

Ethna-DEFENSIV R.C.S. Luxembourg K817

Annual report including audited financial statements
at 31 December 2017

Investment fund under Luxembourg law

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

Luxembourg registered company B 155427



ETHENEA
managing the Ethna Funds

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

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

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

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

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

Fund Management Report

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

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

Dear investors,

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

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

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

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

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

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

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

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

Ethna-DEFENSIV:

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

Munsbach, January 2018

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

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

Currently the following unit classes exist with these structural features:

	Unit class (A)	Unit class (T)	Unit class (SIA-A)	Unit class (SIA-T)
Security identification no.:	A0LF5Y	A0LF5X	A1KANR	A1KANS
ISIN code:	LU0279509904	LU0279509144	LU0868353987	LU0868354365
Subscription fee:	up to 2.50 %	up to 2.50 %	up to 2.50 %	up to 2.50 %
Redemption fee:	none	none	none	none
Management fee:	0.95 % p.a.	0.95 % p.a.	0.65 % p.a.	0.65 % p.a.
Dividend policy:	distributed	reinvested	distributed	reinvested
Currency:	EUR	EUR	EUR	EUR
	Unit class (R-A)*	Unit class (R-T)*	Unit class (SIA CHF-T)	
Security identification no.:	A12EH8	A12EH9	A12GN4	
ISIN code:	LU1134012738	LU1134013462	LU1157022895	
Subscription fee:	up to 1.00 %	up to 1.00 %	up to 2.50 %	
Redemption fee:	none	none	none	
Management fee:	1.25 % p.a.	1.25 % p.a.	0.65 % p.a.	
Dividend policy:	distributed	reinvested	reinvested	
Currency:	EUR	EUR	CHF	

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

Geographical breakdown of Ethna-DEFENSIV

Geographical breakdown by country ¹⁾	
United States of America	50.06 %
Netherlands	7.12 %
France	5.47 %
United Kingdom	5.05 %
Japan	4.25 %
Cayman Islands	3.97 %
Australia	2.63 %
South Korea	1.64 %
Singapore	1.28 %
Bermuda	1.02 %
Spain	0.96 %
Bahamas	0.90 %
Luxembourg	0.72 %
Italy	0.62 %
Ireland	0.50 %
Mexico	0.44 %
Virgin Islands (GB)	0.43 %
Norway	0.42 %
Saudi Arabia	0.42 %
Hong Kong	0.37 %
Oman	0.35 %
Securities holdings	88.62 %
Futures contracts	0.46 %
Credit Default Swaps	-0.38 %
Cash at banks ²⁾	9.72 %
Other receivables and payables (net)	1.58 %
	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. Cash at banks includes OTC margins. More information on this can be found in the statement of net assets on page 20 (footnote).

Breakdown by economic sector of Ethna-DEFENSIV

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Breakdown by economic sector ¹⁾	
Software & services	18.64 %
Banks	16.37 %
Diversified financial services	10.21 %
Hardware and equipment	9.45 %
Insurance	5.84 %
Wholesale and retail	4.66 %
Pharmaceuticals, biotechnology and biosciences	3.60 %
Government bonds	3.55 %
Healthcare: Equipment & services	2.59 %
Capital goods	1.95 %
Automobiles and components	1.94 %
Energy	1.73 %
Utilities	1.73 %
Food, beverages and tobacco	1.71 %
Real estate	1.62 %
Transport	1.03 %
Media	0.93 %
Consumer goods and clothing	0.85 %
Commercial services and materials	0.22 %
Securities holdings	88.62 %
Futures contracts	0.46 %
Credit Default Swaps	-0.38 %
Cash at banks ²⁾	9.72 %
Other receivables and payables (net)	1.58 %
	100.00 %

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

²⁾ See notes to the Annual Report. Cash at banks includes OTC margins. More information on this can be found in the statement of net assets on page 20 (footnote).

Change over the last 3 financial years

Unit class (A)

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2015	599.46	4,315,591	135,109.26	138.91
31/12/2016	629.84	4,616,871	42,163.95	136.42
31/12/2017	514.08	3,847,740	-104,533.52	133.61

Unit class (T)

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2015	460.17	2,919,114	23,069.58	157.64
31/12/2016	441.28	2,788,905	-20,204.92	158.23
31/12/2017	363.66	2,242,908	-87,303.88	162.14

Unit class (SIA-A)

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2015	5.53	10,694	-2,186.57	516.68
31/12/2016	4.85	9,577	-467.97	506.90
31/12/2017	49.66	98,144	45,202.33	506.03

Unit class (SIA-T)

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2015	10.99	21,586	5,405.25	509.25
31/12/2016	21.10	41,157	10,163.48	512.56
31/12/2017	46.67	88,636	24,744.78	526.56

Unit class (R-A)*

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2015	0.10	1,050	103.97	98.03
31/12/2016	2.37	24,840	2,322.70	95.55
31/12/2017	3.62	38,002	1,249.90	95.18

Unit class (R-T)*

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR
31/12/2015	4.96	50,885	5,066.10	97.57
31/12/2016	5.81	59,560	860.11	97.63
31/12/2017	3.83	38,344	-2,076.34	99.77

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

Unit class (SIA CHF-T)

Date	Total net fund assets in EUR millions	Outstanding units	Net inflows in EUR thousands	Unit value EUR	Unit value CHF
31/12/2015	6.59	14,536	6,799.64	453.41	491.00 ¹⁾
31/12/2016	11.97	26,187	5,377.62	457.26	490.91 ²⁾
31/12/2017	9.39	21,856	-2,001.68	429.80	502.26 ³⁾

¹⁾ Converted at the foreign exchange rate into EUR as of 31 December 2015: EUR 1 = CHF 1.0829

²⁾ Converted at the foreign exchange rate into EUR as of 31 December 2016: EUR 1 = CHF 1.0736

³⁾ Converted at the foreign exchange rate into EUR as of 31 December 2017: EUR 1 = CHF 1.1686

Composition of the net fund assets of Ethna-DEFENSIV

Composition of net fund assets at 31 December 2017

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	EUR
Securities holdings (securities acquisition costs: EUR 906,591,003.73)	878,092,130.47
Cash at banks ¹⁾	96,344,968.84
Unrealised gains on futures contracts	4,548,490.13
Unrealised gains on forward foreign exchange contracts	6,640,573.37
Interest receivable	9,412,337.79
Receivables from unit sales	1,675,056.67
Receivables from foreign exchange transactions	41,911,148.37
	1,038,624,705.64
Unit redemptions payable	-1,258,970.96
Unrealised losses on credit default swaps	-3,679,771.51
Payables from foreign exchange transactions	-41,886,571.17
Other liabilities and equity ²⁾	-885,561.49
	-47,710,875.13
Net fund assets	990,913,830.51

¹⁾ See notes to the Annual Report. Cash at banks includes OTC margins. More information on this can be found in the statement of net assets on page 20 (footnote).

²⁾ This item mainly comprises management fees and the taxe d'abonnement.

Allocation among unit classes

Unit class (A)	
Pro rata net fund assets	EUR 514,077,322.83
Outstanding units	3,847,739.833
Unit value	EUR 133.61

Unit class (T)	
Pro rata net fund assets	EUR 363,664,554.57
Outstanding units	2,242,908.07
Unit value	EUR 162.14

Unit class (SIA-A)	
Pro rata net fund assets	EUR 49,663,616.96
Outstanding units	98,144.144
Unit value	EUR 506.03

Unit class (SIA-T)	
Pro rata net fund assets	EUR 46,672,171.46
Outstanding units	88,636.057
Unit value	EUR 526.56

Unit class (R-A)*	
Pro rata net fund assets	EUR 3,616,808.06
Outstanding units	38,001.660
Unit value	EUR 95.18

Unit class (R-T)*	
Pro rata net fund assets	EUR 3,825,491.23
Outstanding units	38,344.280
Unit value	EUR 99.77

Unit class (SIA CHF-T)	
Pro rata net fund assets	EUR 9,393,865.40
Outstanding units	21,856.402
Unit value	EUR 429.80
Unit value	CHF 502.26 ¹⁾

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

¹⁾ Converted at the foreign exchange rate into EUR as of 31 December 2017: EUR 1 = CHF 1.1686

