846,339.23
Ordinary net income	4,119.01
Income and expense equalisation	132.65
Inflow of funds from sale of shares	1,616,188.53
Outflow of funds from redemption of shares	-5,452,568.24
Realised gains	1,469.42
Realised losses	-80,566.67
Net change in unrealised gains	1,074,998.92
Net change in unrealised losses	1,738,552.44
Distribution	-27,219.92
Total net sub-fund assets at the end of the period under review	27,721,445.37

Change in number of shares in circulation

	Number
Shares in circulation at the beginning of the period under review	298,709.187
Shares issued	15,690.183
Shares redeemed	-54,032.400
Shares in circulation at end of period under review	260,366.970

Statement of Operations

of the sub-fund Ethna SICAV – AKTIV A

Statement of Operations

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in the period under review from 1 January 2019 to 31 December 2019

	EUR
Income	
Income from investment units	21,785.20
Bank interest	-36.46
Income equalisation	-930.38
Total income	20,818.36
Expense	
Management fee / fund management fee / investment adviser fee, if applicable	-14,096.37
Taxe d'abonnement	-2.34
Publication and audit expenses	-703.11
Registrar and transfer agent fee	-2,091.98
Other expenses ¹⁾	-603.28
Expense equalisation	797.73
Total expense	-16,699.35
Ordinary net income	4,119.01
Total transaction costs in the financial year ²⁾	0.10
Total expense ratio in per cent ²⁾	0.06
Ongoing charges in per cent ²⁾	1.92

¹⁾ This item comprises general management costs and legal costs.

²⁾ See notes to the Report.

Statement of net assets of the sub-fund

Ethna SICAV – AKTIV A as of 31 December 2019

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Statement of net assets as of 31 December 2019

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	9,121	40,085	208,325	133.0100	27,709,357.73	99.96
							27,709,357.73	99.96
Investment fund units ²⁾							27,709,357.73	99.96
Securities holdings							27,709,357.73	99.96
Cash at banks - current accounts ³⁾							13,239.99	0.05
Other receivables and payables (net)							-1,152.35	-0.01
Total net sub-fund assets in EUR							27,721,445.37	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.

³⁾ See notes to the Report.

Acquisitions and disposals of the sub-fund Ethna SICAV – AKTIV A from 1 January 2019 to 31 December 2019

Acquisitions and disposals from 1 January 2019 to 31 December 2019

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No other 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 2019, 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

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1 January 2019 – 31 December 2019

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
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 ¹⁾	
Luxembourg	99.64 %
Securities holdings	99.64 %
Cash at banks ²⁾	0.37 %
Other receivables and payables (net)	-0.01 %
	100.00 %

Breakdown by economic sector ¹⁾	
Investment fund units	99.64 %
Securities holdings	99.64 %
Cash at banks ²⁾	0.37 %
Other receivables and payables (net)	-0.01 %
	100.00 %

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

²⁾ See notes to the Report.

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

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Change over the last 3 financial years

Date	Net Sub-fund assets in EUR millions	Outstanding shares	Net inflows in EUR thousands	Value per share EUR
31/12/2017	0.57	5,612	562.07	101.29
31/12/2018	0.48	5,018	-56.57	95.01
31/12/2019	0.50	5,018	0.00	100.40

Composition of net sub-fund assets

as of 31 December 2019

	EUR
Securities holdings (securities acquisition costs: EUR 507,930.86)	501,984.10
Cash at banks ¹⁾	1,851.24
	503,835.34
Interest liabilities	-3.08
Other liabilities and equity ²⁾	-20.71
	-23.79
Net sub-fund assets	503,811.55
Outstanding shares	5,018.000
Value per share	EUR 100.40

¹⁾ See notes to the Report.

²⁾ This item comprises management fees.

