

**HERMES LINDER FUND
SICAV PLC**

SV 100

Report and financial statements

31 August 2018

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HERMES LINDER FUND SICAV PLC

Directors, officers and other information

<i>Directors:</i>	Mr. Tom Anastasi Pace Mr. Claudio Palladini Mr. Ivan Fsadni
<i>Secretary:</i>	Mr. Maximilian Galea
<i>Registered office:</i>	Level 14 Portmaso Business Tower Portomaso St. Julians Malta
<i>Country of incorporation:</i>	Malta
<i>Company registration number:</i>	SV 100
<i>Auditor:</i>	Deloitte Audit Limited Deloitte Place Mrieħel Bypass Mrieħel Malta
<i>Investment manager:</i>	Praude Asset Management Limited Level 14 Portomaso Business Tower Portomaso St. Julians, STJ4011 Malta

HERMES LINDER FUND SICAV PLC

Directors, officers and other information (continued)

Custodian: Bank of Valletta p.l.c.
58, Zachary Street
Valletta, VLT 1130
Malta.

*Prime broker and
sub-custodian:* Axion Swiss Bank S.A
Viale Stefano Franscini 22
CH-6901, Lugano
Switzerland

Administrator and registrar: BOV Fund Services Limited
TG Complex,
Suite 2, Level 3,
Brewery Street,
Mriehel, BKR3000
Malta

HERMES LINDER FUND SICAV PLC

Directors' report

Year ended 31 August 2018

The directors present their report and the audited financial statements of the Hermes Linder Fund SICAV PLC (the "Company") for the year ended 31 August 2018.

Significant changes to the Company Documents

There were no significant changes to the Company's document in the period under review.

Description of the Company

Hermes Linder Fund is an open-ended collective investment scheme organised as a multi-fund limited liability company with variable share capital registered under the laws of Malta and licensed by the Malta Financial Services Authority in terms of the Investment Services Act (Chapter 370 of the Laws of Malta). The Company qualifies as a "Maltese UCITS" in terms of the Investment Services Act (Marketing of UCITS) Regulations 2011 (Legal Notice 241 of 2011).

Principal activities

The principal activity of the Company is to achieve its investment objectives as defined in its prospectus. The Company has one sub-fund, the Hermes Linder Fund, (the "sub-fund") which has three share classes: Class A, Class B and Class C. The investment objective of the Hermes Linder Fund is to achieve long-term appreciation principally through value investing mainly in the major equity markets. There is no guarantee that the sub-fund will achieve its investment objectives.

Performance review

In the year under review the Hermes Linder Fund had subscriptions of *EUR46,947,232* (2017 – *EUR54,112,463*) from investors with redemptions amounting to *EUR24,699,551* (2017- *EUR63,318,236*). The Company registered a loss/gain of *EUR13,495,805* (2017 – *EUR93,912,238*). Net assets attributable to holders of redeemable shares at the end of the year amounted to *EUR312,355,577* (2017 – *EUR303,603,701*).

Results and dividends

The results for the year ended 31 August 2018 are shown in the statement of profit or loss and other comprehensive income on page 7. No dividend is paid out as the entire net income of the Company is accumulated within the sub-fund and reflected in the net asset value.

Likely future developments

The directors consider that the year-end financial position was satisfactory and that the Company is well placed to sustain the present level of activity in the foreseeable future.

Principal risks and uncertainties

The successful management of risk is essential to enable the Company to achieve its objectives. The ultimate responsibility for risk management rests with the Company's directors, who evaluate the Company's risk appetite and formulate policies for identifying and managing such risks. The Principal risks and uncertainties are included in the investment managers' report on pages 48 to 52.

HERMES LINDER FUND SICAV PLC

Directors' report (continued)

Year ended 31 August 2018

Financial risk management

Note 14 to the financial statements provides details in connection with the Company's use of financial instruments, its financial risk management objectives and policies and the financial risks to which it is exposed.

Directors

The directors who served during the year were:

Mr. Tom Anastasi Pace

Mr. Claudio Palladini

Mr. Ivan Fsadni

In accordance with the Company's articles of association the directors are to remain in office.

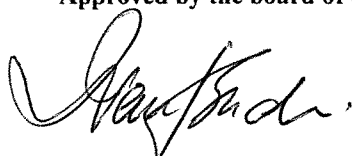
Auditors

A resolution to reappoint Deloitte Audit Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

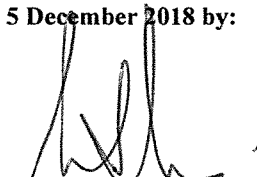
Regulatory breaches

In accordance with the Standard Licence Conditions ('SLCs'), the Directors confirm that during the reporting period there were no regulatory sanctions imposed on the Company. With respect to breaches of SLCs, the Directors confirm that there were no breaches other than those disclosed in the report from the Custodian on page 54.

Approved by the board of directors and signed on 5 December 2018 by:



Mr Ivan Fsadni
Director



Mr Tom Anastasi Pace
Director

HERMES LINDER FUND SICAV PLC

Statement of directors' responsibilities

The directors are required by the Companies Act (Cap. 386) to prepare financial statements in accordance with generally accepted accounting principles and practices, which give a true and fair view of the state of affairs of the Fund at the end of each financial year and of the profit or loss of the Fund for the year then ended. In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Fund will continue in business as a going concern.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Fund and which enable the directors to ensure that the financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Fund, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Additionally, the directors of a multi-fund Company are responsible for ensuring that such separate records, accounts, statements and other records are kept as may be necessary to evidence the liabilities and assets of each sub-fund as distinct and separate from the assets and liabilities of other sub-funds in the same Company.

HERMES LINDER FUND SICAV PLC

Statement of profit or loss and other comprehensive income

Year ended 31 August 2018

		2018	2017
	Notes	EUR	EUR
Investment (loss)/income			
Dividend income		6,008,565	5,402,668
Interest income		244,533	40,554
Other income		3,235	-
Net (loss)/gain on financial instruments at fair value through profit or loss		(13,514,574)	106,057,245
Net investment (loss)/income		(7,258,241)	111,500,467
Administrator fees	5	211,832	179,962
Audit fees		10,662	10,484
Custodian fees	5	352,478	281,662
Directors' fees		8,000	8,000
Legal fees		5,448	4,604
Management fees	5	3,835,721	3,229,687
Other expenses		14,485	41,065
Transaction costs		584,043	741,173
Disbursement and commissions		28,526	23,280
Performance fees	5	-	12,044,607
Operating expenses		5,051,195	16,564,524
Change in net assets attributable to holders of redeemable shares before withholding tax		(12,309,436)	94,935,943
Withholding tax paid on behalf of holders of redeemable shares		(1,186,369)	(1,023,705)
Change in net assets attributable to holders of redeemable shares		(13,495,805)	93,912,238

HERMES LINDER FUND SICAV PLC

Statement of financial position


31 August 2018

		2018	2017
	Notes	EUR	EUR
Assets			
Financial assets at fair value through profit or loss	6	292,297,945	307,866,373
Accrued income	7	177,506	134,237
Receivables	8	112,601	362,564
Cash and cash equivalents	11	20,524,039	9,516,693
Total assets		313,112,091	317,879,867
Liabilities			
Financial liabilities at fair value through profit or loss	6	-	33,065
Trade and other payables	9	756,514	14,243,101
Total liabilities (excluding net assets attributable to holders of redeemable shares)		756,514	14,276,166
Net assets attributable to holders of redeemable shares		312,355,577	303,603,701

These financial statements were approved by the board of directors, authorised for issue on 5 December 2018 and signed on its behalf by:



Mr Ivan Fsadni
Director



Mr Tom Anastasi Pace
Director

HERMES LINDER FUND SICAV PLC

Statement of changes in net assets attributable to holders of redeemable shares

Year ended 31 August 2018

	2018	2017
	EUR	EUR
At the beginning of the year	303,603,701	218,897,236
Creation of redeemable shares	46,947,232	54,112,463
Redemption of redeemable shares	(24,699,551)	(63,318,236)
Change in net asset attributable to holders of redeemable shares	(13,495,805)	93,912,238
Net assets attributable to holders of redeemable shares	312,355,577	303,603,701