Change in net fund assets

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

	Total EUR	Unit class (A) EUR	Unit class (T) EUR	Unit class (SIA-A) EUR
Total net fund assets at the beginning of the period under review	1,117,231,635.05	629,836,788.99	441,282,228.25	4,854,424.14
Ordinary net income	21,887,000.26	11,375,338.03	7,807,989.38	1,205,273.01
Income and expense equalisation	1,221,072.59	1,139,367.78	776,034.52	-357,564.44
Inflow of funds from sale of units	238,714,570.77	77,191,710.34	70,154,656.60	49,663,265.56
Outflow of funds from redemption of units	-363,432,981.60	-181,725,235.24	-157,458,539.35	-4,460,930.68
Realised gains	174,677,642.04	94,701,037.83	65,068,785.47	6,507,499.49
Realised losses	-115,980,407.96	-62,562,360.92	-43,107,543.77	-3,886,091.64
Net change in unrealised gains	-34,989,748.41	-19,235,685.35	-13,213,671.21	-1,076,139.96
Net change in unrealised losses	-21,569,005.15	-11,217,452.37	-7,645,385.32	-1,430,530.73
Distribution	-26,845,947.08	-25,426,186.26	0.00	-1,355,587.79
Total net fund assets at the end of the period under review	990,913,830.51	514,077,322.83	363,644,544.57	49,663,616.96

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	Unit class (SIA-T) EUR	Unit class (R-A)* EUR	Unit class (R-T)* EUR	Unit class (SIA CHF-T) EUR
Total net fund assets at the beginning of the period under review	21,095,791.59	2,373,440.21	5,814,866.51	11,974,095.36
Ordinary net income	1,116,513.08	66,687.86	71,729.02	243,469.88
Income and expense equalisation	-340,104.20	-13,807.26	4,083.92	13,062.27
Inflow of funds from sale of units	33,152,612.56	1,705,953.47	2,066,066.01	4,780,306.23
Outflow of funds from redemption of units	-8,407,830.31	-456,052.84	-4,142,402.06	-6,781,991.12
Realised gains	5,458,862.62	479,814.28	627,963.06	1,833,679.29
Realised losses	-3,735,223.70	-333,005.52	-443,725.06	-1,912,457.35
Net change in unrealised gains	-876,424.87	-84,526.41	-130,575.27	-372,725.34
Net change in unrealised losses	-792,025.31	-57,522.70	-42,514.90	-383,573.82
Distribution	0.00	-64,173.03	0.00	0.00
Total net fund assets at the end of the period under review	46,672,171.46	3,616,808.06	3,825,491.23	9,393,865.40

Change in number of units in circulation

	Unit class (A) Number	Unit class (T) Number	Unit class (SIA-A) Number	Unit class (SIA-T) Number
Units in circulation at start of period under review	4,616,871.103	2,788,904.815	9,576.671	41,157.461
Units issued	567,338.050	437,158.444	97,322.479	63,606.532
Units redeemed	-1,336,469.320	-983,155.191	-8,755.006	-16,127.936
Units in circulation at end of period under review	3,847,739.833	2,242,908.068	98,144.144	88,636.057

	Unit class (R-A)* Number	Unit class (R-T)* Number	Unit class (SIA CHF-T) Number
Units in circulation at start of period under review	24,839.723	59,560.013	26,186.737
Units issued	17,937.202	20,891.509	10,518.665
Units redeemed	-4,775.265	-42,107.242	-14,849.000
Units in circulation at end of period under review	38,001.660	38,344.280	21,856.402

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

Statement of operations of Ethna-DEFENSIV

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Statement of Operations

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

	Total EUR	Unit class (A) EUR	Unit class (T) EUR	Unit class (SIA-A) EUR
Income				
Interest on bonds	33,989,039.35	18,522,210.23	12,723,050.26	1,144,942.99
Income from withholding tax refunds	66,984.78	36,760.94	25,313.02	2,108.15
Bank interest	153,900.46	84,425.39	57,888.44	4,666.42
Trailer fees	36.72	19.58	13.60	1.71
Other income	4,566.66	2,487.78	1,718.94	168.86
Income equalisation	-1,833,358.09	-1,645,244.58	-1,118,902.13	481,399.28
Total income	32,381,169.88	17,000,659.34	11,689,082.13	1,633,287.41
Expense				
Interest expense	-17,884.72	-9,554.66	-6,721.94	-806.80
Management fee	-9,681,667.39	-5,363,858.69	-3,693,719.14	-251,514.40
Taxe d'abonnement	-516,022.35	-277,430.15	-190,803.65	-21,168.65
Publication and audit expenses	-181,802.21	-98,537.12	-68,429.81	-5,875.59
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-35,728.00	-19,515.36	-13,386.01	-1,136.76
Registrar and transfer agent fee	-22,065.85	-12,018.42	-8,254.11	-769.33
Government fees	-24,964.99	-13,831.87	-9,475.54	-559.01
Other expenses ¹⁾	-626,319.61	-336,451.84	-233,170.16	-22,349.02
Expense equalisation	612,285.50	505,876.80	342,867.61	-123,834.84
Total expense	-10,494,169.62	-5,625,321.31	-3,881,092.75	-428,014.40
Ordinary net income	21,887,000.26	11,375,338.03	7,807,989.38	1,205,273.01
Total transaction costs in the financial year ²⁾	582,290.31			
Total expense ratio in percent ²⁾		1.07	1.08	0.82
Ongoing charges in percent ²⁾		1.09	1.09	0.84
Swiss total expense ratio in percent before performance fee ²⁾ (for the period from 1 January 2017 to 31 December 2017)		1.07	1.08	0.82
Swiss total expense ratio in percent including performance fee ²⁾ (for the period from 1 January 2017 to 31 December 2017)		1.07	1.08	0.82
Swiss performance fee in percent ²⁾ (for the period from 1 January 2017 to 31 December 2017)		-	-	-

¹⁾ This position is made up principally of general management costs and delivery charges.

²⁾ See notes to the Report.

Statement of Operations

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

	Unit class (SIA-T) EUR	Unit class (R-A)* EUR	Unit class (R-T)* EUR	Unit class (SIA CHF-T) EUR
Income				
Interest on bonds	1,043,382.92	93,584.04	127,695.81	334,173.10
Income from withholding tax refunds	1,753.24	159.85	231.75	657.83
Bank interest	4,379.57	382.88	607.84	1,549.92
Trailer fees	1.27	0.11	0.10	0.35
Other income	122.36	10.91	14.85	42.96
Income equalisation	448,525.34	23,207.06	-5,385.41	-16,957.65
Total income	1,498,164.70	117,344.85	123,164.94	319,466.51
Expense				
Interest expense	-501.63	-52.81	-70.51	-176.37
Management fee	-221,781.37	-37,241.94	-47,493.62	-66,058.23
Taxe d'abonnement	-18,213.11	-1,513.20	-1,876.23	-5,017.36
Publication and audit expenses	-5,887.16	-527.96	-734.73	-1,809.84
Typesetting, printing and postage and packaging for the annual and semi-annual reports	-1,094.26	-98.60	-137.09	-359.92
Registrar and transfer agent fee	-665.45	-59.62	-82.98	-215.94
Government fees	-683.83	-64.56	-101.97	-248.21
Other expenses ¹⁾	-24,403.67	-1,698.50	-2,240.28	-6,006.14
Expense equalisation	-108,421.14	-9,399.80	1,301.49	3,895.38
Total expense	-381,651.62	-50,656.99	-51,435.92	-75,996.63
Ordinary net income	1,116,513.08	66,687.86	71,729.02	243,469.88
Total expense ratio in percent ²⁾	0.82	1.40	1.35	0.78
Ongoing charges in percent ²⁾	0.84	1.42	1.36	0.79
Swiss total expense ratio in percent before performance fee ²⁾ (for the period from 1 January 2017 to 31 December 2017)	0.82	1.40	1.35	0.78
Swiss total expense ratio in percent including performance fee ²⁾ (for the period from 1 January 2017 to 31 December 2017)	0.82	1.40	1.35	0.78
Swiss performance fee in percent ²⁾ (for the period from 1 January 2017 to 31 December 2017)	-	-	-	-

¹⁾ This position is made up principally of general management costs and delivery charges.²⁾ See notes to the Report.