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Change in net sub-fund assets

in the period under review from 1 January 2019 to 31 December 2019

	EUR
Total net sub-fund assets at the beginning of the period under review	476,776.23
Ordinary net income	6,280.75
Realised losses	-492.72
Net change in unrealised gains	0.00
Net change in unrealised losses	28,398.94
Distribution	-7,151.65
Total net sub-fund assets at the end of the period under review	503,811.55

Change in number of shares in circulation

	Number
Shares in circulation at the beginning of the period under review	5,018.000
Shares issued	0.000
Shares redeemed	0.000
Shares in circulation at end of period under review	5,018.000

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

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Statement of Operations

in the period under review from 1 January 2019 to 31 December 2019

	EUR
Income	
Income from investment units	7,135.71
Bank interest	-5.11
Total income	7,130.60
Expense	
Interest expense	-0.13
Management fee / fund management fee / investment adviser fee, if applicable	-251.47
Taxe d'abonnement	-0.34
Publication and audit expenses	-12.57
Other expenses ¹⁾	-585.34
Total expense	-849.85
Ordinary net income	6,280.75
Total transaction costs in the financial year²⁾	-
Total expense ratio in per cent²⁾	0.17
Ongoing charges in per cent²⁾	1.31

¹⁾ This item comprises general management costs and legal costs.

²⁾ See notes to the Report.

Statement of net assets of the sub-fund

Ethna SICAV – DEFENSIV A as of 31 December 2019

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Statement of net assets as of 31 December 2019

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								
LU0279509904	Ethna – DEFENSIV A	EUR	55	75	3,726	134.7200	501,984.10	99.64
							501,984.10	99.64
Investment fund units ²⁾							501,984.10	99.64
Securities holdings							501,984.10	99.64
Cash at banks - current accounts ³⁾							1,851.24	0.37
Other receivables and payables (net)							-23.79	-0.01
Total net sub-fund assets in EUR							503,811.55	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 depository and paying agents free of charge.

³⁾ See notes to the Report.

Acquisitions and disposals of the sub-fund Ethna SICAV - DEFENSIV A from 1 January 2019 to 31 December 2019

Acquisitions and disposals from 1 January 2019 to 31 December 2019

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No other 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 2019, 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

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Annual Report
1 January 2019 – 31 December 2019

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
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 ¹⁾	
Luxembourg	99.69 %
Securities holdings	99.69 %
Cash at banks ²⁾	0.32 %
Other receivables and payables (net)	-0.01 %
	100.00 %

Breakdown by economic sector ¹⁾	
Investment fund units	99.69 %
Securities holdings	99.69 %
Cash at banks ²⁾	0.32 %
Other receivables and payables (net)	-0.01 %
	100.00 %

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

²⁾ See notes to the Report.

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

Change over the last 3 financial years

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Date	Net Sub-fund assets in EUR millions	Outstanding shares	Net inflows in EUR thousands	Value per share EUR
31/12/2017	0.53	5,017	501.82	106.56
31/12/2018	0.56	5,680	70.35	98.36
31/12/2019	0.63	5,775	9.70	108.92

Composition of net sub-fund assets

as of 31 December 2019

	EUR
Securities holdings (securities acquisition costs: EUR 583,224.59)	627,077.13
Cash at banks ¹⁾	1,983.19
	629,060.32
Interest liabilities	-3.31
Other liabilities and equity ²⁾	-25.85
	-29.16
Net sub-fund assets	629,031.16
Outstanding shares	5,775.055
Value per share	EUR 108.92

¹⁾ See notes to the Report.

²⁾ This item comprises management fees.

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Change in net sub-fund assets

in the period under review from 1 January 2019 to 31 December 2019

	EUR
Total net sub-fund assets at the beginning of the period under review	558,680.87
Ordinary net expenditure	-156.12
Income and expense equalisation	-0.34
Inflow of funds from sale of shares	9,979.34
Outflow of funds from redemption of shares	-284.01
Realised gains	4.83
Net change in unrealised gains	43,852.54
Net change in unrealised losses	17,522.03
Distribution	-567.98
Total net sub-fund assets at the end of the period under review	629,031.16

Change in number of shares in circulation

	Number
Shares in circulation at the beginning of the period under review	5,679.831
Shares issued	98.000
Shares redeemed	-2.776
Shares in circulation at end of period under review	5,775.055

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

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Statement of Operations

in the period under review from 1 January 2019 to 31 December 2019

	EUR
Income	
Income from investment units	749.60
Bank interest	-6.82
Income equalisation	12.53
Total income	755.31
Expense	
Management fee / fund management fee / investment adviser fee, if applicable	-298.80
Taxe d'abonnement	-0.43
Publication and audit expenses	-14.62
Other expenses ¹⁾	-585.39
Expense equalisation	-12.19
Total expense	-911.43
Ordinary net expenditure	-156.12
Total transaction costs in the financial year ²⁾	-
Total expense ratio in per cent ²⁾	0.15
Ongoing charges in per cent ²⁾	2.17

¹⁾ This item comprises general management costs and legal costs.