HERMES LINDER FUND SICAV PLC

Statement of cash flows

Year ended 31 August 2018

	2018	2017
	EUR	EUR
Cash flows used in operating activities		
Bond and bank interest received/(paid)	201,264	(91,760)
Other income	3,235	-
Dividend income received	6,008,565	5,443,697
Operating expenses paid	(16,475,064)	(4,578,733)
Income taxes paid	(1,186,369)	(1,023,705)
<i>Net cash flows used in operating activities</i>	<u>(11,448,369)</u>	<u>(250,501)</u>
Cash flows from investing activities		
Payment to acquire financial instruments at fair value through profit or loss	(127,698,576)	(130,419,466)
Receipts from disposal of financial instruments at fair value through profit or loss	127,906,610	143,904,181
<i>Net cash flows from investing activities</i>	<u>208,034</u>	<u>13,484,715</u>
Cash flows from financing activities		
Amounts received on creation of redeemable shares	46,947,232	54,112,462
Amounts paid on redemption of redeemable shares	(24,699,551)	(63,318,236)
<i>Net cash flows from/(used in) financing activities</i>	<u>22,247,681</u>	<u>(9,205,774)</u>
Net movements in cash and cash equivalents	11,007,346	4,028,440
Cash and cash equivalents at the beginning of the year	9,516,693	5,488,253
Cash and cash equivalents at the end of the year (note 11)	<u>20,524,039</u>	<u>9,516,693</u>

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

1. Company information and basis of preparation

Hermes Linder Fund SICAV PLC (“the Fund”) has constituted one sub-fund which is a segregated patrimony and is represented by different classes of shares. These financial statements comprise the financial statements of the Fund which include the following sub-fund licensed at 31 August 2018: Hermes Linder Fund (“the sub-fund”).

The Fund was re-domiciled to Malta from the British Virgin Islands on 25 March 2009 and registered as a Professional Investor Fund licensed by the Malta Financial Services Authority as a multi-fund limited liability company with variable share capital targeting experienced investors pursuant to the Companies Act (Cap. 386), with registration number SV100 and registered office is level 14, Portomaso Business Tower, St Julians, Malta.

With effect from 1 September 2010, the Fund was converted to a qualifying ‘Maltese UCITS’ scheme in terms of the Council directive for Undertakings for Collective Investment in Transferable Securities 85/611/EEC (as amended) and Management Companies Regulations, 2004 (as amended).

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at their fair values and in accordance with International Financial Reporting Standards as adopted by the EU. The significant accounting policies adopted are set out below.

2. Significant accounting policies

Financial instruments

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Fund has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

(i) Receivables

Receivables are classified with assets and are stated as their nominal value unless the effect of discounting is material, in which case receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

(ii) Financial assets and liabilities at fair value through profit or loss

The Fund's investments are classified as financial assets and financial liabilities at fair value through profit or loss. Financial assets and financial liabilities at fair value through profit or loss are those that are held for trading purposes or those financial assets that are so designated by the Fund upon initial recognition.

After initial recognition, financial assets and financial liabilities at fair value through profit and loss are measured at their fair value. Prior to 1 January 2013, the quoted market price used for financial assets held by the fund was the current bid price; the quoted market price for financial liabilities was the current asking price. The Fund adopted IFRS 13, 'Fair Value Measurement', from 1 January 2013; it changed its fair valuation input to utilise the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

Gains and losses arising from a change in fair value are recognised in profit or loss in the period in which they arise. Where applicable, dividend income and interest income on financial assets at fair value through profit or loss is disclosed separately in the statement of profit or loss and other comprehensive income on page 7. Fair value gains and losses are recognised within net (loss)/gain on financial instruments at fair value through profit or loss.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

2. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Financial assets and liabilities at fair value through profit or loss (continued)

(a) Securities sold short

Securities sold short are those positions where the Fund has sold a security that it does not own. Short sales are used predominantly for hedging purposes. To enter a short sale, the Fund may need to borrow the security for delivery to the buyer. On each day the short sale transaction is open, the liability to replace the borrowed security is marked to market and an unrealised gain or loss is recorded in the statement of comprehensive income. While the transaction is open the Fund will incur an expense for any dividends that will be paid to the lender of the securities.

(b) Derivative financial instruments

Derivative financial assets and derivative financial liabilities are classified as held for trading unless they are designated as effective hedging instruments. During the year under review, the Fund did not designate any of its derivative financial instruments in a hedging relationship for accounting purposes.

After initial recognition, derivative financial instruments are measured at their fair value. Gains and losses arising from a change in fair value are recognised in profit or loss in the period in which they arise.

A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, at a price set at the time the contract is made. Forward foreign exchange contracts are valued by reference to the forward price at which a new forward contract of the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency contracts is calculated as the difference between the contract rate and this forward price, and is recognised in the statement of comprehensive income.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

2. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Financial assets and liabilities at fair value through profit or loss (continued)

(b) Derivative financial instruments (continued)

A futures contract provides an investor the opportunity to buy or sell an asset or security at a specified price and settlement date in the future. To buy or sell a futures contract is a commitment to buy or sell the underlying asset or security at the specified price and settlement date. Investing in futures contracts carries high exposure to risk. Because of the leverage associated with trading futures, a relatively small movement in the market price of traded instruments may result in a disproportionately large profit or loss.

Options are derivative financial instruments that give the buyer, in exchange for a premium payment, the right, but not the obligation, to either purchase from (call option) or sell to (put option), the other party a specified underlying instrument at a specified price on or before a specified date. The Fund enters into exchange traded and over the counter option contracts to meet the requirement of its risk management and trading activities.

(c) Convertible bond

The convertible bond represents a hybrid contract with an embedded derivative. The Fund does not account for the embedded derivative separately and designates the entire instrument as at fair value through profit or loss upon initial recognition and is subsequently re-measured to its fair value at the end of each reporting period. The Fund designates hybrid contracts as a financial asset or financial liability at fair value through profit or loss when such contracts contain one or more embedded derivatives and when it is permitted to do so.

(iii) Payables

Payables are stated at their nominal value unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

2. Significant accounting policies (continued)

Financial instruments (continued)

(iv) Realised and unrealised gains and losses

Investment transactions are recorded on a trade date basis. Realised gains or losses on investments are calculated on a weighted average cost and are disclosed within net (loss)/gain on financial instruments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

(v) Net assets attributable to shareholders

The liability to participating shareholders is presented in the statements of financial position as “net assets attributable to holders of redeemable shares” and is determined based on the residual assets of the Fund after deducting all other liabilities.

(vi) Margin account

Margin accounts represent cash deposits held with brokers as collateral against open futures and option contracts and are included as a component of cash and cash equivalents. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Fund classifies that asset in its statement of financial position separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the financial statements.

Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Fund and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

2. Significant accounting policies (continued)

Revenue recognition (continued)

(i) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

(ii) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established. Dividend income relating to exchange-traded equity securities and dividend expense relating to exchange-traded equity securities sold short are recognised in the statement of profit or loss and other comprehensive income on the ex-dividend date.

Taxation

The taxation of collective investment schemes is based on the classification of funds into prescribed or non-prescribed funds in accordance with the Collective Investment Schemes (Investment Income) Regulations, 2001.

The Fund qualifies as a non-prescribed fund in terms of these regulations on the basis that the value of the fund's assets situated in Malta are less than eighty-five per cent of the value of its total assets. Accordingly the income and capital gains of the Fund are not subject to Malta income tax pursuant to the provisions of the Income Tax Act (Cap. 123).

Foreign tax withheld on dividend income is accounted for when the Fund recognises the related dividend or interest in the statement of profit or loss and other comprehensive income.

Currency translation

As allowed by sub-legislation 386.02 of the Companies Act (Investment Companies with Variable Share Capital) Regulations, a company with sub-funds whose capital is denominated in different currencies may elect to present its financial statements in any one of these currencies. Consequently, the financial statements of the Fund are presented in Euro being the currency in which the sub-fund's share capital is denominated.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

2. Significant accounting policies (continued)

Currency translation (continued)

Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt within the statement of profit or loss and other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, fiduciary deposits and margin deposits held in respect of open future and option contracts.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Fund's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements. At the reporting date, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Adoption of revised International Financial Reporting Standards, and International Financial Reporting Standards in issue but not yet effective

Initial application of International Financial Reporting Standards

At the date of authorisation of these financial statements, the following standards, revisions and interpretations are effective for the current year.

