



HESPER FUND

R.C.S. Luxembourg B 234859

Annual Report for the period from
1 January 2020 to 31 December 2020

Investment fund under Luxembourg law

Luxembourg investment fund pursuant to Part I of the 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 234859.



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The Sales Prospectus with integrated management regulations, the key investor information document and the fund’s Annual Report are available free of charge by post, fax or e-mail at the registered office of the investment company, or from the depositary, paying agent, distributor and the representative in Switzerland. Additional information is available from the management 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.

Business developments

The report of the Fund Manager on behalf of the Board of Directors of the Management Company:

Dear Investors,

2020 will be remembered as the year of the COVID-19 pandemic, which has touched the lives of everybody on this planet and caused much suffering worldwide. From an economic point of view, it will be remembered as the year of the lockdown, which caused the global economy considerable damage. Never before did the modern globalised world have to deal with a crisis of this nature, a large-scale health emergency combined with a far-reaching negative shock that affected both demand and supply; a shock that primarily resulted from the measures that were taken to protect lives, contain the pandemic and enable public health systems all around the world to cope with it. But widespread factory closures interrupted supply chains, while job losses and containment measures reduced overall demand, especially in the services sector.

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Political decision-makers were quick to respond with unprecedented monetary and fiscal stimuli to tackle the worst economic crisis since the Great Depression. Global fiscal support along with extremely supportive monetary policy – a combination of interest rate cuts, asset purchase programmes and liquidity injections – were a significant factor in preventing the current crisis from developing into an economic depression.

The HESPER FUND – Global Solutions started 2020 in a bullish mood after a ceasefire was agreed in the trade conflict between the US and China and thanks to the accommodative stance of central banks all over the world. The fund began the year with a net equity allocation of 60 %. In addition, the HESPER FUND – Global Solutions portfolio had a USD exposure due to the favourable interest differential and better growth prospects for the US economy. However, the outbreak and spread of a novel coronavirus in China brought about a shift in sentiment. Initial concerns about the outbreak did not last long, however, and most equity markets recovered by mid-February 2020. However, at an early stage, the HESPER FUND – Global Solutions began to reduce its exposure to less liquid corporate bonds in order to prepare for the eventuality of a bigger crisis. The day of reckoning came when the virus began to spread in Europe. Once the lockdowns were introduced, they took a heavy toll on the global economy and the markets fell. In a very short time, equity markets fell between 30 % and 40 % from their previous highs and the corporate bond markets were severely impacted. The situation presented a good opportunity to test the agility of the HESPER FUND – Global Solutions First, the fund very swiftly went from a net long position in equities to a net short position. In the meantime, the fund increased its cash position to one third of the portfolio and extended the duration of its exposure to the US Treasury market. The upshot was that the HESPER FUND – Global Solutions did not lose any money during the historic meltdown of March 2020. US Treasuries, gold certificates and equity futures were the instruments used to protect the fund's assets.

When countries began to release funds in the second half of 2020, a wave of liquidity inundated the financial markets, bringing with it 0 % interest rates for almost all developed markets. Risk assets recovered gradually, albeit at different rates. Equities recovered well while corporate bonds took longer to return to their pre-pandemic levels. As expected, the US reacted faster and more strongly than Europe. However, on this occasion Europe also reacted swiftly and, in solidarity with its heads of state and government, agreed in July 2020 a EUR 750 billion economic stimulus and recovery fund. Agreement on this facility is an important step towards fiscal integration and was the catalyst for strengthening the euro. The HESPER FUND – Global Solutions reacted to these developments by increasing its equity allocation, reducing the USD exposure and building up a position in high yield US corporate bonds.

In expectation of a global cyclical recovery, underpinned by a sharp, steady fall in interest rates and continued fiscal support, the HESPER FUND – Global Solutions cautiously began to increase its exposure to other risk assets, such as commodities and emerging market equities. Out of concern about further waves of COVID-19 infection, the HESPER FUND – Global Solutions also held an exposure to long-dated US securities for some time. In view of the poor state of the UK economy and the strong possibility that the bilateral trade deal with the EU would ultimately be unfavourable for them, the fund bet against the GBP on multiple occasions and sometimes against the NOK and the CHF.

Europe and the US were hit particularly hard by the second wave of COVID-19 infections and this led to greater volatility in the months of September and October 2020. However, the promise of additional fiscal and monetary stimulus around the globe, the election of Joe Biden as President of the US and the positive news about the development of effective COVID-19 vaccines drove equity markets to fresh highs in November and December 2020. The news on the vaccine front also triggered a robust rotation into both cyclical equities and the regions that had been most affected by the pandemic. The HESPER FUND – Global Solutions increased its exposure to the old economy and domestic equities that could benefit from further fiscal support and from the cyclical recovery.

For 2021, we expect the global economy to recover from the deep recession of 2020. Economic growth will be underpinned by a continuation of the coordinated expansionary monetary and fiscal policy and by the rollout of COVID-19 vaccines. However, the recovery will be precarious and unevenly spread across sectors and regions. The HESPER FUND – Global Solutions began 2021 with a bullish positioning in that its equity exposure was more than 60 %. The fund is predominantly exposed to countries we expect to be best positioned to control the pandemic and to emerge from it sooner (such as Asia and China), countries with the fiscal scope to support their economies (such as Germany and Switzerland), and dynamic and flexible economies that can recover from the crisis quicker (such as the US).

We assume that inflation will remain below central banks' target levels for some time yet, and we will probably have a prolonged period of expansionary central bank policy. The successful rollout of effective vaccines against the coronavirus will play a crucial role in lessening uncertainties on the road to economic recovery and in supporting the financial markets.

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We also expect sovereign bond yields to increase from the very low levels they reached in the past year since the crisis. Given the low rate of inflation, the still-precarious recovery and the high level of debt, central banks will, however, stick with their expansionary programmes and will be very patient before raising interest rates in order to avoid higher yields that could prematurely halt the recovery. For that reason, we only expect a moderate steepening of yield curves in the advanced economies.

The biggest risks for this optimistic baseline scenario are 1) the evolution of the COVID-19 pandemic, 2) the premature withdrawal of political support before the economy recovery has firmly taken hold, 3) excessive risk-taking by financial institutions and market participants that could increase the risks for financial stability, and 4) social and geopolitical risks.