²⁾ See notes to the Report.

Statement of net assets of the sub-fund

Ethna SICAV – DYNAMISCH A as of 31 December 2019

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Statement of net assets as of 31 December 2019

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	139	45	7,603	82.4800	627,077.13	99.69
							627,077.13	99.69
Investment fund units ²⁾							627,077.13	99.69
Securities holdings							627,077.13	99.69
Cash at banks - current accounts ³⁾							1,983.19	0.32
Other receivables and payables (net)							-29.16	-0.01
Total net sub-fund assets in EUR							629,031.16	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.

³⁾ See notes to the Report.

Acquisitions and disposals of the sub-fund Ethna SICAV – DYNAMISCH A from 1 January 2019 to 31 December 2019

Acquisitions and disposals from 1 January 2019 to 31 December 2019

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No other 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 2019, assets existed exclusively in the sub-fund currency of the euro.



26 Notes to the Annual Report as of 31 December 2019

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 4, rue Thomas Edison L-1445 Strassen, Luxembourg. The company was founded on 3 February 2017 for an indefinite period in the form of an umbrella fund. Its Articles of Association 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 on undertakings for collective investment, as amended (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 Document 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 annual 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 investment company'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, 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 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

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Taxation of the investment company

The company assets are subject to a tax in the Grand Duchy of Luxembourg, the *taxe d'abonnement*, currently 0.05 % p.a., or 0.01 % p.a. for the sub-funds or share classes that issue shares 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

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.

4.) Appropriation of income

Further information on the appropriation 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 relevant sub-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 *taxe d'abonnement*, all other costs are included, with the exception of transaction costs incurred by the respective sub-fund. 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.

9.) Risk management (unaudited)

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 (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. 29

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 sub-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 sub-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 1 January 2019 to 31 December 2019, 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 10.85 %, a maximum of 32.75 % and an average of 22.46 % over the period in question. The VaR was calculated using a (parametric) variance-covariance approach, applying the calculation standard of a one-sided confidence interval of 99 %, a holding period of 20 days and a (historical) observation period of 252 trading days.

In the period from 1 January 2019 to 31 December 2019, 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 – DEFENSIV A

Risk management procedure applied

absolute VaR

In the period from 1 January 2019 to 31 December 2019, 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 7.90 %, a maximum of 41.33 % and an average of 21.99 % over the period in question. The VaR was calculated using a (parametric) variance-covariance approach, applying the calculation standard of a one-sided confidence interval of 99 %, a holding period of 20 days and a (historical) observation period of 252 trading days.

In the period from 1 January 2019 to 31 December 2019, 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:	Risk management procedure applied
Ethna SICAV – DYNAMISCH A	absolute VaR

30 In the period from 1 January 2019 to 31 December 2019, 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 16.81 %, a maximum of 44.72 % and an average of 30.30 % over the period in question. The VaR was calculated using a (parametric) variance-covariance approach, applying the calculation standard of a one-sided confidence interval of 99 %, a holding period of 20 days and a (historical) observation period of 252 trading days.

In the period from 1 January 2019 to 31 December 2019, 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)

10.) Significant events during the period under review

With effect from 10 July 2019, the decision to change auditor from KPMG Luxembourg to Ernst & Young Luxembourg was made in an extraordinary general meeting.

The Sales Prospectus was updated with effect from 1 July 2019. The following amendments were made:

- Change in investment policy: The limitation of equity exposure in Ethna-Dynamisch to 70 % has been removed.
- General editorial changes

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

11.) Significant events after the period under review

The Sales Prospectus was updated with effect from 1 January 2020. The following amendments were made:

- Alignments to template and editorial changes
- The calculation basis for fees was changed for all funds from month-end to average for the month.
- The change of auditor from KPMG Luxembourg, which had already occurred, was noted in the prospectus.

Information regarding the COVID-19 pandemic

On 11 March 2020, the World Health Organization (WHO) declared a global pandemic as a result of the spread of the coronavirus (COVID-19).