The amendments aim at clarifying IAS 7 that entities shall provide disclosures that enable the users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is effective for annual periods beginning on or after 1 January 2017.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

4. Adoption of revised International Financial Reporting Standards, and International Financial Reporting Standards in issue but not yet effective (continued)

International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following standards, revisions and interpretations were issued but not effective for the current year.

IFRS 9 *Financial Instruments* issued on July 2014 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. The Standard supersedes all previous versions of IFRS 9. IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule based requirements that are generally considered to be overly complex and difficult to apply.

The new model also results in a single, forward-looking 'expected loss' impairment model that will require more timely recognition of expected credit losses.

IFRS 9 introduces a substantially reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements.

IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. The effective date for IFRS 9 is 1 January 2018.

Based on the Fund's assessment, this standard is not expected to have a material impact on the classification of financial assets and financial liabilities of the Fund because:

- Financial instruments currently measured at FVTPL under IAS39 are designated into this category because they are managed on fair value basis in accordance with the documented investment strategy. Accordingly these financial statements will be mandatorily measured at FVTPL under IFRS 9, and

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

4. Adoption of revised International Financial Reporting Standards, and International Financial Reporting Standards in issue but not yet effective (continued)

International Financial Reporting Standards in issue but not yet effective (continued)

Financial instruments currently measured at amortised cost are: cash and cash equivalents, interest receivables, accrued expenses, other receivable and other payables. These instruments meet the solely payments of principal and interest (SPPI) and are held in a held-to-collect business model. Accordingly, they will continue to be measured at amortised cost under IFRS 9.

Based on the Fund's assessment, changes to impairment model are not expected to have a material impact on the financial asset of the Fund because:

- The majority of the financial assets are measured at FVTPL and the impairment requirements do not apply to such instruments; and
- The financial assets measured at amortised cost are short term (i.e. no longer than 12 months), of high credit quality. Accordingly, the expected credit losses on such assets are expected to be small.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Fund.

5. Fees

(i) Management fees

Hermes Linder Fund - The Investment Manager, Praude Asset Management Limited, receives an Investment Management Fee as follows:

Class A Voting Shares: 1% per annum of the net asset value after accruing for any performance fees which may be due by the Fund in respect of the sub-fund.

Class B Voting Shares: 2% per annum of the net asset value after accruing for any performance fees which may be due by the Fund in respect of the sub-fund.

Class C Voting Shares: Nil.

The investment management fee borne by the Fund during the financial year ended 31 August 2018 was that of *EUR 3,835,721* (2017: *EUR 3,229,687*).

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

5. Fees (continued)

(ii) Performance fees

Hermes Linder Fund - The Investment Manager, Praude Asset Management Limited, receives a performance fee calculated on the basis of the net asset value per share as per the audited financial statements of the sub-fund. The performance fee shall be equal to 15% in the case of Class A Voting Investor Shares and 25% in the case of Class C Voting Investor Shares of the amount by which the net asset value per share (before the deduction of the performance fee) has exceeded the NAV target per share during the performance period, multiplied by the average number of Investor Shares in issue, taken at each valuation point, during that annual accounting period. A performance fee is not charged on Class B Voting Investor Shares.

The NAV target per share is equal to the highest of: (i) highest NAV per share as at the end of any previous accounting period on which a performance fee was paid, or (ii) the initial offer price.

There was no performance fee borne by the Fund during the financial year ended 31 August 2018 (2017: *EUR 12,044,607*)

(iii) Administrator fees

Hermes Linder Fund - The Administrator, BOV Fund Services Limited receives a fee which varies between 0.05% and 0.10% per annum of the net asset value of the Fund and is subject to a minimum fee of *EUR 42,000*.

The administrator fee borne by the Fund during the financial year ended 31 August 2018 was that of *EUR 211,832* (2017: *EUR 179,962*).

(iv) Custodian fees

Hermes Linder Fund - The Custodian, Bank of Valletta plc, receives a fee which varies between 0.025% and 0.04% per annum of the net asset value of the Fund, subject to a minimum fee of *EUR 30,000* per annum. The Sub-Custodian, Axion Swiss Bank S.A., receives a sub-custody fee at 0.075% based on the NAV of the sub-fund subject to a minimum of *EUR 25,000* per annum. The custody fee does not include any sub-custody fees due by the Custodian to the Sub-Custodian.

Custodian fees for the year ended 31 August 2018 amounted to *EUR 352,478* (2017: *EUR 281,662*).

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

6. Financial assets and liabilities at fair value through profit or loss

	2018 Fair Value EUR	% of net assets	% of total assets
Financial assets designated at fair value through profit or loss			
- Equity instruments	286,463,423	91.70	91.50
- Debt instruments	5,819,543	1.90	1.90
- Fair value of Warrants	14,979	-	-
	<u>292,297,945</u>	<u>93.60</u>	<u>93.40</u>

	2017 Fair Value EUR	% of net assets	% of total assets
Financial assets designated at fair value through profit or loss			
- Equity instruments	301,636,220	99.35	94.89
- Debt instruments	5,571,767	1.84	1.75
- Fair value of Warrants	658,386	0.22	0.21
	<u>307,866,373</u>	<u>101.41</u>	<u>96.85</u>

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

6. Financial assets and liabilities at fair value through profit or loss (continued)

The Fund did not hold any options as at 31 August 2018. Investment in options as at 31 August 2017 was as follows:

	2017 Fair Value EUR	% of Net Assets	% of Total Liabilities
Financial liabilities held for trading - Options	(33,065)	(0.01)	0.23

2017 Investments in options	Fair Value of Exchange traded options at year-end
Expiration Details	
September 2017 Sale of Italgas SpA 118 Call Options @ strike 4.8	(5,357)
September 2017 Sale of Linde AG 56 Call options @ strike 166	(4,984)
September 2017 Sale of MTU Aero Engines 70 Call options @ strike 115	(6,230)
September 2017 Sale of MTU Aero Engines 70 Call options @ strike 116	(7,980)
September 2017 Sale of MTU Aero Engines 43 Call options @ strike 118	(8,514)
	<u>(33,065)</u>

Further details on the other financial instruments are provided in note 14.

7. Accrued income

	2018 EUR	2017 EUR
Accrued interest	<u>177,506</u>	134,237

8. Receivables

	2018 EUR	2017 EUR
Amounts due on securities sold	<u>112,601</u>	362,564

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

9. Payables

	2018 EUR	2017 EUR
Accruals	438,257	12,446,169
Amounts due on securities purchased	318,257	1,796,932
	756,514	14,243,101

Included in accruals are management and performance fees payable which are due to related parties. The terms and conditions of these related parties payables are disclosed in note 12.

10. Share capital

Authorised share capital

The Fund may issue up to a maximum of five billion one thousand fully-paid up shares without any nominal value assigned to them.

Issued share capital

The initial share capital of the Fund is one thousand US dollars, with no nominal value, representing 1,000 founder shares issued at an initial price of USD1.

The share capital of the Fund shall have no nominal value and shall be equal to the value, for the time being, of the issued share capital of the Fund. Each sub-fund shall constitute a separate class of shares in the Fund, except for the founder shares, which shall not constitute a separate sub-fund. Each sub-fund shall be constituted by separate classes of shares.

Founder shares shall be the only class of shares in the Fund carrying voting rights and shall rank pari passu among themselves in all respects. All other classes of shares shall not, unless the terms under which they are issued provide otherwise, be entitled to vote. The Founder Shares do not carry a right to participate in any dividends or other distributions of the Fund or in the assets of the Fund on a winding up (other than the return of the paid up capital after payment of all amounts due to the Investor Shares).