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

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Performance in percent ¹⁾

As of: 31 December 2017

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Fund	ISIN Security code	Unit class currency	6 months	1 year	3 years	10 years
Ethna-DEFENSIV A since 02/04/2007	LU0279509904 A0LF5Y	EUR	0.89	2.48	3.70	59.15
Ethna-DEFENSIV R-A* since 07/05/2015	LU1134012738 A12EH8	EUR	0.72	2.14	0,07**	-
Ethna-DEFENSIV R-T* since 26/02/2015	LU1134013462 A12EH9	EUR	0.73	2.19	-0,23**	-
Ethna-DEFENSIV SIA-A since 24/06/2013	LU0868353987 A1KANR	EUR	1.03	2.70	4.68	-
Ethna-DEFENSIV SIA CHF-T since 11/02/2015	LU1157022895 A12GN4	CHF	0.82	2.31	0,45**	-
Ethna-DEFENSIV SIA-T since 31/07/2014	LU0868354365 A1KANS	EUR	1.02	2.73	4.50	-
Ethna-DEFENSIV T since 02/04/2007	LU0279509144 A0LF5X	EUR	0.88	2.47	3.73	60.34

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

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

** Since inception

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

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

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Statement of net assets as of 31 December 2017

ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review	Holdings	Price	Price EUR	% share of NFA ¹⁾
Bonds							
Securities traded on an exchange							
EUR							
XS0911388675	6.000 % Achmea BV EMTN Fix-to-Float v.13(2043)	0	0	5,100,000	118.5000	6,043,500.00	0.61
XS1619312686	1.375 % Apple Inc. Reg.S. v.17(2029)	13,000,000	0	13,000,000	102.2800	13,296,400.00	1.34
XS1629866275	2.350 % AT&T Inc. Reg.S. v.17(2029)	22,000,000	0	22,000,000	101.7500	22,385,000.00	2.26
XS0207764712	0.924 % Banque Fédérative du Crédit Mutuel S.A. FRN Perp.	13,100,000	0	13,100,000	88.2500	11,560,750.00	1.17
XS1200679071	1.125 % Berkshire Hathaway Inc. Reg.S. v.15(2027)	10,000,000	0	10,000,000	99.3800	9,938,000.00	1.00
XS1637333748	1.500 % British Telecommunications Plc. v.17(2027)	8,000,000	0	8,000,000	99.4000	7,952,000.00	0.80
XS1651444140	2.125 % Eurofins Scientific SE v.17(2022)	7,000,000	0	7,000,000	101.8900	7,132,300.00	0.72
XS1612543121	1.500 % General Electric Co. Reg.S. v.17(2029)	12,000,000	0	12,000,000	100.4000	12,048,000.00	1.22
FR0013281946	1.625 % Ingenico Group S.A. v.17(2024)	7,000,000	0	7,000,000	100.0500	7,003,500.00	0.71
XS0860584308	3.625 % IPIC GMTN Ltd. v.12(2023)	5,000,000	0	5,000,000	114.2500	5,712,500.00	0.58
XS1685653211	1.750 % London Stock Exchange Group Plc. v.17(2029)	15,000,000	0	15,000,000	102.1500	15,322,500.00	1.55
XS1603948032	3.625 % Netflix Inc. Reg.S. v.17(2027)	5,000,000	0	5,000,000	100.9000	5,045,000.00	0.51
XS1574158082	1.000 % Pfizer Inc. v.17(2027)	15,000,000	0	15,000,000	100.8700	15,130,500.00	1.53
XS1684387456	2.875 % Quintiles IMS Holdings Inc. Reg.S. v.17(2025)	5,000,000	0	5,000,000	100.6900	5,034,500.00	0.51
XS1533922776	3.250 % Quintiles IMS Inc. Reg.S. v.17(2025)	10,000,000	0	10,000,000	102.9400	10,294,000.00	1.04
XS1684385591	4.000 % SoftBank Group Corporation v.17(2029)	19,000,000	0	19,000,000	98.3000	18,677,000.00	1.88
XS0616936372	9.000 % SRLEV NV Fix-to-Float v.11(2041)	14,000,000	4,000,000	10,000,000	120.3380	12,033,800.00	1.21
XS1651071950	1.950 % Thermo Fisher Scientific Inc. v.17(2029)	10,000,000	0	10,000,000	100.5000	10,050,000.00	1.01
XS1693818525	1.375 % Total Capital International S.A. EMTN v.17(2029)	10,200,000	0	10,200,000	101.7400	10,377,480.00	1.05
XS1681520786	1.750 % Transurban Finance Co. Pty. Ltd. EMTN v.17(2028)	10,000,000	0	10,000,000	102.3000	10,230,000.00	1.03
XS1708167652	1.875 % Verizon Communications Inc. Reg.S. v.17(2029)	10,750,000	0	10,750,000	100.0000	10,750,000.00	1.08
XS1600704982	2.375 % VIVAT NV Reg.S. v.17(2024)	5,000,000	0	5,000,000	98.5000	4,925,000.00	0.50
						230,941,730.00	23.31

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Statement of net assets as of 31 December 2017

ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review	Holdings	Price	Price EUR	% share of NFA ¹⁾
GBP							
XS1441773121	2.600 % Brown-Forman Corporation v.16(2028)	0	0	5,000,000	102.7710	5,786,003.83	0.58
XS0367001061	6.250 % Electricité de France v.08(2028)	0	0	3,000,000	133.2530	4,501,283.64	0.45
XS1023626671	4.250 % Goldman Sachs Group Inc/The EMTN v.14(2026)	0	0	3,000,000	114.1510	3,856,018.47	0.39
						14,143,305.94	1.42
NOK							
NO0010727829	2.300 % Oslo v.14(2024)	0	0	40,000,000	101.4150	4,119,588.51	0.42
						4,119,588.51	0.42
USD							
XS0896113007	7.000 % Aberdeen Asset Management Plc. Perp.	0	0	10,000,000	101.0200	8,462,762.84	0.85
US01609WAT99	3.400 % Alibaba Group Holding Ltd. v.17(2027)	5,000,000	0	5,000,000	99.7000	4,176,091.15	0.42
US056752AG38	4.125 % Baidu Inc. v.15(2025)	0	5,000,000	11,000,000	103.6500	9,551,394.82	0.96
US056752AJ76	3.625 % Baidu Inc.v.17(2027)	5,000,000	0	5,000,000	99.0000	4,146,770.55	0.42
US05964HAB15	4.250 % Banco Santander S.A. v.17(2027)	11,000,000	0	11,000,000	103.4700	9,534,807.74	0.96
FR0008131403	1.579 % BNP Paribas S.A. FRN Perp.	10,940,000	0	10,940,000	86.7720	7,952,464.44	0.80
US11133TAC71	3.400 % Broadridge Financial Solutions Inc. v.16(2026)	0	0	10,000,000	99.1550	8,306,525.93	0.84
US25466AAJ07	3.450 % Discover Bank/Greenwood DE v.16(2026)	0	0	5,000,000	98.6000	4,130,015.92	0.42
US29082HAB87	5.400 % Embraer Netherlands Finance B.V. v.17(2027)	10,000,000	2,000,000	8,000,000	108.3000	7,258,105.05	0.73
XS0913601950	4.125 % FTL Capital Ltd v.13(2023)	0	0	5,000,000	101.0510	4,232,679.90	0.43
US37045XBQ88	4.000 % General Motors Financial Co. Inc. v.16(2026)	3,000,000	0	10,000,000	101.4000	8,494,596.63	0.86
US38145GAH39	3.500 % Goldman Sachs Group Inc. v.16(2026)	5,000,000	0	5,000,000	100.0900	4,192,426.91	0.42
US404119BU21	4.500 % HCA Inc. v.16(2027)	0	5,000,000	10,000,000	101.3280	8,488,564.97	0.86
US42824CAW91	4.900 % Hewlett Packard Enterprise Co. v.15(2025)	20,000,000	10,000,000	10,000,000	105.2410	8,816,369.27	0.89
XS0015190423	1.813 % HSBC Bank Plc. FRN Perp.	8,760,000	0	8,760,000	88.2900	6,479,185.73	0.65
GB0005902332	2.125 % HSBC Bank Plc. FRN Perp.	16,090,000	0	16,090,000	88.0500	11,868,346.32	1.20
USY3815NAZ43	3.625 % Hyundai Capital Services Inc. Reg.S. v.17(2027)	10,000,000	0	10,000,000	97.4400	8,162,854.99	0.82
US456837AH61	3.950 % ING Groep N.V. v.17(2027)	15,000,000	3,000,000	12,000,000	104.0500	10,459,914.55	1.06
US46625HRV41	2.950 % JPMorgan Chase & Co. v.16(2026)	0	0	5,000,000	97.9600	4,103,208.51	0.41
US49338LAE39	4.600 % Keysight Technologies Inc. v.17(2027)	7,000,000	0	7,000,000	105.6970	6,198,198.88	0.63
US606822AD62	3.850 % Mitsubishi UFJ Financial Group Inc. v.16(2026)	0	0	13,000,000	103.5420	11,276,250.31	1.14
US680223AK06	3.875 % Old Republic International Corporation v.16(2026)	0	0	10,000,000	100.5850	8,426,321.52	0.85
XS1575967218	5.375 % Oman Reg.S. v.17(2027)	7,300,000	3,200,000	4,100,000	101.1270	3,473,407.89	0.35
US68389XBM65	2.650 % Oracle Corporation v.16(2026)	10,000,000	10,000,000	5,000,000	97.1900	4,070,955.85	0.41
US68389XBN49	3.250 % Oracle Corporation v.17(2027)	3,000,000	0	3,000,000	101.3400	2,546,871.07	0.26
GB0047524268	1.754 % Rothschilds Continuation Finance BV FRN Perp.	12,600,000	0	12,600,000	79.5230	8,393,983.41	0.85
XS1694217495	3.625 % Saudi Arabien Reg.S. v.17(2028)	10,000,000	5,000,000	5,000,000	99.2680	4,157,996.15	0.42
FR0008202550	1.750 % Societe Generale SA FRN v.86 Perp.	3,850,000	0	3,850,000	89.8670	2,898,449.78	0.29
XS1323910254	3.250 % SP PowerAssets Ltd. Reg.S. v.15(2025)	0	0	10,000,000	102.1480	8,557,258.94	0.86