Munsbach, January 2021

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

Geographical breakdown by country of HESPER FUND – GLOBAL SOLUTIONS

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1 January 2020 – 31 December 2020

The Management Company is entitled to create share classes that confer different rights depending on the shares. Currently the following share classes exist with these structural features:

	Share class T-10 EUR	Share class A-6 CHF	Share class T-6 EUR	Share class T-6 CHF
Security identification no.:	A2PEEF	A2PED7	A2PED9	A2PEEA
ISIN:	LU1931800350	LU1931803297	LU1931806399	LU1931808338
Subscription fee:	up to 3.00 %	up to 3.00 %	up to 3.00 %	up to 3.00 %
Redemption fee:	none	none	none	none
Management fee:	up to 0.10 % p.a. at least EUR 30,000.00 p.a. for the sub-fund	up to 0.10 % p.a. at least EUR 30,000.00 p.a. for the sub-fund	up to 0.10 % p.a. at least EUR 30,000.00 p.a. for the sub-fund	up to 0.10 % p.a. at least EUR 30,000.00 p.a. for the sub-fund
Minimum subsequent investment:	none	none	none	none
Dividend policy:	reinvested	distributed	reinvested	reinvested
Currency:	EUR	CHF	EUR	CHF

Geographical breakdown by country ¹⁾

Ireland	23.88 %
United States of America	19.80 %
Luxembourg	15.33 %
Germany	12.35 %
Italy	9.50 %
Switzerland	3.10 %
Canada	2.52 %
Panama	1.63 %
Norway	1.21 %
Netherlands	0.92 %
Securities holdings	90.24 %
Futures contracts	0.04 %
Cash at banks ²⁾	9.73 %
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.

Breakdown by economic sector ¹⁾	
Investment fund units	48.37 %
Miscellaneous	9.50 %
Diversified financial services	6.16 %
Raw materials and supplies	4.44 %
Software and services	3.37 %
Capital goods	3.32 %
Automobiles and components	3.04 %
Hardware and equipment	2.33 %
Insurance	1.92 %
Wholesale and retail	1.68 %
Consumer services	1.63 %
Government bonds	1.21 %
Food, drink & tobacco	1.18 %
Semiconductors & equipment for semiconductor production	0.89 %
Utilities	0.57 %
Energy	0.35 %
Pharmaceuticals, biotechnology and biosciences	0.28 %
Securities holdings	90.24 %
Futures contracts	0.04 %
Cash at banks ²⁾	9.73 %
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.

Change since inception

Share class T-10 EUR

Date	Net sub-fund assets in EUR millions	Outstanding shares	Net inflows in EUR thousands	Value per share EUR
30/07/2019	inception	-	-	100.00
31/12/2019	0.84	8,192	790.35	102.04
31/12/2020	2.05	18,903	1,152.71	108.50

Share class A-6 CHF

Date	Net sub-fund assets in EUR millions	Outstanding shares	Net inflows in EUR thousands	Value per share EUR	Value per share CHF
23/12/2019	inception	-	-	91.89	100.00 ¹⁾
31/12/2019	0.77	8,320	765.16	92.17	100.38 ²⁾
31/12/2020	0.10	1,000	-699.33	97.98	106.13 ³⁾

Share class T-6 EUR

Date	Net sub-fund assets in EUR millions	Outstanding shares	Net inflows in EUR thousands	Value per share EUR
14/06/2019	inception	-	-	100.00
31/12/2019	20.09	193,250	19,343.35	103.96
31/12/2020	8.68	78,178	-12,000.65	110.98

Share class T-6 CHF

Date	Net sub-fund assets in EUR millions	Outstanding shares	Net inflows in EUR thousands	Value per share EUR	Value per share CHF
06/02/2020	inception	-	-	93.42	100.00 ⁴⁾
31/12/2020	21.83	226,322	21,186.63	96.48	104.51 ³⁾

¹⁾ converted at the foreign exchange rate into EUR as of 23 December 2019: EUR 1 = CHF 1.0882

²⁾ converted at the foreign exchange rate into EUR as of 31 December 2019: EUR 1 = CHF 1.0891

³⁾ converted at the foreign exchange rate into EUR as of 31 December 2020: EUR 1 = CHF 1.0832

⁴⁾ converted at the foreign exchange rate into EUR as of 6 February 2020: EUR 1 = CHF 1.0704

Composition of net sub-fund assets of HESPER FUND – GLOBAL SOLUTIONS

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Composition of net sub-fund assets

as of 31 December 2020

	EUR
Securities holdings (securities acquisition costs: EUR 28,231,607.12)	29,477,713.44
Cash at banks ¹⁾	3,176,406.27
Unrealised gains on futures contracts	16,250.84
Unrealised gains on forward foreign exchange contracts	29,628.42
Interest receivable	80,620.29
Receivables from sales of shares	19,158.05
Other assets ²⁾	22,398.24
	32,822,175.55
Other liabilities and equity ³⁾	-162,760.10
	-162,760.10
Net sub-fund assets	32,659,415.45

¹⁾ See notes to the Report.

²⁾ This item includes capitalised incorporation costs.

³⁾ This item mainly comprises the provision for performance and fund management fees.

Allocation among share classes

Share class T-10 EUR	
Pro rata net sub-fund assets	EUR 2,050,956.41
Outstanding shares	18,903.000
Value per share	EUR 108.50

Share class A-6 CHF	
Pro rata net sub-fund assets	EUR 97,983.47
Outstanding shares	1,000.000
Value per share	EUR 97.98
Value per share	CHF 106.13 ¹⁾

Share class T-6 EUR	
Pro rata net sub-fund assets	EUR 8,676,085.77
Outstanding shares	78,177.926
Value per share	EUR 110.98

Share class T-6 CHF	
Pro rata net sub-fund assets	EUR 21,834,389.80
Outstanding shares	226,321.615
Value per share	EUR 96.48
Value per share	CHF 104.51 ¹⁾

¹⁾ Converted at the foreign exchange rate into EUR as of 31 December 2020: EUR 1 = CHF 1.0832