Investor shares may be issued and redeemed at prices based on the value of the sub-fund's net asset value as determined in accordance with the articles of association.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

10. Share capital (continued)

Issued share capital (continued)

The Fund's obligations in connection with the redemption of the investor shares are disclosed in the liquidity risk section of note 14. The directors do not envisage that the contractual obligations disclosed in that note will be representative of the actual cash outflows. The Investor Shares of each sub-fund participate in the assets of the respective sub-fund and in any dividends, and distributions of the Fund relating to the respective sub-fund, upon liquidation.

Redeemable shares

	Numbers of Shares Class A	Numbers of Shares Class B
Balance as at 1 September 2017	44,307.22	26,478.44
Issue of redeemable shares during the year	5,931.25	6,115.73
Redemption of redeemable shares during the year	(3,854.52)	(1,434.01)
Balance as at 31 August 2018	<u>46,383.95</u>	<u>31,160.16</u>

	Numbers of Shares Class A	Numbers of Shares Class B
Balance as at 1 September 2016	38,621.53	50,107.78
Issue of redeemable shares during the year	10,114.52	1,744.48
Redemption of redeemable shares during the year	(4,428.83)	(25,373.82)
Balance as at 31 August 2017	<u>44,307.22</u>	<u>26,478.44</u>

The amounts received and paid on the creation and redemption of shares are disclosed in the statement of changes in net assets attributable to holders of redeemable shares on page 9.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

11. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise bank balances, fiduciary deposits as well as margin deposits held in respect of open future and option contracts. The following statement lists the financial position amounts:

	2018 EUR	2017 EUR
Cash and cash equivalents held in banks	16,443,044	12,173,193
Variation margin balances on open future contracts	4,080,995	(2,656,500)
	<u>20,524,039</u>	<u>9,516,693</u>

Cash at bank earns interest at floating rates based on bank deposit rates.

Variation margin balances on open future contracts

	2018 EUR	% of net assets	% of total assets
Financial assets classified as held for trading			
- Fair value of open futures contracts	<u>4,080,995</u>	<u>1.30</u>	<u>1.30</u>

Maturity	Details	Fair value of exchange traded future contracts at year-end 2018 EUR
September 2018	Sale of 847 EURX-EUR BTP	<u>4,080,995</u>

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

11. Cash and cash equivalents (continued)

Variation margin balances on open future contracts (continued)

	2017 EUR	% of net assets	% of total liabilities
Financial liabilities classified as held for trading			
- Fair value of open futures contracts	(2,656,500)	(0.87)	15.70
			Fair value of exchange traded future contracts at year-end 2017 EUR
Maturity	Details		
September 2017	Sale of 742 EURX-EUR BTP		(2,656,500)

12. Related party disclosures

During the year, the Fund entered into transactions with key management personnel as set out below:

Mr. Claudio Palladini is a director and founder member of the Fund. Mr. Tom Anastasi is both director of the Fund and director of Praude Asset Management Limited, the investment manager of the Fund. During the year under review, the Fund incurred management fees amounting to EUR 3,835,721 (2017: EUR 3,229,687) and no performance fees (2017: EUR 12,044,607). Directors' Fees amounting to EUR 8,000 (2017: EUR 8,000) were incurred during the year.

Until 30 June 2017, the fund secretary of the Hermes Linder Fund Sicav plc, BOV Fund Services Limited, was also the Fund's administrator. During the year under review, the Fund incurred administration fees amounting to EUR 211,832 (2017: EUR 179,962).

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

13. Fair values of financial assets and financial liabilities

At 31 August 2018 and 2017, the fair value of listed investments is based on quoted prices in an active market at the end of the reporting period. Pursuant to the adoption of IFRS 13 “Fair Value Measurement”, the quoted market price used for financial assets and liabilities held by the Fund is the price within the bid-ask spread that is most representative of the fair value in the circumstances to be used to measure fair value. The fair values of derivative contracts are valued by reference to the price at which a new contract of the same size and maturity could be undertaken at valuation date. At 31 August 2018 and 2017 the carrying amounts of other financial assets and financial liabilities classified with assets and liabilities respectively approximated their fair values due to short-term maturities of these assets and liabilities.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from inputs that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund’s financial assets and financial liabilities measured at fair value for 31 August 2018 and 31 August 2017.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

13. Fair values of financial assets and financial liabilities (continued)

Financial assets and financial liabilities at fair value as at 31 August 2018

	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
<i>Financial assets held for trading</i>				
- Equity instruments	286,463,423	286,463,423	-	-
- Debt instruments	5,819,543	5,819,543	-	-
- Derivative financial instruments	14,979	14,979	-	-
	292,297,945	292,297,945		-

Financial assets and financial liabilities at fair value as at 31 August 2017

	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
<i>Financial assets held for trading</i>				
- Equity instruments	301,636,220	301,636,220	-	-
- Debt instruments	5,571,767	5,571,767	-	-
- Derivative financial instruments	658,386	658,386	-	-
	307,866,373	307,866,373	-	-
<i>Financial liabilities held for trading</i>				
- Derivative instruments	33,065	33,065	-	-

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

13. Fair values of financial assets and financial liabilities (continued)

The following table analyses within the fair value hierarchy the Fund's assets and liabilities not measured at fair value for which fair value is disclosed:

2018	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Assets				
Receivables	-	112,601	-	112,601
Cash and cash equivalents	20,524,039	-	-	20,524,039
Total	20,524,039	112,601	-	20,636,640
Liabilities				
Payables	-	756,514	-	756,514
Net assets attributable to holders of redeemable shares	-	312,355,577	-	312,355,577
Total	-	313,112,091	-	313,112,091

2017	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Assets				
Receivables	-	362,564	-	362,564
Cash and cash equivalents	9,516,693	-	-	9,516,693
Total	9,516,693	362,564	-	9,879,257
Liabilities				
Payables	-	14,243,101	-	14,243,101
Net assets attributable to holders of redeemable shares	-	303,603,701	-	303,603,701
Total	-	317,846,802	-	317,846,802

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

13. Fair values of financial assets and financial liabilities (continued)

The fair values of other financial assets and financial liabilities are not materially different from their carrying amounts.

Cash and cash equivalents include deposits held with banks.

The fees payable and accruals represent the contractual amounts and obligations due by the Fund for settlement of expenses.

The puttable value of redeemable shares is calculated based on the net difference between total assets and all other liabilities of the Sub-Fund in accordance with the offering documents. A demand feature is attached to these shares, as they are redeemable at the holders' option and can be put back to the Sub-Fund at any dealing date for cash equal to a proportionate share of the Sub-Fund's net asset value attributable to the share class. The fair value is based on the amount payable on demand, discounted from the first date that the amount could be required to be paid. The impact of discounting in this instance is not material. As such, Level 2 is deemed to be the most appropriate categorisation for net assets attributable to holders of redeemable shares.

14. Financial Risk Management

Risk management

Where possible, the Fund aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

The activities of the Fund expose it to a variety of financial risks: market risk (including price risk, interest rate risk and currency risk), credit risk and liquidity risk.

Market risk

The Fund trades in financial instruments, taking positions in traded instruments including derivatives. All securities present a risk of loss of capital. The Fund moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Fund's overall market positions are monitored on a regular basis by the Fund's investment manager. The Fund's exposure to the different types of investments is summarised in note 6 to the financial statements.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

14. Financial risk management (continued)

Market risk (continued)

At the year-end, the Fund's market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements, all of which are covered below.

Price risk

Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices whether caused by factors specific to an individual investment, its issuer or all other factors affecting all instruments traded in the market.

The Fund's equity, debt instruments and trading derivative financial instruments are susceptible to price risk arising from uncertainties about future prices of the instruments.

As all of the Fund's financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market price will directly affect net investment income as shown in the statement of profit or loss and other comprehensive income on page 7.

Price risk is mitigated by the Fund's investment manager by constructing a diversified portfolio of instruments traded on various markets. In addition, price risk may be hedged using derivative financial instruments such as forwards, futures and options. The Fund may employ various techniques and enter into hedging transactions to attempt to mitigate a portion of the risks inherent to its investment strategies. The Fund did not use derivative financial instruments for speculative purposes and had not designated any of its derivative financial instruments in a hedging relationship for accounting purposes.