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Statement of net assets as of 31 December 2017

ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review	Holdings	Price	Price EUR	% share of NFA ¹⁾
USD (continued)							
US88032XAD66	3.800 % Tencent Holdings Ltd. Reg.S. v.15(2025)	0	10,000,000	5,000,000	103.6300	4,340,705.37	0.44
US302154BN89	3.250 % The Export-Import Bank of Korea Reg.S. v.14(2026)	0	3,000,000	3,800,000	99.8510	3,178,636.17	0.32
US302154BT59	2.875 % The Export-Import Bank of Korea v.15(2025)	0	0	6,000,000	97.6490	4,908,218.15	0.50
GB0004355490	1.625 % The Hongkong and Shanghai Banking Corporation Ltd. Perp.	5,000,000	0	5,000,000	88.6000	3,711,150.21	0.37
US928563AC98	3.900 % VMware Inc. v.17(2027)	15,000,000	0	15,000,000	101.0000	12,691,631.06	1.28
US949746SH57	3.000 % Wells Fargo & Co. v.16(2026)	5,000,000	0	5,000,000	97.8900	4,100,276.45	0.41
						231,747,397.43	23.38
Securities traded on an exchange						480,952,021.88	48.53
Securities admitted to or included in organised markets							
EUR							
XS1627602201	1.875 % American International Group Inc. v.17(2027)	12,000,000	0	12,000,000	102.6500	12,318,000.00	1.24
FR0010301713	0.819 % Credit Logement S.A. FRN Perp.	14,850,000	8,750,000	6,100,000	92.1000	5,618,100.00	0.57
XS1117298247	1.900 % Discovery Communications LLC v.15(2027)	5,000,000	0	5,000,000	99.3700	4,968,500.00	0.50
XS1734328799	2.875 % Equinix Inc. Reg.S. v.17(2026)	11,000,000	0	11,000,000	99.9000	10,989,000.00	1.11
XS1679781424	2.875 % Equinix Inc. v.17(2025)	5,000,000	0	5,000,000	100.4350	5,021,750.00	0.51
DE000A19HCX8	2.000 % JAB Holdings BV Reg.S. v.17(2028)	10,000,000	0	10,000,000	103.6800	10,368,000.00	1.05
XS1405784015	2.250 % Kraft Heinz Foods Co. Reg.S. v.16(2028)	10,860,000	0	10,860,000	102.9000	11,174,940.00	1.13
XS1001749289	3.125 % Microsoft Corporation Reg.S. v.13(2028)	10,000,000	0	10,000,000	121.3700	12,137,000.00	1.22
XS1732478265	2.375 % Roadster Finance DAC Co.Stufenzinsanleihe v.17(2027)	5,000,000	0	5,000,000	99.2000	4,960,000.00	0.50
XS1196503137	1.800 % The Priceline Group Inc. v.15(2027)	10,000,000	0	10,000,000	102.1500	10,215,000.00	1.03
XS1493836461	4.250 % Ziggo Secured Finance BV Reg.S. v.16(2027)	8,115,000	4,000,000	4,115,000	103.6100	4,263,551.50	0.43
						92,033,841.50	9.29
USD							
US018581AE86	6.375 % Alliance Data Systems Corporation 144A v.12(2020)	1,000,000	0	11,000,000	100.8020	9,288,950.32	0.94
US023135BA31	3.150 % Amazon.com Inc. 144A v.17(2027)	5,000,000	0	5,000,000	100.4240	4,206,417.02	0.42
US037833CJ77	3.350 % Apple Inc. Reg.S. v.17(2027)	17,000,000	0	17,000,000	102.1300	14,544,776.74	1.47
USP06518AF40	5.750 % Bahamas v.14(2024)	0	7,500,000	10,000,000	105.9090	8,872,329.73	0.90
US06406FAC77	2.800 % Bank of New York Mellon Corporation v.16(2026)	0	0	3,000,000	97.5800	2,452,374.97	0.25
USG10367AB96	4.854 % Bermuda Reg.S. v.13(2024)	0	0	5,000,000	108.7770	4,556,295.55	0.46
USG10367AD52	3.717 % Bermuda Reg.S. v.16(2027)	6,600,000	0	6,600,000	100.4400	5,553,355.11	0.56
US093662AG97	5.250 % Block Financial LLC DL-Notes 2015(15/25)	0	0	9,000,000	106.8990	8,059,738.63	0.81
US05578DAX03	3.375 % BPCE S.A. v.16(2026)	0	0	5,000,000	101.1900	4,238,502.14	0.43
US12673PAE51	4.500 % CA Inc. v.13(2023)	0	6,200,000	5,592,000	105.0000	4,918,823.83	0.50
US12673PAJ49	4.700 % CA Inc. v.17(2027)	2,000,000	0	2,000,000	104.4480	1,749,987.43	0.18
US177376AE06	4.500 % Citrix Systems Inc. v.17(2027)	10,000,000	0	10,000,000	101.0300	8,463,600.57	0.85
US2027A1HT70	2.850 % Commonwealth Bank of Australia Reg.S. v.16(2026)	0	0	7,000,000	97.4000	5,711,652.84	0.58
US25272KAK97	6.020 % Diamond 1 Finance Corporation 144A v.16(2026)	18,000,000	0	18,000,000	110.2280	16,621,462.68	1.68

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Statement of net assets as of 31 December 2017

ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review	Holdings	Price	Price EUR	% share of NFA ¹⁾
USD (continued)							
US30219GAN88	3.400 % Express Scripts Holding Co. v.16(2027)	0	0	15,000,000	98.2000	12,339,783.87	1.25
US37045XAZ96	4.300 % General Motors Financial Co. Inc. v.15(2025)	0	0	3,000,000	104.0300	2,614,476.00	0.26
US38148LAC00	3.500 % Goldman Sachs Group Inc. v.15(2025)	0	0	10,000,000	101.3700	8,492,083.44	0.86
US451102AX52	6.000 % Icahn Enterprises LP / Icahn Enterprises Finance Corporation v.14(2020)	0	0	2,000,000	102.8350	1,722,962.22	0.17
US451102BF38	5.875 % Icahn Enterprises LP Finance Corporation v.14(2022)	3,000,000	0	3,000,000	101.0000	2,538,326.21	0.26
US451102BM88	6.750 % Icahn Enterprises L.P./ Icahn Enterprises Finance Corporation v.17(2024)	7,000,000	0	7,000,000	103.0350	6,042,096.00	0.61
US457153AG90	5.450 % Ingram Micro Inc. v.14(2024)	0	1,170,000	8,830,000	98.6340	7,296,123.15	0.74
US459200JG74	3.450 % International Business Machines Corporation v.16(2026)	0	12,750,000	2,250,000	103.2700	1,946,531.79	0.20
US478160BY94	2.450 % Johnson & Johnson v.16(2026)	0	0	10,000,000	97.3100	8,151,964.48	0.82
US48203RAJ32	4.350 % Juniper Networks Inc. v.15(2025)	0	0	13,500,000	102.8500	11,631,691.38	1.17
US500255AU88	4.250 % Kohl's Corporation v.15(2025)	0	0	10,500,000	101.8850	8,961,987.94	0.90
US91086QBG29	4.125 % Mexiko v.16(2026)	0	0	5,000,000	104.3190	4,369,565.22	0.44
US59408TAA88	4.000 % Michael Kors Inc. 144A v.17(2024)	10,000,000	0	10,000,000	100.9010	8,452,793.83	0.85
US594918BY93	3.300 % Microsoft Corporation Reg.S. v.17(2027)	12,000,000	0	12,000,000	103.0800	10,362,402.61	1.05
US631103AG34	3.850 % Nasdaq Inc. v.16(2026)	0	5,000,000	15,000,000	102.5000	12,880,120.63	1.30
US63254AAS78	2.500 % National Australia Bank Ltd. v.16(2026)	0	0	10,000,000	94.7800	7,940,018.43	0.80
US62886EAS72	6.375 % NCR Corp. DL-Notes 2014(14/23)	5,490,000	0	5,490,000	104.9990	4,829,056.80	0.49
USN6945AAK36	5.999 % Petrobras Global Finance BV Reg.S. v.17(2028)	8,000,000	0	8,000,000	100.2500	6,718,606.01	0.68
USU8029KAE20	4.400 % Santander Holdings USA Inc. Reg.S. v.17(2027)	7,500,000	0	7,500,000	102.1900	6,420,583.06	0.65
US81180WAL54	4.750 % Seagate HDD Cayman v.14(2025)	0	3,000,000	7,000,000	98.3010	5,764,488.57	0.58
US81180WAR25	4.875 % Seagate HDD Cayman v.15(2027)	7,067,000	0	7,067,000	95.8320	5,673,492.03	0.57
US78462QAE98	3.000 % SP PowerAssets Ltd. 144A v.17(2027)	5,000,000	0	5,000,000	98.9210	4,143,461.51	0.42
US86562MAK62	3.010 % Sumitomo Mitsui Financial Group Inc. v.16(2026)	0	0	15,000,000	97.3200	12,229,203.32	1.23
US87165BAM54	3.950 % Synchrony Financial v.17(2027)	2,000,000	0	2,000,000	99.4390	1,666,063.50	0.17
US189754AA23	4.250 % Tapestry Inc. v.15(2025)	0	2,250,000	8,000,000	101.9700	6,833,877.86	0.69
US878237AH96	4.950 % Tech Data Corporation v.17(2027)	21,000,000	11,000,000	10,000,000	105.1800	8,811,259.11	0.89
US741503AZ91	3.600 % The Priceline Group Inc. v.16(2026)	0	9,114,000	3,000,000	100.5210	2,526,288.01	0.25
XS1596778008	4.625 % UniCredit S.p.A. Reg.S. v.17(2027)	10,000,000	3,000,000	7,000,000	105.4520	6,183,831.78	0.62
US92343EAF97	4.625 % VeriSign Inc. v.13(2023)	0	7,000,000	8,400,000	103.0440	7,251,148.53	0.73
US94974BGP94	3.550 % Wells Fargo & Co. v.15(2025)	0	0	5,100,000	102.6280	4,384,709.73	0.44
US958102AJ47	7.375 % Western Digital Corp. DL-Notes 2016(16/23) 144A	5,000,000	0	5,000,000	107.9770	4,522,786.29	0.46
						302,940,050.87	30.58
Securities admitted to or included in organised markets						394,973,892.37	39.87

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Statement of net assets as of 31 December 2017

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Unlisted securities							
AUD							
AU3CB0158731	6.750 % Macquarie University v.10(2020)	0	0	3,000,000	110.6070	2,166,216.22	0.22
						2,166,216.22	0.22
Unlisted securities						2,166,216.22	0.22
Bonds						878,092,130.47	88.62
Securities holdings						878,092,130.47	88.62
Futures contracts							
Long positions							
EUR							
DAX Performance-Index Future March 2018		110	20	90		-422,150.00	-0.04
						-422,150.00	-0.04
JPY							
Yen Denominated Nikkei 225 Index Future March 2018		140	0	140		77,723.10	0.01
						77,723.10	0.01
USD							
E-Mini S&P 500 Index Future March 2018		150	100	50		37,802.63	0.00
						37,802.63	0.00
Long positions						-306,624.27	-0.03
Short positions							
EUR							
EUX 10YR Euro Bund Future March 2018		0	1,400	-1,400		1,781,360.00	0.18
						1,781,360.00	0.18
USD							
CBT 10YR US T-Bond Note Future March 2018		0	3,750	-3,750		3,073,754.40	0.31
						3,073,754.40	0.31
Short positions						4,855,114.40	0.49
Futures contracts						4,548,490.13	0.46
Credit Default Swaps							
Bought							
EUR							
J.P. Morgan Securities Plc., London/iTraxx Europe S28 5Yr Index CDS v.17(2022)		10,000,000	0	10,000,000		-1,247,168.00	-0.13
J.P. Morgan Securities Plc., London/iTraxx Europe S28 5Yr Index CDS v.17(2022)		10,000,000	0	10,000,000		-277,942.00	-0.03
JP Morgan Securities Plc./iTraxx Europe Crossover S28 5Yr Index CDS v.17(2022)		10,000,000	0	10,000,000		-1,247,168.00	-0.13
						-2,772,278.00	-0.29

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USD							
	J.P. Morgan Securities Plc., London/CDX North America High Yield S29 10Yr Index CDS v.17(2022)	20,000,000	10,000,000	10,000,000		-704,546.37	-0.07
	J.P. Morgan Securities Plc., London/CDX North America Investment Grade S29 5Yr Index CDS v.17(2022)	10,000,000	0	10,000,000		-202,947.14	-0.02
						-907,493.51	-0.09
	Bought					-3,679,771.51	-0.38
	Credit Default Swaps					-3,679,771.51	-0.38
	Cash at banks - current accounts^{2) 3)}					96,344,968.84	9.72
	Other receivables and payables (net)					15,608,012.58	1.58
	Total net fund assets in EUR					990,913,830.51	100.00

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

2) See notes to the Annual Report.

3) Ethna-DEFENSIV provided cash collateral to the following counterparties in the following amounts as of the reporting date 31 December 2017:
DZ PRIVATBANK S.A., Luxemburg EUR 70,000.00
J.P. Morgan Securities PLC, London EUR 6,480,000.00

Forward foreign exchange contracts

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

Currency	Counterparty		Currency amount	Price EUR	% share of NFA ¹⁾
AUD/EUR	J.P. Morgan Securities PLC, London	Currency purchases	14,000,000.00	9,133,677.24	0.92
CHF/EUR	DZ PRIVATBANK S.A.	Currency purchases	11,310,000.00	9,681,246.47	0.98
USD/EUR	J.P. Morgan Securities PLC, London	Currency purchases	50,000,000.00	41,694,497.74	4.21
EUR/CHF	DZ PRIVATBANK S.A.	Currency sales	380,000.00	325,276.19	0.03
EUR/GBP	Morgan Stanley & Co. Intl. PLC, London	Currency sales	12,000,000.00	13,502,641.45	1.36
EUR/USD	Citigroup Global Markets Ltd.	Currency sales	135,000,000.00	112,811,082.07	11.38
EUR/USD	J.P. Morgan Securities PLC, London	Currency sales	115,000,000.00	95,963,895.04	9.68
EUR/USD	Morgan Stanley & Co. Intl. PLC, London	Currency sales	450,000,000.00	375,605,808.78	37.90

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Futures contracts

	Holdings	Commitments EUR	% share of NFA ¹⁾
Long positions			
EUR			
DAX Performance-Index Future March 2018	90	29,171,250.00	2.94
		29,171,250.00	2.94
JPY			
Yen Denominated Nikkei 225 Index Future March 2018	140	11,842,564.34	1.20
		11,842,564.34	1.20
USD			
E-Mini S&P 500 Index Future March 2018	50	5,624,842.93	0.57
		5,624,842.93	0.57
Long positions		46,638,657.27	4.71
Short positions			
EUR			
EUX 10YR Euro Bund Future March 2018	-1,400	-226,506,000.00	-22.86
		-226,506,000.00	-22.86
USD			
CBT 10YR US T-Bond Note Future March 2018	-3,750	-389,054,253.58	-39.26
		-389,054,253.58	-39.26
Short positions		-615,560,253.58	-62.12
Futures contracts		-568,921,596.31	-57.41

