HERMES LINDER FUND SICAV PLC

SV 100

Interim report and unaudited interim financial statements

For the six-month period ended
28 February 2019

Contents

	Pages
Management and administration	3-4
Description	5
Manager's report	6-8
Unaudited interim financial statements	
Unaudited interim statement of financial position	9
Unaudited interim statement of changes in net assets attributable to holders of redeemable shares	10
Unaudited interim statement of profit or loss and other comprehensive income	11
Unaudited interim statement of cashflows	12
Notes to the unaudited interim financial statements	13-20
Unaudited supplementary disclosures	
Portfolio statement	21-23
Statement of changes in the composition of the portfolio	24
Salient statistics and information about the sub-fund	25
Information for investors in Switzerland	26

MANAGEMENT AND ADMINISTRATION

Directors:	Mr. Ivan Fsadni Mr. Tom Anastasi Pace Mr. Claudio Palladini Mr. David Galea Souchet (appointed on 31st January 2019)
Secretary:	Mr. Maximilian Galea
Registered office:	Level 14, Portomaso Business Tower, Portomaso, St. Julians, Malta.
Country of incorporation:	Malta
Company registration number:	SV 100
Auditor:	Deloitte Audit Limited, Deloitte Place, Mriehel Bypass, Mriehel, Malta.
Investment manager:	Praude Asset Management Limited, Level 14, Portomaso Business Tower, Portomaso, St. Julians, STJ 4011 Malta.
Prime broker and sub-custodian:	Axion (Swiss) Bank S.A, Viale Stefano Franscini 22, CH-6901 Lugano, Switzerland. (terminated on 10th December 2018)

MANAGEMENT AND ADMINISTRATION – (continued)

Custodian:	Bank of Valletta p.l.c. BOV Centre, Cannon Road, Sta.Venera SVR 9030, Malta.
Administrator and Registrar:	BOV Fund Services Limited, TG Complex, Suite 2, Level 3, Brewery Street, Mriehel, Malta.

DESCRIPTION

1 Authorisation

Hermes Linder Fund SICAV PLC is organised as a multi-fund investment company with variable share capital (SICAV) pursuant to the Companies Act, Cap 386 of the Laws of Malta, as registered on the 25th March 2009. The Company is licensed by the Malta Financial Services Authority as a Collective Investment Scheme under the Investment Services Act, Cap 370 of the Laws of Malta. As of 1 September 2010, the Company qualifies as 'Maltese UCITS' in terms of the Investment Services Act (Marketing of UCITS) Regulations 2011 (Legal Notice 241 of 2011).

As at 28 February 2019, the Company has established one sub-fund – Hermes Linder Fund, which has three classes of shares - Class A Voting Shares, Class B Voting Shares and Class C Voting Shares.

2. Risk warning

Past performance is not necessarily a guide to future performance. The value of investments and the currency in which these are denominated may go down as well as up and investors may not always get back their initial investment. Investments in collective investment schemes should be regarded as a medium to long-term investment.

This interim report does not constitute an offer of units in the Fund. The opinions expressed are given in good faith and should not be construed as investment and/or tax advice.

3. Prospectus, Supplement and Key Investor Information Document

Full information on the Fund is contained in the Prospectus, Supplement and Key Investor Information Document which are available from the registered office of the Fund or the Investment Manager.

MANAGER'S REPORT

For the six month period ended 28th February 2019

Introduction

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).

Investment Objective

Hermes Linder Fund 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

In the 6 months ended 28th February 2019, Hermes Class A returned -5.21% and Class B returned -5.68%, compared to -2.79% for the Eurostoxx 50, -2.47% for the Stoxx Europe 600 and -4.12% for the MSCI World Index.

The trends that affected the performance of the Fund in the last 6 months of the previous Financial Year persisted up to the end of November 2018. Since then, the Fund has matched and slightly exceeded the performance of the main indexes. However, the overall balance is still negative.

Last year was marked by the heavy underperformance of some companies that had brightly outperformed in 2016 and 2017.