The following is an analysis of the Fund's industry diversification as at the reporting date:

	2018	2017
	% of net	% of net
	assets	assets
Financial Services Industry	12.41	15.03
Basic material	0.12	1.70
Industrials	49.14	48.91
Consumer services	5.44	5.80
Telecommunications	2.57	3.70
Consumer goods	19.94	21.25
Other	3.95	5.01

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

14. Financial risk management (continued)

Interest rate risk

Interest rate risk represents the accounting loss that would be recognised should changes in interest rates adversely affect the value of the Fund's investments.

At the statement of financial position date, only 1.86% (2017: 1.84%) of the financial assets of the Fund are interest bearing. Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restructuring its financing structure.

Except as mentioned above, the financial instruments of the Fund are non-interest bearing except for cash at bank which earns interest at floating rates based on bank deposit rates.

Investment in equity instruments and derivative financial instruments are not exposed to interest rate risk.

The carrying amounts of the Fund's financial instruments carrying a rate of interest at the reporting date are disclosed in the notes to the financial statements.

Currency risk

Currency fluctuations between the base currency of the Fund, and the currency of the underlying investments of the Fund, may adversely affect the portion of the value of investments and the income derived there from. The currency denomination of the Fund's net asset excluding positions in forward foreign exchange contracts is as follows:

	2018	2017
	% of net assets	% of net
	EUR	assets
		EUR
- denominated in EUR	82.53	86.55
- denominated in CHF	11.56	11.45
- denominated in SGD	1.57	2.04
- denominated in CAD	0.13	0.23
- denominated in USD	0.01	0.52
- denominated in HKD	1.43	2.37
- denominated in GBP	0.01	0.01
- denominated in PLN	2.05	0.87
- denominated in NOK	0.86	-
	100.10	104.04

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

14. Financial risk management (continued)

Currency risk (continued)

Foreign exchange fluctuations were partly hedged through forward foreign exchange contracts entered into with Axion Swiss Bank S.A.

There were no open forward contracts as at 31 August 2018 and 2017.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant rates and management's reactions to material movement thereto.

Sensitivity analysis

For financial instruments held or issued, the Fund has used sensitivity analysis techniques that measure the change in the fair value of the Fund's financial instruments at the reporting date for hypothetical changes in the relevant market risk variables.

The sensitivity of profit or loss due to changes in the relevant risk variables are set out below. The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain market conditions. Actual results in the future may differ materially from those projected results due to the inherent uncertainty of global financial markets. The sensitivity analysis is for illustrative purposes only, as in practice market rates rarely change in isolation and are likely to be interdependent.

The estimated change in fair values for changes in exchange rates is based on an instantaneous increase or decrease of 10%, with all other variables remaining constant.

The estimated change in fair values for changes in financial instruments prices is based on an instantaneous increase or decrease of 10% at the reporting date, with all other variables remaining constant.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

14. Financial risk management (continued)

Sensitivity analysis (continued)

The estimated change in fair values for changes in market interest rates are based on an instantaneous increase or decrease of 200 basis points at the reporting date, with all other variables remaining constant.

	Profit or loss 2018 EUR	Profit or loss 2017 EUR
Currency exchange risks	+/- 6,735,041	+/- 5,913,390
Financial instruments prices	+/- 29,229,795	+/- 30,783,330
Market interest rates – fair value	+/- 116,391	+/- 111,435

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities. The Fund's offering documents provide for the creation and cancellation of shares, and are therefore exposed to the liquidity risk of meeting shareholders' redemptions at any time.

The Fund is exposed to cash redemptions of redeemable shares every 15 days with 5 working days' notice. Redeemable shares are redeemed on demand at the holder's option. Notwithstanding, the Fund has the option to limit the number of investor shares redeemed on any redemption day to 5 % of the total NAV of the Fund on that redemption day. In addition the directors have the right to suspend the calculation of the net asset value and no redemptions shall take place during such period. All other liabilities are due within one to three months.

A significant portion of the Fund's assets is maintained as cash and cash equivalents in order to meet unexpected redemptions and other liabilities. In addition the Fund's listed securities are considered to be readily realisable as they are listed on recognised stock exchanges.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

14. Financial risk management (continued)

Liquidity risk (continued)

The following tables show the contractual, undiscounted cash flows of the Fund's financial liabilities at 31 August 2018 and 31 August 2017.

2018	Less than 1 month EUR	1-3 months EUR	Total EUR
<i>Financial liabilities</i>			
Custodian fee payable	-	65,573	65,573
Performance fee payable	-	-	-
Other fees payable	372,684	-	372,684
Amounts due on securities purchased	318,257	-	318,257
Net assets attributable to participating shareholders	312,355,577	-	312,355,577
2017	Less than 1 month EUR	1-3 months EUR	Total EUR
<i>Financial liabilities</i>			
Custodian fee payable	-	35,870	35,870
Performance fee payable	-	12,044,606	12,044,606
Other fees payable	365,693	-	365,693
Amounts due on securities purchased	1,796,932	-	1,796,932
Net assets attributable to participating shareholders	303,603,701	-	303,603,701

In accordance with the Fund's policy, the investment manager monitors the Fund's liquidity position on a regular basis.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund. The Fund has policies that limit the amount of credit exposure to any single issuer. Accordingly, the investment manager monitors the Fund's credit position on a regular basis. Financial assets, which potentially subject the Fund to credit risk, consist principally of trade and other receivables, cash and cash equivalents and debt instruments.

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

14. Financial risk management (continued)

Credit risk (continued)

Trade and other receivables mainly constitute accrued income and preplaced transactions. These receivables are all short-term. Accordingly, the Fund has no significant credit risk in respect of accounts receivable.

Cash and cash equivalents and derivative instruments are respectively held and entered into with reputable counterparties, with a Standard & Poor's credit rating of BBB (2017:BBB+).

Credit risk arising on other debt instruments held in 2018 and 2017 was mitigated by investing in rated instruments issued by rated counter parties as shown below:

2018	Credit rating	Market value 2018	% of net assets
PNE Wind AG 3.75% 2019	Not rated	113,893	0.04
Piteco SPA 4.5% 2020	Not rated	502,352	0.20
Publity AG 3.5% 2020	Not rated	5,203,298	1.70
2017	Credit rating	Market value 2017	% of net assets
PNE Wind AG 3.75% 2019	Not rated	115,568	0.04
Piteco SPA 4.5% 2020	Not rated	611,755	0.20
Publity AG 3.5% 2020	Not rated	4,844,444	1.60

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

14. Financial risk management (continued)

Credit risk (continued)

Offsetting financial assets and liabilities

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross financial assets	Gross financial liabilities off-set	Net amount of presented financial assets	Related amounts not set off in the financial statements		Net amount
				Financial instruments	Financial collateral received	
	EUR	EUR	EUR	EUR	EUR	EUR
2018						
Financial Assets						
Cash and cash equivalents	16,443,044	-	16,443,044	4,080,995	-	20,524,039
Financial Liabilities						
Derivative Instrument	107,974,015	(103,893,020)	-	-	-	-

HERMES LINDER FUND SICAV PLC

Notes to the financial statements

31 August 2018

14. Financial risk management (continued)

Credit risk (continued)

Offsetting financial assets and liabilities (continued)

				Related amounts not set off in the financial statements		
	Gross financial assets	Gross financial liabilities off-set	Net amount of presented financial assets	Financial instruments	Financial collateral received	Net amount
	EUR	EUR	EUR	EUR	EUR	EUR
2017						
Financial Assets						
Cash and cash equivalents	12,173,193	-	12,173,193	(2,656,500)	-	9,516,693
Financial Liabilities						
Derivative Instruments	99,249,780	(101,906,280)	(2,656,500)	2,656,500	-	-

Capital risk management

The Fund's capital is represented by redeemable shares with no par value and with no voting rights. They are entitled for payment of a proportionate share based on the Fund's net asset value per share on the redemption date.

The Fund has the option to limit the number of Investor Shares in any sub-fund repurchased on any redemption day to 5% of the total net asset value of that sub-fund on that redemption day. The relevant movements are shown in the statement of changes in net assets attributable to holders of redeemable shares. The sub-fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of listed securities where necessary.