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

Acquisitions and disposals

from 1 January 2017 to 31 December 2017

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

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

ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review
Bonds			
Securities traded on an exchange			
EUR			
NL0000168466	6.000 % Aegon NV Perp.	0	1,000,000
XS1579353647	4.500 % Alliance Data Systems Corporation Reg.S. v.17(2022)	4,000,000	4,000,000
XS0212581564	0.843 % Banque Fédérative du Credit Mutuel FRN Perp.	500,000	500,000
FR0010125757	0.000 % BPCE S.A. EMTN FRN Perp.	3,309,000	3,309,000
FR0010161026	0.860 % Crédit Agricole S.A. FRN Perp.	4,270,000	4,270,000
FR0011942283	3.875 % Engie S.A. Reg.S. Fix-to-Float Perp.	0	1,500,000
XS1388625425	3.750 % Fiat Chrysler Automobiles Reg.S. NV v.16(2024)	10,000,000	10,000,000
XS1647481206	2.150 % Indonesia Reg.S. v.17(2024)	5,000,000	5,000,000
XS0285885009	5.250 % Irish Life Assurance Plc. Fix-to-Float Perp.	0	5,000,000
PTOTEUOE0019	4.125 % Portugal Reg.S. v.17(2027)	13,000,000	13,000,000
PTOTETOE0012	2.875 % Portugal 144A v.16(2017)	5,000,000	5,000,000
XS1266662334	4.750 % SoftBank Group Corporation Reg.S. v.15(2025)	15,000,000	15,000,000
XS1266661013	5.250 % SoftBank Group Corporation Reg.S. v.15(2027)	5,000,000	5,000,000
XS1650590349	1.875 % Steinhoff Europe AG Reg.S. v.17(2025)	10,000,000	10,000,000
XS1700480160	6.625 % Vallourec S.A. Reg.S. v.17(2022)	4,000,000	4,000,000
XS1175813655	3.750 % Ziggo Secured Finance BV Reg.S. v.15(2025)	7,155,000	7,155,000
MXN			
MX0MGO0000L1	8.000 % Mexiko v.09(2020)	150,000,000	150,000,000
MX0MGO0000V0	5.000 % Mexiko v.14(2019)	300,000,000	300,000,000
USD			
XS0860855344	3.250 % Amber Circle Funding LTD. v.12(2022)	0	21,000,000
GB0040024555	1.431 % Australia & New Zealand Banking Group Ltd. FRN Perp.	4,930,000	4,930,000
US07177MAB90	4.000 % Baxalta Inc. v.16(2025)	0	14,869,000
FR0010101949	2.520 % BPCE S.A. EMTN FRN Perp.	3,400,000	3,400,000
US120568AX84	3.250 % Bunge Ltd. Finance Corporation v.16(2026)	0	5,000,000
XS0431744282	11.000 % Cooperatieve Rabobank UA Reg.S. Fix-to-Float Perp.	10,000,000	10,000,000
US36164Q6M56	3.373 % GE Capital International Funding v.16(2025)	0	6,227,000
US359694AB24	4.000 % HB Fuller Co. v.17(2027)	5,000,000	5,000,000
XS1213834978	4.250 % Hikma Pharmaceuticals Plc. Reg.S. v.15(2020)	0	10,575,000
GB0005903413	1.600 % HSBC Bank Plc. FRN perp.	2,350,000	2,350,000
US460146CP67	3.000 % International Paper Co. v.16(2027)	0	3,200,000
XS0701035676	5.500 % IPIC GMTN LTD. v.11(2022)	0	12,000,000
USX34650AA31	5.875 % ISLAND REGS v.12(2022)	0	18,500,000

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

Acquisitions and disposals from 1 January 2017 to 31 December 2017

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

ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review
USD (continued)			
IL0028102734	4.500 % Israel Chemicals Ltd. Reg.S. v.14(2024)	0	2,000,000
XS1405782159	3.250 % Katar Reg.S. v.16(2026)	0	20,000,000
US717081DV27	2.750 % Pfizer Inc. v.16(2026)	0	15,000,000
XS1085735899	5.125 % Portugal Reg.S. v.14(2024)	0	15,000,000
XS0323865047	6.990 % Royal Bank of Scotland Group Plc. Reg.S. FRN Perp.	5,000,000	5,000,000
XS1508675417	3.250 % Saudi Arabien Reg.S. v.16(2026)	0	10,000,000
XS1266660122	6.000 % SoftBank Group Corporation Reg.S. v.15(2025)	0	8,000,000
US91913YAU47	3.400 % Valero Energy Corporation v.16(2026)	0	10,000,000
US92343VDY74	4.125 % Verizon Communications Inc v.17(2027)	10,000,000	10,000,000
GB0009573998	1.570 % Westpac Banking Corporation FRN v.86(Perp.)	2,830,000	2,830,000
NL0000120004	1.506 % Aegon NV Stufenzinsanleihe Perp.	0	2,210,000
Securities admitted to or included in organised markets			
EUR			
XS1172951508	2.750 % Petroleos Mexicanos Reg.S. EMTN v.15(2027)	0	7,000,000
XS1568888777	4.875 % Petroleos Mexicanos Reg.S. EMTN v.17(2028)	5,000,000	5,000,000
XS1057659838	3.750 % Petroleos Mexicanos Reg.S. v.14(2026)	0	3,500,000
USD			
US002824BB55	2.950 % Abbott Laboratories v.15(2025)	0	10,000,000
US00507VAJ89	3.400 % Activision Blizzard Inc. 144A v.16(2026)	0	10,000,000
US026874DH71	3.900 % American International Group Inc. v.16(2026)	0	12,000,000
US037833AK68	2.400 % Apple Inc. v.13(2023)	0	20,200,000
US037833BY53	3.250 % Apple Inc. v.16(2026)	0	8,000,000
US00206RCT77	4.125 % AT&T Inc v.16(2026)	0	22,000,000
US052769AB25	3.600 % Autodesk Inc. v.12(2022)	0	13,000,000
US075896AA80	3.749 % Bed Bath & Beyond Inc. v.14(2024)	0	6,557,000
US084670BS67	3.125 % Berkshire Hathaway Inc. v.16(2026)	0	10,000,000
USG10367AA14	4.138 % Bermuda v.12(2023)	0	11,600,000
US05574LFY92	3.250 % BNP Paribas S.A. MTN v.13(2023)	0	10,000,000
US05578DAG79	4.000 % BPCE S.A. v.14(2024)	0	15,000,000
US21688AAE29	3.375 % Cooperatieve Centrale Raiffeisen-Boerenleenbank BA (New York Branch) v.15(2025)	0	15,000,000
US219868BS46	4.375 % Corporation Andina de Fomento v.12(2022)	0	10,150,000
US25272KAG85	5.450 % Diamond 1 Finance Corporation / Diamond 2 Finance Corporation 144A v.16(2023)	0	10,000,000
US256603AC54	7.250 % Dole Food Co. Inc. 144A v.17(2025)	5,000,000	5,000,000
USF2893TAS53	3.625 % Electricité de France (E.D.F.) Reg.S v.15(2025)	0	25,000,000
US30212PAM77	5.000 % Expedia Inc. v.16(2026)	3,375,000	5,000,000
USU42832AH59	4.900 % Hewlett Packard Enterprise Co. Reg.S. v.15(2025)	0	5,000,000
US42824CAP41	4.900 % Hewlett Packard Enterprise Co. 144A v.15(2025)	0	15,000,000
US444859BD30	3.850 % Humana Inc. DL-Notes 2014(14/24)	0	15,000,000
US451102BK23	6.750 % Icahn Enterprises L.P. / Icahn Enterprises Finance Corporation 144A v.17(2024)	7,000,000	7,000,000
US451102BB24	4.875 % Icahn Enterpr.L.P./Fin. Corp. DL-Notes 2014(14/19)	0	5,000,000
US45866FAD69	3.750 % Intercontinental Exchange Inc. v.15(2025)	0	15,000,000
US46132FAD24	3.750 % Invesco Finance Plc. v.15(2026)	0	7,000,000
US46625HJX98	3.625 % JPMorgan Chase & Co. v.14(2024)	0	8,000,000
US46625HMN79	3.900 % JPMorgan Chase & Co. v.15(2025)	0	10,000,000
US48203RAG92	4.500 % Juniper Networks Inc. v.14(2024)	0	5,000,000
USU24478AB29	6.875 % KCG Holdings Inc. Reg.S. v.15 2020	0	8,000,000

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Acquisitions and disposals from 1 January 2017 to 31 December 2017