This is the first time this has happened since the outbreak of the H1N1 virus over 10 years ago in 2009/2010.

The pandemic that started in China at the end of December 2019 is first and foremost a humanitarian catastrophe. However, since the imposition of extensive lockdowns worldwide from March 2020, it is also having a significant impact on the global economy. Record daily falls in practically all major indices in March 2020 are just one sign of this, alongside many others.

As such, developments as a result of the COVID-19 outbreak also have a concrete impact on the performance of the sub-fund:

1. The crisis management implemented by all of the fund's counterparties means that its daily operations can be maintained. All of the fund's service providers (including the management company, central administration, depositary, registrar and transfer agent, paying agent and fund manager) are in a position to continue with the provision of the same fund management services, thanks to the potential for full server-based homeworking. This guarantees the unrestricted continuation of fund management activities in the event of the introduction of full curfews, border closures or other extensive measures, which is not yet the case in Luxembourg as of the date of the audit opinion. All of the fund's counterparties have adequate staff to continue to fulfil their contractual duties, even in the event of the spread of COVID-19 and related staff absences due to employees contracting the illness. All employees in each team have adequate training to be able to take over the duties of any other team members who may be absent due to illness.

2. The fund management company is responsible for the risk management of the sub-fund. In this context, ETHENEA Independent Investors S.A. has introduced a range of measures, including closer scrutiny of unit transactions, in particular, in order to identify any significant redemptions and take the necessary action. Although the sub-fund generally consists of assets that can be liquidated on a short-term basis, there is a risk that significant redemptions could not be met during the extreme market conditions prevailing during the crisis. The management company or the Board of Directors of the SICAV can suspend unit transactions if such a situation regarding redemptions appears likely. Should redemptions occur at such a level that liquidation of the sub-fund and therefore the fund becomes an issue for consideration, the management company or the Board of Directors of the SICAV will take the appropriate measures to ensure that all investors in the sub-funds are treated equally.

As of the date of the audit opinion, neither the level of redemptions nor any other indicators provide grounds to doubt the ability of the sub-fund to continue with its activities. Unit transactions in the sub-fund are not and have not been suspended.

3. Information regarding the most recent market trends for the sub-fund are available upon request, and on the website of the management company: www.ethenea.com. All investors will be informed in good time of any further events to explain the most recent market trends for the sub-fund. Furthermore, any documentation connected to such events will subsequently be available upon request from the management company.

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

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12.) 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:

Ethna SICAV – AKTIV A

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

as of 31 December 2019

Aggregated fees

as of 31 December 2019

	Pro-rata expenses of the master UCITS	Expenses of the feeder UCITS	Aggregated expenses
Interest expense	-8,089.53	0.00	-8,089.53
Management fee	-35,160,838.09	-14,096.37	-35,174,934.46
Taxe d'abonnement	-1,007,141.11	-2.34	-1,007,143.45
Publication and audit expenses	-179,112.49	-703.11	-179,815.60
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-33,429.77	0.00	-33,429.77
Registrar and transfer agent fee	-45,547.42	-2,091.98	-47,639.40
Government fees	-46,379.45	0.00	-46,379.45
Other expenses	-1,483,094.56	-603.28	-1,483,697.84
Expense equalisation	6,257,279.69	797.73	6,258,077.42
Total expense	4,524,680.30	-16,699.35	4,507,980.95

Percentage share of the expenses of the
feeder UCITS in the aggregated expenses

0.37

Master fund (unit class)	Feeder fund	Currency	Total aggregated fees	Percentage share of the feeder UCITS of the master UCITS
Ethna – AKTIV A LU0136412771	Ethna SICAV – AKTIV A	EUR	4,507,980.95	1.53 %

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
as of 31 December 2019

Aggregated fees

as of 31 December 2019

	Pro-rata expenses of the master UCITS	Expenses of the feeder UCITS	Aggregated expenses
Interest expense	-2,103.03	-0.13	-2,103.16
Management fee	-2,017,031.58	-251.47	-2,017,283.05
Taxe d'abonnement	-102,888.20	-0.34	-102,888.54
Publication and audit expenses	-37,983.66	-12.57	-37,996.23
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-4,944.76	0.00	-4,944.76
Registrar and transfer agent fee	-5,514.73	0.00	-5,514.73
Government fees	-11,020.20	0.00	-11,020.20
Other expenses	-171,460.39	-585.34	-172,045.73
Expense equalisation	385,518.97	0.00	385,518.97
Total expense	-1,967,427.58	-849.85	-1,968,277.43