Change in net sub-fund assets

in the period under review from 1 January 2020 to 31 December 2020

	Total EUR	Share class T-10 EUR EUR	Share class A-6 CHF EUR	Share class T-6 EUR EUR
Total net sub-fund assets at the beginning of the period under review	21,692,555.25	835,876.42	766,868.37	20,089,810.46
Ordinary net expenditure	-201,410.53	-23,870.41	-1,539.30	-67,707.93
Income and expense equalisation	23,844.12	10,346.13	-430.75	-2,433.91
Inflow of funds from sale of shares	26,968,555.27	1,229,904.20	95,536.38	2,852,889.26
Outflow of funds from redemption of shares	-17,329,191.14	-77,192.31	-794,862.72	-14,853,543.40
Realised gains	7,345,103.80	303,586.84	59,460.39	2,036,881.37
Realised losses	-6,311,192.93	-253,254.57	-39,800.83	-1,695,720.76
Net change in unrealised gains	1,016,047.02	40,597.82	17,529.17	504,746.79
Net change in unrealised losses	-544,895.41	-15,037.71	-4,777.24	-188,836.11
Total net sub-fund assets at the end of the period under review	32,659,415.45	2,050,956.41	97,983.47	8,676,085.77

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	Share class T-6 CHF EUR
Total net sub-fund assets at the beginning of the period under review	0.00
Ordinary net expenditure	-108,292.89
Income and expense equalisation	16,362.65
Inflow of funds from sale of shares	22,790,225.43
Outflow of funds from redemption of shares	-1,603,592.71
Realised gains	4,945,175.20
Realised losses	-4,322,416.77
Net change in unrealised gains	453,173.24
Net change in unrealised losses	-336,244.35
Total net sub-fund assets at the end of the period under review	21,834,389.80

Change in number of shares in circulation

	Share class T-10 EUR Number	Share class A-6 CHF Number	Share class T-6 EUR Number	Share class T-6 CHF Number
Shares in circulation at the beginning of the period under review	8,192.000	8,320.000	193,249.926	0.000
Shares issued	11,450.000	1,000.000	26,108.000	243,589.615
Shares redeemed	-739.000	-8,320.000	-141,180.000	-17,268.000
Shares in circulation at end of period under review	18,903.000	1,000.000	78,177.926	226,321.615

Statement of operations of HESPER FUND – GLOBAL SOLUTIONS

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Statement of operations

in the period under review from 1 January 2020 to 31 December 2020

	Total EUR	Share class T-10 EUR EUR	Share class A-6 CHF EUR	Share class T-6 EUR EUR
Income				
Dividends	17,829.38	710.67	70.48	4,670.67
Income from investment units	5,444.61	317.22	16.93	1,409.89
Interest on bonds	271,389.75	12,739.98	1,681.77	84,834.02
Bank interest	-23,130.88	-1,043.20	-101.59	-6,318.48
Other income	2,591.50	108.40	8.30	663.79
Income equalisation	28,610.33	7,193.74	-707.39	-714.61
Total income	302,734.69	20,026.81	968.50	84,545.28
Expense				
Interest expense	-1,175.11	-58.71	-6.95	-370.62
Performance fee	-123,249.28	-6,510.29	-839.11	-48,835.93
Management fee / fund management fee / if applicable, investment advisory fee	-200,849.53	-13,909.13	-1,367.49	-64,220.62
Depositary fees	-13,589.79	-629.72	-89.03	-4,351.81
Central administration fee	-8,090.35	-374.92	-53.31	-2,588.83
Taxe d'abonnement	-14,270.24	-655.89	-90.93	-4,518.81
Publication and audit expenses	-11,220.15	-553.45	-69.59	-3,550.49
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-13,531.34	-807.08	-43.02	-3,438.59
Registrar and transfer agent fee	-548.50	-23.08	-4.08	-186.17
Government fees	-28,959.62	-1,392.23	-358.81	-12,874.69
Formation expenses	-4,702.34	-210.29	-34.86	-1,582.27
Other expenses ¹⁾	-31,504.52	-1,232.56	-688.76	-8,882.90
Expense equalisation	-52,454.45	-17,539.87	1,138.14	3,148.52
Total expense	-504,145.22	-43,897.22	-2,507.80	-152,253.21
Ordinary net expenditure	-201,410.53	-23,870.41	-1,539.30	-67,707.93
Total transaction costs in the financial year ²⁾	108,984.03			
Total expense ratio in per cent ²⁾		1.57	1.57	1.23
Performance fee in per cent ²⁾		0.52	0.47	0.56
Swiss total expense ratio in per cent before performance fee ²⁾ (for the period from 1 January 2020 to 31 December 2020)		1.57	1.57	1.23
Swiss total expense ratio in per cent including performance fee ²⁾ (for the period from 1 January 2020 to 31 December 2020)		2.09	2.04	1.79
Swiss performance fee in per cent ²⁾ (for the period from 1 January 2020 to 31 December 2020)		0.52	0.47	0.56

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

²⁾ See notes to the Report.

³⁾ For the period from 7 February 2020 to 31 December 2020.

⁴⁾ Estimated for the period from 1 January 2020 to 31 December 2020.

Statement of operations

in the period under review from 1 January 2020 to 31 December 2020

	Share class T-6 CHF EUR
Income	
Dividends	12,377.56
Income from investment units	3,700.57
Interest on bonds	172,133.98
Bank interest	-15,667.61
Other income	1,811.01
Income equalisation	22,838.59
Total income	197,194.10
Expense	
Interest expense	-738.83
Performance fee	-67,063.95
Management fee / fund management fee / if applicable, investment advisory fee	-121,352.29
Depositary fees	-8,519.23
Central administration fee	-5,073.29
Taxe d'abonnement	-9,004.61
Publication and audit expenses	-7,046.62
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-9,242.65
Registrar and transfer agent fee	-335.17
Government fees	-14,333.89
Formation expenses	-2,874.92
Other expenses ¹⁾	-20,700.30
Expense equalisation	-39,201.24
Total expense	-305,486.99
Ordinary net expenditure	-108,292.89
Total expense ratio in per cent ²⁾	1.05 ³⁾
Performance fee in per cent²⁾	0.35 ³⁾
Swiss total expense ratio in per cent before performance fee²⁾ (for the period from 1 January 2020 to 31 December 2020)	1.13 ⁴⁾
Swiss total expense ratio in per cent including performance fee ²⁾ (for the period from 1 January 2020 to 31 December 2020)	1.47 ⁴⁾
Swiss performance fee in per cent²⁾ (for the period from 1 January 2020 to 31 December 2020)	0.34 ³⁾

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

²⁾ See notes to the Report.