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

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ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review
USD (continued)			
US48250NAB10	5.250 % KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC 144A v.16(2026)	0	10,000,000
US482480AE03	4.650 % KLA-Tencor Corporation v.14(2024)	0	10,000,000
US56501RAC07	4.150 % Manulife Financial Corporation v.16(2026)	0	5,000,000
US59156RBQ02	3.600 % Metlife Inc. v.15(2025)	0	6,000,000
US595112BH53	7.500 % Micron Technology Inc. 144A v.16(2023)	10,900,000	10,900,000
US595112BJ10	7.500 % Micron Technology Inc. 144A v.16(2023)	14,000,000	14,000,000
US594918BJ27	3.125 % Microsoft Corporation v.15(2025)	0	10,000,000
US594918BB90	2.700 % Microsoft Corporation v.15(2025)	0	10,000,000
US67066GAE44	3.200 % NVIDIA Corporation v.16(2026)	0	7,000,000
US68389XAU90	3.400 % Oracle Corporation v.14(2024)	0	20,452,000
US741503AW60	3.650 % Priceline Group Inc. v.15(2025)	0	3,000,000
US747525AF05	3.450 % Qualcomm Inc. v.15(2025)	0	13,150,000
USU75000BD74	3.350 % Roche Holdings Inc. Reg.S. v.14(2024)	0	10,000,000
US85208NAA81	3.360 % Sprint Spectrum Co. LLC/Sprint Spectrum Co. II LLC/Sprint Spectrum Co. III LLC v.16(2021)	0	10,000,000
US857477AT04	3.550 % State Street Corporation v.15(2025)	0	10,000,000
US863667AH48	3.375 % Stryker Corporation v.15(2025)	0	10,000,000
US871829BC08	3.300 % Sysco Corporation v.16(2026)	0	10,000,000
US878237AG14	3.700 % Tech Data Corporation v.17(2022)	5,000,000	5,000,000
USP93960AG08	4.500 % Trinidad & Tobago Reg.S. v.16(2026)	0	1,650,000
US896292AJ80	4.500 % Trinidad & Tobago 144A v.16(2026)	0	8,000,000
US91159HHG83	3.700 % US Bancorp v.14(2024)	0	5,000,000
XS1625994618	4.950 % VEON HOLDINGS B.V. v.17(2024)	10,000,000	10,000,000
US92826CAD48	3.150 % VISA Inc. v.15(2025)	0	10,000,000
US94974BGA26	3.300 % Wells Fargo & Co v.14(2024)	0	5,000,000
US966837AE62	5.200 % Whole Foods Market Inc. v.16(2025)	5,000,000	10,000,000
Unlisted securities			
USD			
USU37342AF62	3.600 % Georgia-Pacific LLC Reg.S. v.14(2025)	0	5,000,000
US060587AB85	7.250 % UniCredit Bank Austria AG 144A v.97(2017)	0	3,000,000
Options			
EUR			
	Call on EUR/GBP December 2017/0.85000	10,000,000	10,000,000
	Call on EUR/GBP December 2017/0.88000	10,000,000	10,000,000
	Call on EUR/GBP December 2017/0.95000	10,000,000	10,000,000
	Call on Euro Bund 10 Year Future November 2017/161.50	250	250
	Call on EUR/USD May 2017/1.095	40,000,000	40,000,000
	Put on DAX Index September 2017/12,300.00	250	250
	Put on EUR/USD December 2017/1.17	5,000,000	5,000,000
	Put on EUR/USD December 2017/1.17	5,000,000	5,000,000
	Put on EUR/USD December 2017/1.1700	10,000,000	10,000,000

Acquisitions and disposals from 1 January 2017 to 31 December 2017

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

ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review	
USD				
	Call on CBT 20YR US Long Bonds Note Future February 2017/151.00	200	200	
	Call on CBT 20YR US Long Bonds Note Future February 2017/152.00	200	200	
	Call on CBT 20YR US Long Bonds Note Future June 2017/151.00	500	500	
	Call on Chicago Board Options Exchange SPX Volatility Index August 2017/11.50	3,000	3,000	
	Call on Chicago Board Options Exchange SPX Volatility Index September 2017/14.00	4,000	4,000	
	Call on CME E-Mini S&P 500 Index Future June 2017/2,400.00	250	250	
	Call on EUR/USD September 2017/1.20	30,000,000	30,000,000	25
	Put on CBT 10YR US T-Bond Note Future March 2017/122.50	1,500	1,500	
	Put on CBT 10YR US T-Bond Note Future November 2017/124.50	700	700	
	Put on CBT 20YR US Long Bonds Note Future March 2017/150.50	1,250	1,250	
Futures contracts				
EUR				
	DAX Performance-Index Future December 2017	401	401	
	DAX Performance-Index Future June 2017	380	380	
	DAX Performance Index Future March 2017	420	470	
	DAX Performance-Index Future September 2017	395	395	
	EUREX Dow Jones EURO STOXX 50 Index Future December 2017	900	900	
	EUREX Dow Jones EURO STOXX 50 Index Future June 2017	900	900	
	EUREX Dow Jones EURO STOXX 50 Index Future March 2017	2,250	2,575	
	EUREX Dow Jones EURO STOXX 50 Index Future September 2017	1,100	1,100	
	EUX 10YR Euro-Bund Future December 2017	1,700	1,700	
	EUX 10YR Euro-Bund Future Juni 2017	250	250	
	EUX 10YR Euro Bund Future March 2017	250	250	
	EUX 10YR Euro-Bund Future September 2017	1,000	1,000	
HKD				
	Hang Seng Index Future December 2017	30	30	
JPY				
	Tokyo Stock Price (TOPIX) Index Future June 2017	100	100	
	Yen Denominated Nikkei 225 Index Future December 2017	70	70	
KRW				
	Korea Stock Price 200 Index Future December 2017	40	40	
	Korea Stock Price 200 Index Future March 2018	80	80	
USD				
	CBT 10YR US T-Bond Note Future December 2017	7,900	7,900	
	CBT 10YR US T-Bond Note Future June 2017	11,000	11,000	
	CBT 10YR US T-Bond Note Future March 2017	14,000	8,000	
	CBT 10YR US T-Bond Note Future March 2017	500	500	
	CBT 10YR US T-Bond Note Future September 2017	10,000	10,000	
	Chicago Board Options Exchange SPX Volatility Index Future August 2017	300	300	
	Chicago Board Options Exchange SPX Volatility Index Future September 2017	400	400	
	CME Nasdaq 100 E-Mini Index Future December 2017	265	265	
	CME Nasdaq 100 E-Mini Index Future March 2017	400	400	
	CME Nasdaq 100 E-Mini Index Future March 2018	50	50	

Acquisitions and disposals from 1 January 2017 to 31 December 2017

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

ISIN	Securities	Acquisitions in the period under review	Disposals in the period under review
USD (continued)			
	CME Nasdaq 100 E-Mini Index Future September 2017	375	375
	E-Mini S&P 500 Index Future December 2017	250	250
	E-Mini S&P 500 Index Future Juni 2017	250	250
	E-Mini S&P 500 Index Future March 2017	175	175
	E-Mini S&P 500 Index Future September 2017	150	150
Credit Default Swaps			
EUR			
	J.P. Morgan Securities Plc., London/iTraxx Europe S27 5Yr Index CDS v.17(2022)	10,000,000	10,000,000
	J.P. Morgan Securities Plc., London/iTraxx Europe S28 5Yr Index CDS v.17(2022)	20,000,000	20,000,000
	J.P. Morgan Securities Plc., London/iTraxx Europe S27 5Yr Index CDS v.17(2022)	10,000,000	10,000,000
	J.P. Morgan Securities Plc., London/iTraxx Europe S28 5Yr Index CDS v.17(2022)	10,000,000	10,000,000
USD			
	J.P. Morgan Securities Plc., London/CDX North America Investment Grade S28 5Yr Index CDS v.17(2022)	10,000,000	10,000,000
	JP Morgan Securities Plc./CDX North America Investment Grade S29 5Yr Index CDS v.17(2022)	10,000,000	10,000,000

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Exchange rates

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

Australian dollar	EUR	1 =	AUD	1.5318
Sterling	EUR	1 =	GBP	0.8881
Hong Kong dollars	EUR	1 =	HKD	9.3292
Japanese yen	EUR	1 =	JPY	134.7090
Mexican peso	EUR	1 =	MXN	23.5993
Norwegian krone	EUR	1 =	NOK	9.8471
Swedish krona	EUR	1 =	SEK	9.8584
Swiss franc	EUR	1 =	CHF	1.1686
US dollar	EUR	1 =	USD	1.1937



Notes to the Annual Report as of 31 December 2017

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1.) General

The Ethna-DEFENSIV investment fund is managed by ETHENEA Independent Investors S.A. pursuant to the fund's management regulations. The management regulations first came into force on 2 January 2007.

They were filed with the Luxembourg Trade and Companies Register with a reference to this filing published in *Mémorial, Recueil des Sociétés et Associations*, Official Gazette of the Grand Duchy of Luxembourg ("Mémorial"), on 31 January 2007. The Management Regulations were last amended on 29 December 2017 and published in the Recueil électronique des sociétés et associations ("RESA").