Flughafen Zurich caused the worst loss during the 6-month period, mostly because of the size of the Fund's investment in this company. It should be remembered that this was the largest and longest-held position of the Fund and that despite the underperformance of the last months, the current value is still more than tenfold the original purchase value. The Manager in any case is reviewing the position as the company is undergoing a process for the reassessment of the tariffs and this creates uncertainty that is reflected in the performance of the shares. It must also be considered that a huge real estate investment made by the company is not performing according to expectations and even this point is affecting the sentiment and in a certain way, the perception that the market has of the character of the company.

With regards to German industrial companies, Schaltbau Holding, Koenig & Bauer, Suess Microtec and Wacker Neuson have badly underperformed. As this report is being written, the results of these companies have been disclosed and we can say that it's very difficult to understand the reason why they underperformed so badly as the results are overall in line with the expectations. Even in the uncertain environment that we are living in these days, it is very difficult to give a rational explanation to such a heavy underperformance. We shall stick to these positions and we shall carefully monitor them.

In Italy, the worst performers were Panariagroup Industrie Ceramiche, El.En. and Openjobmetis:

- Panariagroup Industrie Ceramiche – for more than two years, the Fund was the second largest shareholder of the company. Then, the Fund almost halved its position with an average selling price of €3.52 but this was enough to avoid another substantial blow to the performance of the Fund. The share is very illiquid and we have been misled by the

MANAGER'S REPORT

For the six month period ended 28th February 2019

statements made by the company in November 2017 when it looked like the company was performing quite well, whilst just in December the landscape seemed to have changed completely. Panariagroup is one of the very few companies in the Fund's portfolio that records a loss. It is very difficult to exit the company as it is illiquid but now it represents less than 0.4% of the assets of the Fund. We remember that we built our original stake in Panariagroup at around these prices and even if we don't trust the management we believe that it is so badly perceived by the market that the risks are more to the upside than the downside. We will monitor carefully the developments in this company.

- El.En just released its full year results and is performing in line with expectations. In 2017 and 2018, the Fund sharply reduced its exposure to this company that had been one of the Fund's main investments since 2015. However, the Fund still retains a stake that has affected its performance. In our view, the results confirm that this is a world class company that is growing in turnover and profitability and that trades at multiples that are much lower than those of any comparable US company that works in the same sector.
- Openjobmetis now trades at a P/E of around 7/8. It is a contendable company which has very low net debt. Its growth perspectives have been badly affected by the swift change in the Italian labour legislation that was worsened even more by the perception that anything can be expected from this government that changes from one day to the next long-established rules just to feed the electorate short-term expectations.

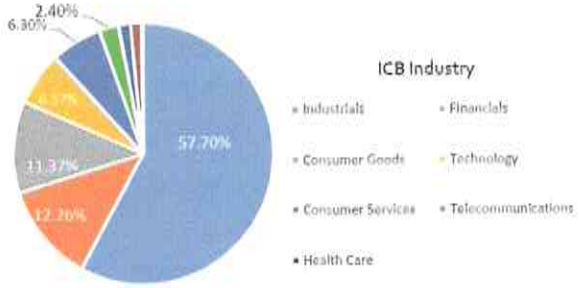
On the positive side, the most positive contributions to the performance of the Fund came from two Italian toll road concession holders: Autostrade Torino-Milano (ASTM) and Autostrade Meridionali. In Autostrade Meridionali the Fund has built a stake of nearly 6% and has been able to appoint a member of the Board at the last AGM. We took an active stance and we got an increase of the dividend paid by the company which has a huge cash generation and has a net financial position per share that is 30% higher than the current market price. We will keep the position and eventually we will exploit any weakness in the share price to increase the position.

Another substantial contributor has been Acsm-Agam where the Fund forced the company to buy back its own shares at €2.47 during an EGM in May 2018 as the Fund, together with another big shareholder, denied the approval for the extraordinary deal by which A2A was increasing its stake in the company. In December, in order to recreate the float and to maintain the listing on the Milan stock exchange, A2A was forced to sell 11 million shares and the Fund was able to buy 2.22m shares. Just 3 months before, the Fund had sold around 1.2m shares at a share price more than 1 euro higher. As the share price recovered immediately after the private placement, a substantial gain was recorded.