³⁾ For the period from 7 February 2020 to 31 December 2020.

⁴⁾ Estimated for the period from 1 January 2020 to 31 December 2020.

Performance in per cent*

As of: 31/12/2020

Fund	ISIN WKN	Share class currency	6 months	1 year	3 years	10 years
HESPER FUND – GLOBAL SOLUTIONS A-6 CHF since 23/12/2019	LU1931803297 A2PED7	CHF	3.66 %	5.73 %	6.13 % **	---
HESPER FUND – GLOBAL SOLUTIONS T-10 EUR since 30/07/2019	LU1931800350 A2PEEF	EUR	3.68 %	6.33 %	8.50 % **	---
HESPER FUND – GLOBAL SOLUTIONS T-6 CHF since 06/02/2020	LU1931808338 A2PEEA	CHF	3.81 %	4.51 % **	---	---
HESPER FUND – GLOBAL SOLUTIONS T-6 EUR since 14/06/2019	LU1931806399 A2PED9	EUR	3.87 %	6.75 %	10.98 % **	---

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* On the basis of the published share values (BVI [Bundesverband Investment und Asset Management E.V.] method); ultimately corresponds to the guidelines issued by the Swiss Funds & Management Association on 16 May 2008 on the calculation and publication of performance data of collective investment schemes.

** Since inception.

Past performance is not an indicator of current or future performance. Performance data do not take into account the costs incurred and fees charged on the issue and redemption of shares.

Statement of net assets of HESPER FUND – GLOBAL SOLUTIONS as of 31 December 2020

Statement of net assets as of 31 December 2020

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ISIN	Securities		Acquisitions during the period under review	Disposals during the period under review	Holdings	Price	Price EUR	% share of NSFA ¹⁾
Equities, rights and profit participation certificates								
Securities traded on an exchange								
Germany								
DE0007921835	Vivoryon Therapeutics AG	EUR	10,000	0	10,000	9.0300	90,300.00	0.28
							90,300.00	0.28
Canada								
CA0679011084	Barrick Gold Corporation	USD	44,000	0	44,000	22.9100	823,562.09	2.52
							823,562.09	2.52
Switzerland								
CH0038863350	Nestlé S.A.	CHF	4,000	0	4,000	104.6000	386,262.92	1.18
CH0014852781	Swiss Life Holding AG	CHF	740	0	740	410.6000	280,505.91	0.86
CH0011075394	Zurich Insurance Group AG	CHF	1,500	1,800	1,000	373.4000	344,719.35	1.06
							1,011,488.18	3.10
Securities traded on an exchange							1,925,350.27	5.90
Securities admitted to or included in organised markets								
Germany								
DE000A0LR9G9	EXASOL AG	EUR	35,000	15,000	20,000	28.1600	563,200.00	1.72
							563,200.00	1.72
Securities admitted to or included in organised markets							563,200.00	1.72
Equities, rights and profit participation certificates							2,488,550.27	7.62
Bonds								
Securities traded on an exchange								
NOK								
NO0010757925	1.500 % Norway Reg.S. v.16(2026)		0	0	4,000,000	104.2100	395,101.51	1.21
							395,101.51	1.21

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.

Statement of net assets as of 31 December 2020

ISIN	Securities	Acquisitions during the period under review	Disposals during the period under review	Holdings	Price	Price EUR	% share of NSFA ¹⁾
USD							
US345370CA64	7.450 % Ford Motor Co. v.99(2031)	400,000	0	400,000	128.3920	419,581.70	1.28
US36164QNA21	4.418% GE Capital International Funding Co. v.16(2035)	400,000	0	400,000	119.1320	389,320.26	1.19
US655664AH33	6.950% Nordstrom Inc. v.98(2028)	300,000	0	300,000	113.5330	278,267.16	0.85
US912909AM02	6.875 % United States Steel Corporation v.17(2025)	800,000	0	800,000	96.0430	627,732.03	1.92
US92343VCQ59	4.400 % Verizon Communications Inc. v.14(2034)	0	0	500,000	125.3850	512,193.63	1.57
						2,227,094.78	6.81
Securities traded on an exchange						2,622,196.29	8.02
Securities admitted to or included in organised markets							
EUR							
XS2264155305	7.625 % Carnival Corporation Reg.S. v.20(2026)	500,000	0	500,000	106.1540	530,770.00	1.63
IT0005422891	0.900 % Italy Reg.S. v.20(2031)	3,000,000	0	3,000,000	103.4570	3,103,710.00	9.50
XS0982711714	4.750 % Petrobras Global Finance v.14(2025)	100,000	0	100,000	114.6950	114,695.00	0.35
						3,749,175.00	11.48
USD							
US00206RCP55	4.500 % AT & T Inc. v.15(2035)	0	0	250,000	121.5900	248,345.59	0.76
US097023CV59	5.705 % Boeing Co. v.20(2040)	500,000	0	500,000	129.6640	529,673.20	1.62
US11135FBA84	4.750 % Broadcom Inc. v.19(2029)	300,000	0	300,000	119.1980	292,151.96	0.89
US247025AE93	7.100 % Dell Inc. v.98(2028)	0	0	500,000	131.6250	537,683.82	1.65
US29278GAF54	3.500 % ENEL Finance International NV 144A v.17(2028)	0	0	200,000	113.9470	186,187.91	0.57
US345370CV02	8.500 % Ford Motor Co. v.20(2023)	200,000	0	200,000	112.4180	183,689.54	0.56
US345370CW84	9.000 % Ford Motor Co. v.20(2025)	200,000	0	200,000	121.9760	199,307.19	0.61
US369604BW26	3.625 % General Electric Co. v.20(2030)	600,000	0	600,000	113.5430	556,583.33	1.70
US37045VAS97	5.000 % General Motors Co. v.18(2028)	200,000	0	200,000	118.7730	194,073.53	0.59
US55616PAA21	8.375% Macy's, Inc. 144A v.20(2025)	300,000	0	300,000	110.7480	271,441.18	0.83
						3,199,137.25	9.78
Securities admitted to or included in organised markets						6,948,312.25	21.26
Bonds						9,570,508.54	29.28
Investment fund units ²⁾							
Germany							
DE0005933923	iShares MDAX UCITS ETF DE EUR	38,500	25,500	13,000	260.1000	3,381,300.00	10.35
						3,381,300.00	10.35
Ireland							
IE00B5BMR087	iShares Core S&P 500 UCITS ETF USD	41,000	36,000	13,000	377.6200	4,010,669.93	12.28
IE00BJ5JPG56	iSharesIV-MSCI China UCITS ETF USD	100,000	0	100,000	7.1234	581,977.12	1.78
IE00B53L4350	iSharesVII-DJ Indl Average U.ETF USD	15,000	5,000	10,000	344.8300	2,817,238.56	8.63
						7,409,885.61	22.69

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.