**Percentage share of the expenses of the
feeder UCITS in the aggregated expenses**

0.04

Master fund (unit class)	Feeder fund	Currency	Total aggregated fees	Percentage share of the feeder UCITS of the master UCITS
Ethna - DEFENSIV A (LU0279509904)	Ethna SICAV – DEFENSIV A	EUR	-1,968,277.43	0.28 %

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

Aggregated fees

as of 31 December 2019

	Pro-rata expenses of the master UCITS	Expenses of the feeder UCITS	Aggregated expenses
Interest expense	-210.26	0.00	-210.26
Management fee	-781,141.39	-298.80	-781,440.19
Taxe d'abonnement	-21,556.54	-0.43	-21,556.97
Publication and audit expenses	-12,056.98	-14.62	-12,071.60
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-2,969.51	0.00	-2,969.51
Registrar and transfer agent fee	-975.12	0.00	-975.12
Government fees	-4,868.52	0.00	-4,868.52
Other expenses	-74,682.19	-585.39	-75,267.58
Expense equalisation	157,790.29	-12.19	157,778.10
Total expense	-740,670.22	-911.43	-741,581.65

**Percentage share of the expenses of the
feeder UCITS in the aggregated expenses**

0.12

Master fund (unit class)	Feeder fund	Currency	Total aggregated fees	Percentage share of the feeder UCITS in the master UCITS
Ethna – DYNAMISCH A (LU0455734433)	Ethna SICAV – DYNAMISCH A	EUR	-741,581.65	1.60 %

Investment policy of the Ethna – DYNAMISCH master UCITS

The master UCITS is a balanced fund that continuously invests at least 25% of its fund assets in equities.

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.

The total exposure to equities, equity funds and equity-type securities may be up to 100 % of the net assets of the master UCITS. 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.

13.) 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. Since the audited figures for fees for the 2019 financial year are not in yet, the fees for the 2018 financial year are shown at the moment. There were no noteworthy changes as a result of the annual review of the fee policy.

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.

14.) Transparency of securities transactions and their reuse (unaudited)

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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

To the Shareholders of
Ethna SICAV
4, rue Thomas Edison
L-1445 Strassen, Luxembourg

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Audit opinion

We have audited the annual financial statements of Ethna SICAV (“the fund”) and of each of its sub-funds, consisting of the composition of net sub-fund assets as of 31 December 2019, changes in net sub-fund assets as well as the statement of operations for the financial year ending on that date; and 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 and of each of its sub-funds as of 31 December 2019 and of the earnings position and change in net sub-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 the Law of 23 July 2016 and the ISAs 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.

Other

The financial statements of Ethna SICAV for the financial year ended on 31 December 2018 were audited by a different auditor, which issued an unqualified audit report on 21 March 2019.

Additional information

The 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.

- 36 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 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 the Board of Directors deems necessary in order to ensure that annual financial statements are prepared which are free of material misstatement – whether due to error or fraud.

In preparing the annual financial statements, the Board of Directors is responsible for assessing the ability of the fund and each of its sub-funds 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 intends to liquidate the fund or one of its sub-funds, 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: 37

- 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, accounting estimates and corresponding notes.
- We reach a conclusion on the appropriateness of the application of the going concern accounting principle by the Board of Directors, 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 ability of the fund or one of its sub-funds 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 events or circumstances may result in the fund or one of its sub-funds 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 notes, 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, 29 April 2020

Ernst & Young
Société anonyme
Cabinet de révision agréé

Nadia Faber

Administration, distribution and advisory

38	Investment company:	Ethna SICAV 4, rue Thomas Edison L-1445 Strassen, Luxembourg
	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 (until 27 May 2019) IPConcept (Luxemburg) S.A. Michael Molter (since 27 May 2019) 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.

Depository:

DZ PRIVATBANK S.A.

4, rue Thomas Edison
L-1445 Strassen, Luxembourg

**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:**

Ernst & Young S.A

35E, Avenue John F. Kennedy
L-1855 Luxembourg

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