HERMES LINDER FUND SICAV PLC

Portfolio Statement

Year ended 31 August 2018

	Market Value 31.08.2018 EUR	% of Net Assets
QUOTED EQUITIES		
Abitare In SpA	653,100	0.21
Acsn - Agam SpA	2,899,189	0.93
Actia Group	1,499,742	0.48
Adesso AG	7,389,507	2.37
ANDRITZ AG	4,300,677	1.38
Ascopiave SpA	42,165	0.01
Assicurazioni Generali SpA	559	-
ASTM SpA	5,852,716	1.87
Attica Publications SA	45,635	0.01
Autostrade Meridionali SpA	5,744,259	1.84
Avio SpA	5,661,796	1.81
Banca IFIS SpA	1,457,849	0.47
Bauer AG	2,335,681	0.75
Beijing Capital International	3,041,092	0.97
Bucher Industries AG	3,405,912	1.09
Buzzi Unicem SpA	12,273,947	3.93
Capstone Mining Corp	375,298	0.12
Cementir Holding SpA	5,859,247	1.88
Cpl Resources PLC	8,965,044	2.87
Dalata Hotel Group PLC	7,212,864	2.31
Danieli & C Officine Meccanich	2,183,665	0.70
DPA Group NV	2,395,661	0.77
Eckert & Ziegler AG	1,909,481	0.61
El.En. SpA	2,944,490	0.94
Emak SpA	3,406,451	1.09
Esprinet SpA	594,384	0.19
Fjord1 ASA	2,548,910	0.82
Flughafen Wien AG	10,758,892	3.44
Flughafen Zurich AG	20,097,701	6.43
FNM SpA	2,139,044	0.68
Food Empire Holdings Ltd	2,381,164	0.76
Giglio Group SpA	603,248	0.19
GPI SpA	313,720	0.10
Hamburger Hafen und Logistik A	4,907,862	1.57
Heidelberger Druckmaschinen AG	3,500,058	1.12
Hellenic Exchanges - Athens St	2,501,928	0.80
Helvetia Holding AG	4,635,705	1.48
ICT Group NV	3,157,007	1.01
Interpump Group SpA	3,598,444	1.15

HERMES LINDER FUND SICAV PLC

Portfolio Statement (continued)

Year ended 31 August 2018

	Market Value 31.08.2018 EUR	% of Net Assets
QUOTED EQUITIES (Continued)		
Irish Continental Group PLC	805,350	0.26
Italian Wine Brands SpA	4,504,285	1.44
Jungfraubahn Holding AG	1,985,732	0.64
Kinghero AG	-	-
Koenig & Bauer AG	4,390,251	1.41
Krones AG	850,583	0.27
KSB SE & Co KGaA	3,298,408	1.06
La Doria SpA	3,267,484	1.05
Leifheit AG	269,466	0.09
Lian Beng Group Ltd	1,150,095	0.37
LU-VE SpA	4,642,091	1.49
Massimo Zanetti Beverage Group	35,470	0.01
Mayr Melnhof Karton AG	2,418,210	0.77
Molecular Medicine SPA	904,669	0.29
Monnalisa SpA	435,200	0.14
Norwegian Property ASA	102,235	0.03
OHB SE	4,592,204	1.47
Openjobmetis Spa agenzia per i	8,018,332	2.57
Orsero SpA	7,280,469	2.33
Palfinger AG	547,054	0.18
Panariagroup Industrie Ceramic	2,889,523	0.93
PKP Cargo SA	908,290	0.29
PSB Industries SA	1,985,583	0.64
Publity AG	687,334	0.22
Rosenbauer International AG	1,936,827	0.62
SAES Getters SpA	3,312,646	1.06
Salini Impregilo SpA	1,725,171	0.55
Savencia SA	4,765,832	1.53
Schaltbau Holding AG	9,392,764	3.01
Semperit AG Holding	294,338	0.09
Sesa SpA	4,578,250	1.47
Siti B&T Group SpA	1,306,620	0.42
SMT Scharf AG	322,714	0.10
Snam SpA	1,959	-
Societa Cattolica di Assicuraz	2,097	-

HERMES LINDER FUND SICAV PLC

Portfolio Statement (continued)

Year ended 31 August 2018

	Market Value 31.08.2018 EUR	% of Net Assets
QUOTED EQUITIES (Continued)		
Sogefi SpA	3,129,270	1.00
Stalexport Autostrady SA	1,047,367	0.34
SUESS MicroTec SE	4,812,871	1.54
Surteco Group SE	3,400,836	1.09
T T J Holdings Ltd	529,654	0.17
Talgo SA	437,807	0.14
Touax SCA-SGTR-CITE-SGT-CMTE-T	483,986	0.15
Vaudoise Assurances Holding SA	4,853,693	1.55
VEI 1 SpA	801,600	0.26
Vetropack Holding AG	1,081,402	0.35
VIB Vermoegen AG	1,000,805	0.32
VTG AG	942,770	0.30
Wacker Neuson SE	9,068,989	2.90
Warsaw Stock Exchange	4,247,378	1.36
Wuestenrot & Wuertembergische	13,423,366	4.30
	Market Value 31.08.2018 EUR	% of Net Assets
Quoted Corporate Bonds		
Piteco SPA 4.5% 2020	502,352	0.16
Publity AG 3.5% 2020	5,203,298	1.67
PNE Wind 3.75% 2019	113,893	0.04
Derivatives – Futures	Fair Value	Nominal exposure
Future Eurex – EUR BTP September 2018	4,080,995	107,974,015
	Market Value 31.08.2018 EUR	% of Net Assets
Derivatives – Equity warrants		
VEI 1 2023 CVD.WT	14,980	-

HERMES LINDER FUND SICAV PLC

Statement of Changes in the Composition of the Portfolio

Year ended 31 August 2018

	% of net assets 31.08.2018 EUR	% of net assets 31.08.2017 EUR
Quoted Equities	91.71	99.35
Quoted Convertible Bonds	1.86	1.84
Warrants	-	0.22
Derivative Financial Liabilities	1.31	(0.01)

HERMES LINDER FUND SICAV PLC

Salient statistics and information about the Fund

Year ended 31 August 2018

Hermes Linder Fund SICAV PLC (“the Fund”) was originally re-domiciled to Malta from the British Virgin Islands on 25 March 2009 and registered as a Professional Investor Fund licensed by the Malta Financial Services Authority as a multi-fund limited liability company with variable share capital targeting experienced investors.

With effect from 1 September 2010, the fund was converted to a qualifying ‘Maltese UCITS’ scheme in terms of the Council directive for Undertakings for Collective Investment in Transferable Securities 85/611/EEC (as amended) and Management Companies Regulations, 2004 (as amended).

The Fund, to date, has established one sub-fund – Hermes Linder Fund.

Net Asset Value per investor share

The Net Asset Value per share is determined by dividing the net asset value of investor shares by the shares in issue at the statement of financial position date.

	Hermes Linder Fund Class A Number of shares 2018	Hermes Linder Fund Class B Number of shares 2018	Hermes Linder Fund Total Number of shares 2018
Investor shares in issue as at 31 August 2018	46,383.95	31,160.16	77,544.11
Net asset value of investor shares as per statement of financial position	251,368,035	60,987,542	312,355,577
Temporary differences	(610)	(148)	(758)
Net asset value of investor shares as at official valuation date 31 August 2018	251,367,425	60,987,394	312,354,819
Net asset value of investor shares as at official valuation Date 31 August 2018	5,419.276	1,957.222	-

Independent auditor's report

to the members of
Hermes Linder Fund SICAV plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hermes Linder Fund SICAV plc (the Fund), set out on pages 7 to 38, which comprise the statement of financial position as at 31 August 2018, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* (Maltese Code) that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and the Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the company information on pages 2 and 3, the directors' report on pages 4 and 5, the statement of directors' responsibilities on page 6, the portfolio statement on pages 39 to 41, the statement of changes in the composition of the portfolio on page 42, the salient statistics and information about the Fund on pages 43 and 44, the investment manager's report on pages 48 to 52, the information for the investors in Switzerland on page 53 and the custodian report on page 54, but does not include the financial statements and our auditor's report thereon.