Statement of net assets as of 31 December 2020

ISIN	Securities		Acquisitions during the period under review	Disposals during the period under review	Holdings	Price	Price EUR	% share of NSFA ¹⁾
Luxembourg								
LU1681045024	AIS-Amundi MSCI EM LAT. AMERICA	EUR	200,000	0	200,000	11.6840	2,336,800.00	7.16
LU1781541849	MUL-Lyx.MSCI EM Asia UCITS ETF	EUR	550,000	360,000	260,000	10.2620	2,668,120.00	8.17
							5,004,920.00	15.33
Investment fund units ²⁾							15,796,105.61	48.37
Certificates								
Securities traded on an exchange								
United States of America								
GB00B15KYG56	WisdomTree Commodity Securities Ltd./Bloomberg Industrial Metals TR Index Cert. v.06(2199)	USD	150,000	0	150,000	13.2400	1,622,549.02	4.97
							1,622,549.02	4.97
Securities traded on an exchange							1,622,549.02	4.97
Certificates							1,622,549.02	4.97
Securities holdings							29,477,713.44	90.24
Futures contracts								
Long positions								
EUR								
EUX 10YR Euro-BTP Future March 2021			10	0	10		-2,150.00	-0.01
							-2,150.00	-0.01
GBP								
LIF 3MO Sterling Future March 2021			200	50	150		4,136.13	0.01
							4,136.13	0.01
USD								
Dow Jones Industrial Average Index Future March 2021			12	0	12		14,264.71	0.04
							14,264.71	0.04
Long positions							16,250.84	0.04
Futures contracts							16,250.84	0.04
Cash at banks – current accounts ³⁾							3,176,406.27	9.73
Other receivables and payables (net)							-10,955.10	-0.01
Total net sub-fund assets in EUR							32,659,415.45	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.

Forward foreign exchange contracts

The following forward foreign exchange contracts were open as of 31 December 2020:

Currency	Counterparty		Currency amount	Price EUR	% share of NSFA ¹⁾
CHF/EUR	DZ PRIVATBANK S.A.	Currency purchases	25,343,900.00	23,404,822.73	71.66
GBP/EUR	DZ PRIVATBANK S.A.	Currency purchases	3,000,000.00	3,306,014.63	10.12
USD/EUR	DZ PRIVATBANK S.A.	Currency purchases	750,000.00	612,209.91	1.87
EUR/CHF	DZ PRIVATBANK S.A.	Currency sales	718,200.00	663,129.72	2.03
EUR/GBP	DZ PRIVATBANK S.A.	Currency sales	3,000,000.00	3,306,014.63	10.12
EUR/USD	DZ PRIVATBANK S.A.	Currency sales	18,330,000.00	14,945,448.60	45.76

Bilateral currency futures

The following bilateral currency futures were outstanding as at 31 December 2020:

Currency	Counterparty		Currency amount in purchase currency	Currency amount in sale currency	Price EUR	% share of NSFA ¹⁾
CHF/GBP	DZ PRIVATBANK S.A.	Bilateral foreign exchange transactions	21,459,664.00	18,000,000.00	19,824,429.29	60.70
CHF/USD	DZ PRIVATBANK S.A.	Bilateral foreign exchange transactions	1,821,362.20	2,050,000.00	1,684,997.05	5.16
GBP/CHF	DZ PRIVATBANK S.A.	Bilateral foreign exchange transactions	18,000,000.00	21,583,203.00	19,830,379.43	60.72

Futures contracts

	Holdings	Commitments EUR	% share of NSFA ¹⁾
Long positions			
EUR			
EUX 10YR Euro-BTP Future March 2021	10	1,519,500.00	4.65
		1,519,500.00	4.65
GBP			
LIF 3MO Sterling Future March 2021	150	20,667,169.41	63.28
		20,667,169.41	63.28
USD			
Dow Jones Industrial Average Index Future March 2021	12	1,482,254.90	4.54
		1,482,254.90	4.54
Long positions		23,668,924.31	72.47
Futures contracts		23,668,924.31	72.47

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

Acquisitions and disposals

from 1 January 2020 to 31 December 2020

of HESPER FUND – GLOBAL SOLUTIONS

Acquisitions and disposals from 1 January 2020 to 31 December 2020

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

ISIN	Securities		Acquisitions in the period under review	Disposals in the period under review
Equities, rights and profit participation certificates				
Securities traded on an exchange				
Cayman Islands				
KYG982391099	XP Inc.	USD	0	5,000
Switzerland				
CH0012005267	Novartis AG	CHF	2,800	2,800
CH0008742519	Swisscom AG	CHF	480	480
United States of America				
US8334451098	Snowflake Inc.	USD	600	600
United Kingdom				
GB00B03MLX29	Royal Dutch Shell Plc.	EUR	130,000	130,000
GB00BMTV7393	THG Holdings Plc.	GBP	25,000	25,000
Bonds				
Securities traded on an exchange				
CHF				
CH0353945394	3.000 % gategroup Fin Reg.S. v.17(2022)		270,000	270,000
EUR				
XS1237184533	1.500 % Adecco International Financial Services BV EMTN Reg.S. v.15(2022)		0	1,000,000
BE6307618965	0.250 % Euroclear Bank S.A./NV EMTN Reg.S. v.18(2022)		250,000	1,000,000
XS1412417617	1.250 % National Australia Bank Ltd. Reg.S. v.16(2026)		1,000,000	1,500,000
XS1439749281	1.125 % Teva Pharmaceutical Finance Netherlands II BV Reg.S. v.16(2024)		0	1,000,000
XS1057340009	4.125 % Turkey v.14(2023)		0	400,000
XS1629918415	3.250 % Turkey v.17(2025)		0	300,000
XS1167667283	1.625 % Volkswagen Internat Finance NV EMTN Reg.S. v.15(2030)		800,000	800,000
GBP				
GB00BN65R198	2.000 % United Kingdom Reg.S. v.14(2020)		0	37,000