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

The management company of the fund is ETHENEA Independent Investors S.A. ("management company"), a public limited liability company incorporated under the laws of the Grand Duchy of Luxembourg with its registered office at 16, Rue Gabriel Lippmann, L-5365 Munsbach. The company was founded on 10 September 2010 for an indefinite period. Its Articles of Association were published on 15 September 2010 in the Mémorial. 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. In connection with listed derivatives, the fund is required to cover risks by providing collateral in the form of bank deposits or securities. The collateral provided in the form of bank deposits amounts to:

ESMA - Initial Margin/Variation Margin for the financial year ending 31 December 2017

Fund name	Counterparty	Initial margin	Variation margin
Ethna-DEFENSIV	DZ PRIVATBANK S.A.	EUR 5,529,662.60	EUR -1,626,835.00
Ethna-DEFENSIV	DZ PRIVATBANK S.A.	USD 4,162,500	USD -5,121,390.63
Ethna-DEFENSIV	DZ PRIVATBANK S.A.	JPY 54,600,000.00	JPY -13,270,001.00

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

3.) Taxation

Taxation of the fund

The fund assets are subject to a tax in the Grand Duchy of Luxembourg, the tax d'abonnement, payable quarterly at the current rate of 0.05 % p.a. of the net fund assets as reported at the end of the relevant quarter. The rate of the tax d'abonnement for the fund or unit classes is mentioned in the annex to the Prospectus. If the fund assets are invested in other Luxembourg investment funds that are already subject to the tax d'abonnement, the tax is waived for the portion of the fund assets invested in those Luxembourg investment funds. The fund's income from the investment of fund assets is not taxed in the Grand Duchy of Luxembourg.

However, this income may be subject to withholding tax in the countries in which the fund assets are invested. In such cases, neither the depositary nor the management company is required to collect tax certificates.

Taxation on income from investment fund units for the investor

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

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

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

Information for investors liable for tax in Germany:

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

4.) Appropriation of income

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

Unit class (R-A)

Regardless of income and performance, a fixed amount of 2.5 % of the net asset value of unit class (R-A) at the end of the financial year is distributed, provided that the total net fund assets do not fall below the minimum threshold of EUR 1,250,000.00.

5.) Information relating to charges and expenditure

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

6.) Transaction costs

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

7.) Total Expense Ratio (TER)

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

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

* NFA = net fund assets

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

8.) Ongoing charges

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

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

9.) Income and expense equalisation

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

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

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

11.) Risk management

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

Commitment Approach:

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

VaR Approach:

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

Relative VaR approach:

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

Absolute VaR approach:

In the absolute VaR approach, the VaR for the fund (99 % confidence level, 20-day holding period) must not exceed a portion of the fund's assets contingent on the level of the fund's risk profile. The maximum limited permitted by the supervisory authorities is 20 % of the fund's assets. 31

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

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

UCITS	Risk management procedure applied
Ethna DEFENSIV	absolute VaR

Absolute VaR Approach for Ethna-DEFENSIV

In the period from 1 January 2017 to 31 December 2017, the absolute VaR approach was used to monitor and measure the total risk associated with derivatives. An absolute value of 10 % was used for the internal limit. The VaR figure in relation to this internal limit was a minimum of 5.20 %, a maximum of 15.28 % and an average of 9.68 % over the period in question. The VaR was calculated using a (parametric) variance-covariance approach, applying the calculation standard of a one-sided confidence interval of 99 %, a holding period of 20 days and a (historical) observation period of 252 trading days.

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

Lowest leverage:	98.48 %
Highest leverage:	176.88 %
Mean leverage (median):	135.09 % (136.10 %)
Calculation method:	Nominal value method (total of nominal values of all derivatives)

It should be noted that the leverage does not take into account hedging or netting of opposing positions. Derivatives, which were used to hedge asset positions and thus served to reduce risk at overall fund level, also led to an increase in leverage. In addition, in the last financial year, the fund focused increasingly on interest rate futures, whose volatility is relatively low compared to other asset classes, and which therefore required the use of a correspondingly high number of contracts to achieve a significant impact at fund level. The leverage determined on this basis is therefore mainly an indicator of the use of derivatives, but not necessarily of the risk resulting from derivatives.

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

- Ethna-DEFENSIV unit class (A) securities no. 3058302
- Ethna-DEFENSIV unit class (T) securities no. 3087284
- Ethna-DEFENSIV unit class (SIA-A) securities no. 2036414
- Ethna-DEFENSIV unit class (SIA-T) securities no. 20364332
- Ethna-DEFENSIV unit class (SIA CHF-T) securities no. 26480260

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

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

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

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

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

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

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

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

Ethna-DEFENSIV	Swiss TER in %	Swiss performance fee in %
Unit class (A)	1.07	0.00
Unit class (T)	1.08	0.00
Unit class (SIA-A)	0.82	0.00
Unit class (SIA-T)	0.82	0.00
Unit class (SIA-CHF-T)	0.78	0.00

c.) Information for investors

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

d.) Amendments to the Prospectus in the financial year

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

13.) Significant events during the period under review

a) Updates and amendments were made to the Sales Prospectus that took effect on 30 July 2017:

- Specific risks in connection with currency-hedged unit classes
- Specification of investment policy

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

- The expected degree of leverage is defined as a maximum value rather than a corridor
- Purchase restriction for classes SIA-T, SIA-A and SIA CHF-T
- Editorial amendments

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

14.) Significant events after the period under review

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

15.) Remuneration policy (unaudited)

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

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

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

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

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

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

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

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

Report of the Réviseur d'Entreprises agréé



KPMG Luxembourg, Société coopérative

39, Avenue John F. Kennedy

L-1855 Luxembourg

Tel.: +352 22 51 51 1

Fax: +352 22 51 71

Email: info@kpmg.lu

Web: www.kpmg.lu

34 To the unitholders of
Ethna-DEFENSIV
16, rue Gabriel Lippmann
L-5365 Munsbach

Report on the audit of the annual financial statements

Audit opinion

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

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

Basis for our audit opinion

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

Additional information

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

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

In auditing the financial statements, our responsibility is to read the additional information and to assess whether there is a significant discrepancy between it and the financial statements or the findings obtained from the audit, or whether the additional information appears otherwise misrepresented. If we determine on the basis of our activities that the additional information contains substantial misrepresentations, we are required to report this. We have nothing to report in this regard. 35

Responsibility of the Board of Directors for the annual financial statements

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

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

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

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

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

36 Furthermore:

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

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

Luxembourg, 5 March 2018

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

M. Wirtz-Bach

Administration, distribution and advisory

Management company:	ETHENEA Independent Investors S.A. 16, rue Gabriel Lippmann L-5365 Munsbach	37
Managing directors of the management company:	Thomas Bernard Frank Hauprich Josiane Jennes	
Board of Directors of the Management Company (managing body):		
Chairman:	Luca Pesarini ETHENEA Independent Investors S.A.	
Directors:	Thomas Bernard ETHENEA Independent Investors S.A. Nikolaus Rummler IPConcept (Luxemburg) S.A. Arnoldo Valsangiacomo ETHENEA Independent Investors S.A.	
Auditor for the fund and the management company:	KPMG Luxembourg, Société coopérative Cabinet de révision agréé 39, Avenue John F. Kennedy L-1855 Luxembourg	
Depositary:	DZ PRIVATBANK S.A. 4, rue Thomas Edison L-1445 Strassen, Luxembourg	

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

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

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

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

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

Information for investors in Belgium:

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

Paying agent and distributor: **CACEIS Belgium SA/NV**
Avenue du Port / Havenlaan 86C b 320
B-1000 Brussels

Distributor: **DEUTSCHE BANK AG**
Brussels branch, Marnixlaan 13 - 15
B-1000 Brussels

Information for investors in Austria:

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

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

Domestic tax representative as defined by section 186 (2) no. 2 of the Austrian Investment Fund Act (InvFG) 2011

ERSTE BANK
der oesterreichischen Sparkassen AG
Am Belvedere 1
A-1100 Wien

Information for investors in the Principality of Liechtenstein:

Paying agent:

VOLKSBANK AG
Feldkircher Strasse 2
FL-9494 Schaan

Information for investors in Switzerland:

Representative in Switzerland:

IPConcept (Schweiz) AG
Münsterhof 12
P.O. Box
CH-8022 Zurich

Paying agent in Switzerland:

DZ PRIVATBANK (Schweiz) AG
Münsterhof 12
P.O. Box
CH-8022 Zurich

Information for investors in Italy:

Paying Agents:

BNP Paribas Securities Services
Via Ansperto no. 5
IT-20123 Milano

Société Générale Securities Services
Via Benigno Crespi, 19/A - MAC 2
IT-20159 Milano

RBC Investor Services Bank S.A.
Via Vittor Pisani 26
IT-20124 Milano

State Street Bank S.p.A.
Via Ferrante Aporti 10
IT-20125 Milano

Banca Sella Holding S.p.A.
Piazza Gaudenzio Sella 1
IT-13900 Biella

Allfunds Bank S.A.
Via Santa Margherita 7
IT-20121 Milano

Information for investors in Spain:

Paying agent:

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

Information for investors in France:

Paying agent:

Caceis Bank
1/3 Place Valhubert
F-75013 Paris

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