Except for our opinion on the directors' report in accordance with the Companies Act (Cap. 386), our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386).

Independent auditor's report (continued)

to the members of
Hermes Linder Fund SICAV plc

Information Other than the Financial Statements and the Auditor's Report Thereon (continued)

In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap. 386) in relation to the Directors' Report on pages 4 and 5, in our opinion, based on the work undertaken in the course of the audit:

- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities of the Directors for the Financial Statements

As explained more fully in the statement of directors' responsibilities on page 6, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Companies Act (Cap.386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report (continued)

to the members of

Hermes Linder Fund SICAV plc

Auditor's Responsibilities for the Audit of the Financial Statements

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Under the Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

- Proper accounting records have not been kept;
- Proper returns adequate for our audit have not been received from branches not visited by us;
- The financial statements are not in agreement with the accounting records and returns; or
- We have been unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

We have nothing to report to you in respect of these responsibilities.



Sarah Curmi as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Mriehel, Malta

5 December 2018

HERMES LINDER FUND SICAV PLC

Salient statistics and information about the Fund (continued)

Year ended 31 August 2018

	Hermes Linder Fund Class A Number of shares 2017	Hermes Linder Fund Class B Number of shares 2017	Hermes Linder Fund Total Number of shares 2017
Investor shares in issue as at 31 August 2017	44,307.219	26,478.449	70,785.668
Net asset value of investor shares as per statement of financial position	249,261,955	54,341,744	303,603,699
Temporary differences	(522)	(234)	(756)
Net asset value of investor shares as at official valuation date 31 August 2017	249,261,433	54,341,510	303,602,943
Net asset value of investor shares as at official valuation Date 31 August 2017	5,625.752	2,052.292	-
	Hermes Linder Fund Class A Number of shares 2016	Hermes Linder Fund Class B Number of shares 2016	Hermes Linder Fund Total Number of shares 2016
Investor shares in issue as at 31 August 2016	38,621.53	50,107.78	88,729.31
	EUR	EUR	EUR
Net asset value of investor shares as per statement of financial position	151,115,636	67,781,600	218,897,236
Temporary differences	(522)	(234)	(756)
Net asset value of investor shares as at official valuation date 31 August 2016	151,115,114	67,781,366	218,896,480
Net asset value of investor shares as at official valuation date 31 August 2016	3,912.716	1,352.711	-

HERMES LINDER FUND SICAV PLC

Investment Manager's Report

Year ended 31 August 2018

Introduction

Hermes Linder Fund SICAV plc is an open-ended collective investment scheme organised as a multi-fund limited liability company with variable share capital registered under the laws of Malta and licensed by the Malta Financial Services Authority in terms of the Investment Services Act (Chapter 370 of the Laws of Malta). The Company qualifies as a "Maltese UCITS" in terms of the Investment Services Act (Marketing of UCITS) Regulations 2011 (Legal Notice 241 of 2011).

Investment Objective

Hermes Linder Fund, a sub-fund of Hermes Linder Fund SICAV plc (hereinafter referred to as the "Fund" or "Hermes") aims to achieve long-term appreciation principally through value investing in listed securities.

Strategy & Investment Policy

The policy adopted by the Fund has been that of investing most of its assets in securities quoted on the major exchanges of the developed world. The Fund focuses on value and is willing to withstand, the added risks that are associated with small caps provided that the risk taken is adequately justified by prospective reward in the medium-long term. Positions are usually held, on average, for a number of years and the turnover is limited. On an ongoing basis, at least 20% of the assets are always invested in very liquid securities. Additionally, derivatives may be used mainly for efficient portfolio management and to a limited extent for investment purposes.

Report of the Investment Manager

Hermes closed the financial year with a performance of -3.67% (Class A) and -4.632% (Class B) whilst the Eurostoxx 50 was down 0.84% and the Stoxx Europe 600 was up 2.24% during the same period.

After three consecutive years of outstanding overperformance, the underperformance of the Fund in this Financial Year was due to the large exposure to Italy that has only been partially mitigated by the short in Italian government bonds. Without this tool, the result would have been even worse. Furthermore, the substantial exposure to German industrial companies also significantly hurt the performance. It must be remembered that in the previous three Financial Years, Class A returned +74.02% whilst Class B returned +86.72%, compared to the Eurostoxx 50 returning +7.84% whilst the Stoxx Europe 600 returned +9.32%. This overperformance in the previous years was generated mostly by Italian and German industrial companies that are now in an environment which has turned negative overall but which have been, in our view, oversold beyond their specific merits.

Below we will illustrate some examples that will better explain this concept and will also show where the Fund has registered the most important losses:

HERMES LINDER FUND SICAV PLC

Investment Manager's Report (continued)

Year ended 31 August 2018

Report of the Investment Manager (continued)

1. Orsero (-48.7% during the Financial Year) – In our view, the company suffered because of the very unclear behaviour of the Board of Directors, that issued a very late profit warning. This has seems to have badly affected the reputation of the company that was sold, in our view, far beyond what the revised guidance would have suggested. In any case, we are sticking to this position and monitoring it closely as we believe that, even in very unfavourable market conditions for the shipping part of the business, it is still delivering a substantial EBITDA and profit. In a business that is quite resilient and predictable, we do not rule out further increasing the Fund's stake should the Fund have new liquidity available due to new subscriptions.
2. Openjobmetis (-31.71% during the Financial Year) – Openjobmetis was another main cause of underperformance as it suffered heavily because of the climate of uncertainty that has been created in Italy, the only market in which the company operates. This was because the Minister of Labour and Social Policies continued to release statements and finally got the approval of the so-called decreto dignità by which the government showed its hostility towards any kind of flexibility and freedom in the labour market, signalling a total reverse on the trend which has characterised the last 20 years of Italian politics. In any case, the company has been growing at a healthy pace, generating cash and is trading at undemanding multiples so therefore we believe that while it is largely exposed to the country risk, the company is massively undervalued.
3. Sogefi (-54.08% during the Financial Year) – Sogefi suffered because of the negative sentiment towards the automotive sector. Even though it settled a court case that had created a lot of uncertainty and unassessable risk, it is trading at very undemanding multiples even when compared to the other competitors in the same sector. The company in any case is profitable.

In Germany, the Fund suffered the most significant losses on Publity and KSB. In both cases, the Manager believes that these are notable examples of very poor corporate governance. The above are the main casualties causing the underperformance of the Fund.

There have also been some bright spots that are worth to mention:

HERMES LINDER FUND SICAV PLC

Investment Manager's Report (continued)

Year ended 31 August 2018

Report of the Investment Manager (continued)

1. Retelit (Reti Telematiche Italiane) – the Fund had bought 3.26% of the company (at prices between €0.60 and €1.55) throughout 2016 and 2017 and then sold its stake at around €2 per share in March and April 2018 in the middle of the battle for control of the company.
2. Cattolica Assicurazioni – The Fund was investing in this company despite its very poor corporate governance and the persistent unreliability of the management in reaching the targets set by itself. The Portfolio Manager was hoping that the transformation of the ‘banche popolari’ from the cooperative form into ‘società per azioni’ would have prompted the same transformation for Cattolica, which is the only Italian company set in the form of lucrative cooperative. This bet would not have been taken if the share price had not been such to justify the investment on a fundamental basis. As at the beginning of 2017, the Fund held 1.66% of the company which had been reduced to 0.65% by the beginning of the Financial Year when the price was €7.29. The investments made by a company of Berkshire Hathaway Group created a lot of interest in the company and this gave the Fund the opportunity to exit the investment at prices between €9 and €9.50. A change in the corporate structure occurred in the end but, in the Portfolio Manager's opinion, it seemed to be purely an attempt to keep the power in the hands of the existing management that has no investment in the company.
3. Biesse – the Fund has been reducing its position in Biesse since December 2016 when the Fund held 2.8% of the company. At the beginning of the Financial Year under review, the Fund had 1.3% of the company left and the shares were worth €34.18. These shares were all sold at an average selling price of €39.20 during the Financial Year.
4. El.En. – the Fund has been reducing its position in El.En. since September 2016 when the Fund held 2.9% of the company. At the beginning of the Financial Year under review, the Fund had 1.5% of the company left and the shares were worth €26.01. Approximately two-thirds of this position was reduced during the Financial Year between €27 and €34.50.