Acquisitions and disposals from 1 January 2020 to 31 December 2020

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

ISIN	Securities		Acquisitions in the period under review	Disposals in the period under review
JPY				
JP1103601LA4	0.100 %	Japan v.20(2030)	195,250,000	195,250,000
NOK				
NO0010646813	2.000 %	Norway Reg.S. v.12(2023)	0	4,000,000
USD				
US912828TJ95	1.625 %	United States of America v.12(2022)	0	1,500,000
US912828L245	1.875 %	United States of America v.15(2022)	0	500,000
US912828U816	2.000 %	United States of America v.16(2021)	0	500,000
US912828Q293	1.500 %	United States von Amerika v.16(2023)	250,000	500,000
US912828S356	1.375 %	United States von Amerika v.16(2023)	200,000	700,000
US9128282W90	1.875 %	United States of America v.17(2022)	0	500,000
US9128287F13	1.750 %	United States of America v.19(2021)	0	1,000,000
US912810SK51	2.375 %	United States of America v.19(2049)	1,000,000	1,000,000
US91282CAG69	0.125 %	United States of America v.20(2022)	4,000,000	4,000,000
US912828ZA13	1.125 %	United States of America v.20(2022)	1,000,000	1,000,000
US912828Z948	1.500 %	United States of America v.20(2030)	2,400,000	2,400,000
US912810SN90	1.250 %	United States of America v.20(2050)	4,830,000	4,830,000
US912810SL35	2.000 %	United States of America v.20(2050)	2,000,000	2,000,000
New issues to be admitted to trading				
EUR				
XS2052337503	2.330 %	Ford Motor Credit Co. LLC v.19(2025)	200,000	200,000
Securities admitted to or included in organised markets				
EUR				
IT0005403396	0.950 %	Italy Reg.S. v.20(2030)	2,400,000	2,400,000
USD				
US11135FAB76	4.750 %	Broadcom Inc. 144A v.19(2029)	300,000	300,000
US71654QCG55	6.500 %	Petróleos Mexicanos v.17(2027)	50,000	50,000
US910047AK50	4.875 %	United Continental Holdings Inc. v.19(2025)	300,000	300,000
Investment fund units ¹⁾				
Germany				
DE0005933956	iShares Core EO STOXX.50 U.E.DE	EUR	125,000	185,000
Ireland				
IE00B0M63516	iShares Plc. - iShares MSCI Brazil UCITS ETF [Dist]	EUR	76,500	76,500
IE00B3VWLG82	ishares VII-MSCI UK Sm.Cap UC.ETF	GBP	0	3,600
IE00B53SZB19	isharesVII-NASDAQ 100 UCITS ETF	USD	12,400	12,400
Luxembourg				
LU1681044993	AIS-Amundi MSCI Switzerland	CHF	0	3,400
LU0977261329	UBS-ETF-MSCI Swit.20/35 UC.ETF	CHF	53,500	53,500

Acquisitions and disposals from 1 January 2020 to 31 December 2020

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

ISIN	Securities		Acquisitions in the period under review	Disposals in the period under review
Certificates				
Securities traded on an exchange				
United States of America				
DE000A0S9GB0	Dte. Börse Commodities GmbH/Gold Unze 999 Zert. v.07(2199)	EUR	98,000	144,000
DE000A0KRJX4	ETFs Commodity Securities Ltd./DJ-UBS Crude Oil Sub Index Total Return Index (USD) Cert. Perp.	EUR	120,000	120,000
IE00B4NCWG09	iShares Physical Metals Plc./Silver Fine Ounce Cert. v.11(2199)	EUR	75,000	75,000
JE00B1VS3333	Wisdom Tree Metal Securities Ltd./Silver Fine Ounce Cert. v.07(2199)	EUR	57,000	57,000
Options				
USD				
	Call on E-Mini Nasdaq 100 Index Future December 2020/11,400.00		8	8
	Call on E-Mini S&P 500 Index Future June 2020 June 2020/3,450.00		60	60
	Call on E-Mini S&P 500 Index Future March 2020 March 2020/3,350.00		60	60
	Put on E-Mini S&P 500 Index Future March 2020/3,075.00		14	14
	Put on E-Mini S&P 500 Index Future March 2020/3,200.00		7	7
Futures contracts				
CHF				
	Swiss Market Index Future June 2020		44	44
EUR				
	DAX Index Future December 2020		20	20
	Euro Stoxx 50 Price Index Future December 2020		220	220
	Euro Stoxx 50 Price Index Future June 2020		419	419
	Euro Stoxx 50 Price Index Future March 2020		300	300
	Euro Stoxx 50 Price Index Future March 2020		0	60
	Euro Stoxx 50 Price Index Future March 2021		90	90
	Euro Stoxx 50 Price Index Future September 2020		40	40
	EUX 10YR Euro-BTP Future June 2020		30	30
	EUX 10YR Euro-BTP Future September 2020		19	19
	EUX 10YR Euro-BTP Future September 2020		9	9
	FTSE MIB Index Future December 2020		28	28
	FTSE MIB Index Future June 2020		14	14
	FTSE MIB Index Future June 2020		14	14
USD				
	CBT 10YR US T-Bond Note Future March 2020		0	20
	CBT 30YR US Ultra Bond Future December 2020		32	32
	Dow Jones Industrial Average Index Future December 2020		12	12
	E-Mini S&P 500 Index Future December 2020		52	52
	E-Mini S&P 500 Index Future December 2020		10	10
	E-Mini S&P 500 Index Future June 2020		4	4
	E-Mini S&P 500 Index Future March 2020		10	10
	E-Mini S&P 500 Index Future March 2020		0	20
	E-Mini S&P 500 Index Future September 2020		10	10
	Nasdaq 100 Index Future December 2020		8	8

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¹⁾ 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.

Exchange rates

For the valuation of assets in a foreign currency, the following exchange rate for 31 December 2020 was used for conversion into euro.

Sterling	EUR 1 =	GBP	0.9071
Norwegian krone	EUR 1 =	NOK	10.5502
Swiss franc	EUR 1 =	CHF	1.0832
US dollar	EUR 1 =	USD	1.2240

HESPER FUND

Notes to the Annual Report as of 31 December 2020

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1.) General information

The investment company HESPER FUND, 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. The company was founded on 14 May 2019 for an indefinite period in the form of an umbrella fund. Its Articles of Association were published for the first time on 5 June 2019 on the information platform (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 (R.C.S. Luxembourg) under the registration number B 234859. The Management Regulations were last amended on 1 January 2021 and published on the RESA.

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 RCS Luxembourg B-155427.

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

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

1. The investment company’s net assets are stated in euros (“reference currency”).
2. The value of a share (“net asset value per share”) is stated in the currency (“fund currency”) as specified in the annex to the Sales Prospectus, unless a currency other than the fund currency is specified for any additional share classes in the relevant annex to the Sales 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 may make different arrangements for the relevant sub-fund, 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 investment 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 needs to be provided in Annual Reports, semi-Annual Reports or other financial statistics in accordance with legal requirements or the rules of these Articles of Association, the fund assets of the fund are translated into the reference currency. 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 each sub-fund that securities, money market instruments, derivatives and other assets that are officially listed on a stock exchange are valued at the last available price at the close of trading, ensuring a reliable valuation. This is mentioned in the annex to the relevant sub-fund's Sales Prospectus.

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

c) OTC derivatives are valued on a daily basis using a verifiable method to be specified by the management company.

d) Units 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.

e) If prices are not in line with the market, if the financial instruments specified under b) are not traded on a regulated market and if no prices have been specified for financial instruments other than those under a) to d), these financial instruments and any of the other legally permissible assets are valued at the relevant market value as determined by the management company in good faith on the basis of generally accepted and verifiable valuation rules (e.g. suitable valuation models, taking into account current market conditions).

f) Liquid assets are valued at face value plus interest.

g) Receivables, such as deferred interest and liabilities, are generally valued at their nominal value.

h) The market value of securities, money market instruments, derivative financial instruments (derivatives) and other assets that are denominated in a currency other than the fund currency is converted into the 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 each sub-fund 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 relevant sub-fund's Sales Prospectus.

The 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 on the criteria set out above. However, if different share classes have been created within the relevant 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.

3.) Taxation

Taxation of the investment company

The company's assets are not subject to any taxation on income or profits in the Grand Duchy of Luxembourg. The company's assets are only subject in the Grand Duchy of Luxembourg to the tax d'abonnement, currently of 0.05 % p.a. A reduced tax d'abonnement of 0.01 % p.a. applies for (i) sub-funds or share classes whose shares are issued solely to institutional shareholders within the meaning of Article 174 of the Law of 17 December 2010, (ii) sub-funds whose sole purpose is investing in money market instruments, in time deposits with credit institutions or both. This tax d'abonnement is payable quarterly on the company's net assets reported at the end of each quarter. The rate of the tax d'abonnement for a sub-fund or share class is mentioned in the respective annex to the Prospectus. Exemption from the tax d'abonnement applies if the sub-fund assets are invested in other Luxembourg investment funds that are already subject to the tax d'abonnement.

Income received by the fund (in particular interest and dividends) may be subject in countries in which the sub-fund is invested to withholding tax or assessment taxation. The fund may also be subject to taxation on realised or unrealised capital gains on its investments in the source country. 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 or have not been tax resident in the Grand Duchy of Luxembourg and do not maintain a place of business or have a permanent representative in the country are not subject to Luxembourg income tax with regard to their earnings or capital gains from their shares in the fund.

Natural persons who are tax resident in the Grand Duchy of Luxembourg are subject to Luxembourg progressive income tax.

Businesses that are tax resident in the Grand Duchy of Luxembourg are subject to corporation tax on earnings from fund units.

It is recommended that interested parties and shareholders ensure they are informed about laws and regulations which apply to the taxation of company assets, the subscription, purchase, ownership and redemption or transfer of shares and seek advice from external third parties, in particular a tax advisor.

4.) Appropriation of income

Further information on the appropriation of income is provided in the Sales Prospectus.

5.) 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 respective 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 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. (Any performance fees are shown separately in direct relation to the TER.)

A synthetic TER is not calculated for any target funds in which the sub-fund may invest.

6.) Information relating to charges and expenditure

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

7.) Transaction costs

Transaction costs include all costs which were accounted for and/or settled separately on account of the respective 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.

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 units pays for as part of the issue price and the seller of units 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 funds managed by the management company. In accordance with the Law of 17 December 2010 and the applicable supervisory requirements of the Commission de Surveillance du Secteur Financier ("CSSF"), the management company reports regularly to the CSSF on the risk management procedure it applies. As part of its risk management procedure, the management company ensures, through the use of effective and appropriate methods, that the overall risk connected with derivatives in the funds managed does not exceed the total net value of their portfolios. To do this, the management company uses the following methods:

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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' attention is drawn to the fact that no conclusions can be drawn from this information with respect to the risk entailed in the fund. Furthermore, the expected leverage published is explicitly not to be understood as an investment limit. The method used to determine the overall risk and, if applicable the publication of the reference portfolio and the expected degree of leverage, as well as the calculation method, are stated in the fund-specific appendix.

Sub-fund:

Risk management procedure applied

HESPER FUND – Global Solutions

Absolute VaR

In the period from 1 January 2020 to 31 December 2020, the absolute VaR approach was used to monitor and measure the total risk associated with derivatives. An absolute value of 20 % was used for the internal limit.

The VaR figure in relation to this internal limit was a minimum of 13.06 %, a maximum of 120.05 % and an average of 23.01 % 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 2020 to 31 December 2020, the leverage effect had the following values:

Lowest leverage:	0.00 %
Highest leverage:	548.72%
Median leverage:	206.14 % (115.25 %)
Calculation method:	Nominal value method (total of nominal values of all derivatives)

10.) Significant events during the period under review

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

- ETHENEA Independent Investors S.A. is appointed as the management company.
- ETHENEA Independent Investors (Switzerland) AG replaces MAINFIRST AFFILIATED FUND MANAGERS (SWITZERLAND) AG as the fund manager.
- Changes to the investment policy.
- Model adjustments.

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.

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

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-funds. 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-funds generally consist 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-funds 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.
3. Information regarding the most recent market trends for the sub-funds 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-funds. Furthermore, any documentation connected to such events will subsequently be available upon request from the management company.