The Fund also expanded the geographical coverage adding investments in Poland, Norway, the Netherlands and Greece with companies that fit the Fund's investment style and that have very predictable income and results.

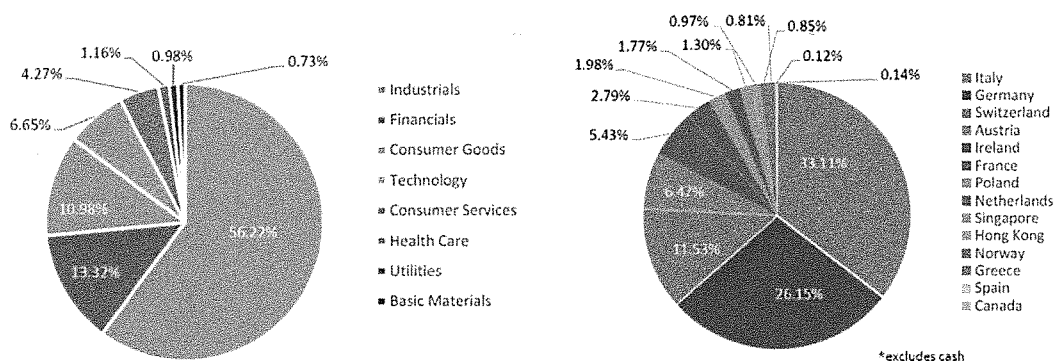
The investment style of the Fund is always the same: the Fund invests in small- and mid-caps which the Portfolio manager believes to have reliable and predictable income and that as far as possible are not exposed to substantial technological shifts. The Portfolio manager prefers to buy shares with low multiples when he believes that these multiples are sustainable even if growth is not all that exciting. In some cases, the Portfolio Manager is willing to appreciate growth as well but in that case the valuation must be supported by targets that seem to be reasonably achievable in the short term. The Portfolio Manager is keen on family companies and prefers to pay the price of illiquidity sometimes instead of paying the price of overvaluation. Overall, the Portfolio Manager also takes care of the liquidity issue in order to be compliant with the rules of the Fund but believes that many times illiquidity is the reason why many shares are undervalued. Some of the examples given above show that the Portfolio Manager has been able to set up substantial positions in good companies and that the Portfolio Manager has been able to get rid of the stakes that the Fund has in them in reasonable time.

HERMES LINDER FUND SICAV PLC

Investment Manager's Report (continued)

Year ended 31 August 2018

Report of the Investment Manager (continued)



Industrial diversification as at end August 2018 Geographical Diversification as at end August 2018

Five largest holdings as at end August 2018

Rank	Security	Type	Country	Industry	% of Portfolio
1	FLUGHAFEN ZURICH AG-REG	Equity	Switzerland	Industrials	6.42%
2	WUESTENROT & WUERTTEMBERG	Equity	Germany	Financials	4.29%
3	BUZZI UNICEM SPA-RSP	Equity	Italy	Industrials	3.92%
4	FLUGHAFEN WIEN AG	Equity	Austria	Industrials	3.44%
5	SCHALTBAU HOLDING AG	Equity	Germany	Industrials	3.00%

Asset Allocation as at end of August 2018

	% of NAV
Equities	91.57%
Cash Deposits	6.49%
Bonds	1.86%

Published Net Asset Value Per Share, Number of Shares and Net Asset Value

28th February 2018

Share Class	Net Asset Value per Share	Number of Shares in Issue	Net Asset Value
A	€5,683.322	46,833.230	€266,168,335.57
B	€2,066.684	30,315.228	€62,652,004.84
C	N/A	N/A	N/A

HERMES LINDER FUND SICAV PLC

Investment Manager's Report (continued)

Year ended 31 August 2018

31st August 2018

Share Class	Net Asset Value per Share	Number of Shares in Issue	Net Asset Value
A	€5,419.276	46,383.944	€251,367,425.18
B	€1,957.222	31,160.177	€60,987,394.10
C	N/A	N/A	N/A

Note: The opinions expressed are given in good faith and should not be construed as investment advice.

HERMES LINDER FUND SICAV PLC

Information for investors in Switzerland (unaudited) For the year ended 31 August 2018

The Fund is an umbrella investment company with capital incorporated in Malta. It has appointed Société Générale, Paris, Zurich Branch, Talacker 50, 8001 Zurich, Switzerland, as representative and paying agent for Switzerland. The prospectus, the Key Investor Information Document (KIID), memorandum and articles of association and a list of the purchases and sales made on behalf of the Fund can be obtained from the representative, Société Générale, at the address above, free of charge.

Investors should contact the Swiss representative at the above address should they require additional information, e.g. on performance including the composition of the relevant indices where applicable.

Unaudited Performance Record for the year ended 31 August 2018 and comparative figures for the years ended 31 August 2017 and 31 August 2016.

31 August 2018

	31.08.2018	31.08.2017	31.08.2016
Share Class A EUR	(3.67) %	43.78 %	3.49 %
Share Class B EUR	(4.63) %	51.72 %	3.19 %

Source: The returns stated above are annualized and calculated from the NAV per share as disclosed in the financial statements of the Fund for the year ended 31 August 2018.

Past performance is not a guide to current or future performance. The value of an investment can fall as well as rise resulting from fluctuations and investors may not get back the amount originally invested. This performance data does not take account of the commissions and costs incurred on the issue and redemption of redeemable participating shares.

Total Expense Ratios – Unaudited

The Total Expense Ratios for each Fund for the years ended 31 August 2018 and the comparative figures for the years ended 31 August 2017 and 31 August 2016 are as follows:

31 August 2018

	31.08.2018	31.08.2017	31.08.2016
Share Class A EUR	1.20 %	1.21 %	1.24 %
Share Class B EUR	2.20 %	2.21 %	2.24 %

The information was established by the Administrator, BOV Fund Services Limited and is based on the data contained in the Income Statement extracted from the annual report and financial statements for the years ended 31 August 2018 and for the comparative years ended 31 August 2017 and 31 August 2016 (Fund management fees, administration fees, custodian fees, all other commissions and expenses appearing as per the breakdown of the Income Statement and not already included in any of the foregoing categories).



Bank of Valletta

Finance

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16th November 2018

Annual Report of the Custodian

Hermes Linder Fund SICAV p.l.c.

We, Bank of Valletta p.l.c., as Custodian to the Hermes Linder Fund SICAV p.l.c ("the Scheme") hereby confirm that having enquired into the conduct of the Manager during the year ended 31st August 2018, it is our opinion that during this year, the Company and its Funds have been managed:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of each Fund by the constitutional documents and by the Malta Financial Services Authority, with the exception of the following;
 - Two convertible bonds, within the Hermes Linder Fund, were found to be in breach of one of the Standard Licence Conditions of the Investment Services Rules for Retail Collective Investment Schemes, Part BII; 5.45 (ii). The rule states that "*the scheme may acquire no more than 10% of the debt securities of any single issuing body*". These securities are PITECO with Isin IT0005119083 and PUBLITY with Isin DE000A169GM5. The holding within the Fund as a percentage of the amount outstanding, was approximately 17% for PITECO, and 13% for PUBLITY. These limits have exceeded the 10% threshold of SLC 5.45 (ii); in August 2017 and October 2017 respectively, due to the purchase of additional nominal for both securities. The Manager has already compensated for the shortfall suffered by the Fund in disposing of the excess holding in Piteco, whilst is also presently dealing with the disposal of the excess holding in Pubility. Should there be any shortfalls (if any) in the disposal of Pubility, the Manager will take the necessary measures to issue immediate compensation. Such matters have been reported to the MFSA by the Manager.
- (ii) otherwise in accordance with the provisions of the constitutional documents and the Fund's license conditions.

Kevin Portelli
Head
Finance - Custody Services
Bank of Valletta p.l.c.