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 2021. The following amendments were made:

- Change of fee structure: The depositary and central administration fee, which was previously reported and charged separately, has been dropped and will in future be paid out of the management fee. To that end, the management fee has been adjusted by 0.10 % to 0.15 %. In addition, the Management Company's minimum fee has been dropped. The fund management fee payable to the external Fund Manager will continue to be reported separately.
- Change of auditor from KPMG Luxembourg S.A. to Ernst & Young Luxembourg S.A.
- Change in the Board of Directors
- Launch of a new T-12 EUR share class:
 - Subscription period: 01/01/2021–15/01/2021
 - First NAV: 18/01/2021
 - First value date: 19/01/2021

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

12.) Information regarding the remuneration policy (unaudited)

The Management Company ETHENEA Independent Investors S.A. has established and applies a remuneration system that meets the legal requirements. The remuneration system is designed in such a way that it is consistent with sound and effective risk management and neither encourages the taking of risks that are not compatible with the risk profiles, terms or articles of incorporation of the undertakings for collective investment in transferable securities ("UCITS") managed, nor prevents ETHENEA Independent Investors S.A. from duly acting in the best interests of the UCITS.

Employee remuneration is composed of an appropriate annual fixed component and a variable performance and results-based component.

Total remuneration for the 26 employees of ETHENEA Independent Investors S.A. as of 31 December 2019 breaks down into EUR 2,987,763.03 in annual fixed salaries and EUR 434,000.00 in variable remuneration. The above remuneration relates to all of the UCITS managed by ETHENEA Independent Investors S.A.. All employees are fully involved in the management of all of the funds; therefore, a breakdown by fund is not possible.

26 Further details on the current remuneration policy may be accessed free of charge on the Management Company's website at www.ethenea.com under "Legal notices". A paper version will be made available to investors upon request.

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

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

In the investment fund's financial year, 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 Sales Prospectus, and can be obtained free of charge from the website of the management company at www.ethenea.com.

14.) Information for Swiss investors (audited)**a.) Securities numbers:**

HESPER FUND – Global Solutions share class T-10 EUR	Securities No. 47598721
HESPER FUND – Global Solutions share class A-6 CHF	Securities No. 47598735
HESPER FUND – Global Solutions share class T-6 EUR	Securities No. 47599067
HESPER FUND – Global Solutions share class T-6 CHF	Securities No. 47599508

b.) Total expense ratio (TER) in accordance with the guidelines issued by the Swiss Funds & Management Association (SFAMA) on 16 May 2008 (updated on 1 June 2015):

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

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

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

For newly established funds, the TER is to be calculated for the first time using the statement of operations published in the first annual or semi-annual report.

Operating expense may be converted to a 12-month period. The median of month-end values over the period under review is used to calculate the average value for fund assets.

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

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

As per the Swiss Funds & Asset Management Association (SFAMA) guidelines of 16 May 2008 (updated on 1 June 2015), the following TER in per cent was calculated for the period 1 January 2020 to 31 December 2020:

HESPER FUND – Global Solutions in %	Swiss TER in %	Swiss TER incl. performance fee in %	Swiss performance fee in %
Share class T-10 EUR	1.57	2.09	0.52
Share class A-6 CHF	1.57	2.04	0.47
Share class T-6 EUR	1.23	1.79	0.46
Share class T-6 CHF	1.13	1.47	0.34

c.) Information for investors

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

d.) Amendments to the Prospectus in the financial year

Published amendments to the Prospectus in the financial year are made available on www.swissfunddata.ch.

Report of the Réviseur d'Entreprises agréé

28 To the Shareholders of
Hesper Fund, SICAV
4, rue Thomas Edison
L-1445 Strassen, Luxembourg

Audit opinion

We have audited the annual financial statements of Hesper Fund, SICAV (“the Fund”) and for each of its sub-funds consisting of the composition of net fund assets as of 31 December 2020, the changes in net fund assets as well as the statement of operations for the financial year then ended, as well as the 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 for each of its sub-funds as of 31 December 2020, and of its earnings position and the changes in net fund assets for the financial year then ended, 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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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.

Miscellaneous

The financial statements of the Hesper Fund, SICAV for the financial year ended on 31 December 2019 were audited by a different auditor, which issued an unqualified opinion on 9 April 2020.

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.

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 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.

- 30 Within the framework of an audit in accordance with the Law of 23 July 2016 and international standards on auditing (“ISAs”) accepted for Luxembourg by the CSSF, we exercise our best judgement and adopt a critical stance. Furthermore:
- We identify and assess the risk of material misstatements in the annual financial statements due to fraud or error, plan and carry out audit procedures in response to these risks and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. The risk that material misstatements may not be revealed is higher in the case of fraud than in the case of error, as fraud can entail fraudulent conduct, falsifications, deliberate omissions, misleading statements and bypassing of internal controls.
 - We obtain an understanding of the internal control system relevant to our audit, in order to plan audit procedures that are appropriate under the given circumstances but not with the aim of expressing an opinion on the effectiveness of the fund’s internal control system.
 - We assess the appropriateness of the accounting principles used by the Board of Directors, accounting estimates and corresponding information in the 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 point out the relevant information in the notes to the annual financial statements in the Report of the Réviseur d’Entreprises agréé 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 information in 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, 26 April 2021

Ernst & Young
Société anonyme
Cabinet de révision agréé

Nadia Faber

Administration, distribution and advisory

Investment company: Registered office	HESPER Fund, SICAV 4, rue Thomas Edison L-1445 Strassen, Luxembourg	31
Board of Directors of the investment company:		
Chairman of the Board of Directors:	Arnoldo Valsangiacomo ETHENEA Independent Investors S.A.	
Directors:	Andrea Siviero ETHENEA Independent Investors (Schweiz) AG Frank Hauprich ETHENEA Independent Investors 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

Fund manager:

ETHENEA Independent Investors (Schweiz) AG
Sihleggstrasse 17
CH-8832 Wollerau

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**Paying agent
in the Grand Duchy of Luxembourg:**

DZ PRIVATBANK S.A.
4, rue Thomas Edison
L-1445 Strassen, Luxembourg

**Auditor of the investment company
and the Management Company:**

Ernst & Young S.A
35E, Avenue John F. Kennedy
L-1855 Luxembourg

Information for investors in Switzerland:

Representative in Switzerland:

IPConcept (Schweiz) AG
Münsterhof 12
Postfach
CH-8022 Zurich

Paying agent in Switzerland:

IPConcept (Schweiz) AG
Münsterhof 12
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