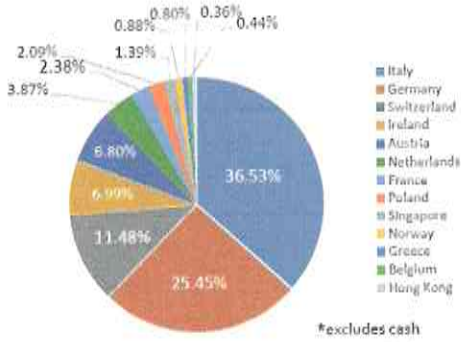
Overall, the Fund has a portfolio that for the vast majority is composed of profitable companies. Banks are being avoided with the only exception being Wuestenrot & Wuerttemberg which is a very specialised mortgage lender in Germany. A substantial stake is being kept in the Zurich and Vienna airports. We still have many substantial positions in industrial companies in Germany, Italy, the Netherlands, Austria and Switzerland. We believe that the gloomy perspectives are factored into the prices of industrial companies whilst the loose stance of the Central Banks, in our view, still has to be fully appreciated by the markets. Whilst this report is being written, 10-year German government bonds have a negative yield and this also translates into the fact that the yield of lower quality bonds are again coming down. We believe that the credit risk of lower quality bonds is the main risk affecting the market now but at the same time we feel that the Central Bank will not allow any major financial crisis as long as it can prevent it by printing money if this does generate new inflation. Inflation is clearly subdued and this is from our point of view a factor that should be considered when evaluating the investments in equity: the multiples of equity are still the same as the ones the market was paying when the yield on risk-free government bonds was clearly positive in nominal terms. Even if a subdued inflation and a monetary expansion has now been lasting for about 10 years, we believe that the market is still reasoning that this is a transitory environment that could quickly be reversed. Overall, we think that investments in equity are the ones where the best value can be found. Additionally, we are aware that the main flows of money are desperately looking for decent, predictable returns considering that any low-risk investments in EUR and CHF started to generate negligible or even negative nominal returns.

MANAGER'S REPORT

For the six month period ended 28th February 2019



Industrial diversification as at end February 2019



Geographical Diversification as at end February 2019

Five largest holdings as at end February 2019

Rank	Security	Type	Country	Industry	Sub-Sector	% of Portfolio
1	FLUGHAFEN ZURICH AG-REG	Equity	Switzerland	Industrials	Transportation Services	5.96%
2	BUZZI UNICEM SPA-RSP	Equity	Italy	Industrials	Building Materials & Fixtures	4.58%
3	FLUGHAFEN WIEN AG	Equity	Austria	Industrials	Transportation Services	4.04%
4	WUESTENROT & WUERTTEMBERG	Equity	Germany	Financials	Specialty Finance	3.82%
5	CPL RESOURCES PLC	Equity	Ireland	Industrials	Business Training Employment	3.13%

Asset Allocation as at end of February 2019

	% of NAV
Equities	96.91%
Bonds	2.65%
Cash Deposits	0.43%
Warrants	0.01%
Options	0%

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

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

28th February 2019

Share Class	Net Asset Value per Share	Number of Shares in Issue	Net Asset Value
A	€5,136.691	49,594.436	€254,751,310.39
B	€1,845.979	22,646.269	€41,804,547.55
C	N/A	N/A	N/A

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

MANAGER'S REPORT

For the six month period ended 28th February 2019

UNAUDITED INTERIM FINANCIAL STATEMENTS

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION

as at 28 February 2019

	The Hermes Linder Fund SICAV p.l.c.	
	28.02.2019	31.08.2018
	€	€
ASSETS		
Financial assets at fair value through profit or loss	**295,425,982**	292,297,945
Accrued income	**186,963**	177,506
Receivables	**802,276**	112,601
Cash and cash equivalents (note 3)	**1,196,921**	20,524,039
Total assets	**297,612,142**	313,112,091
LIABILITIES		
Financial liabilities at fair value through profit or loss	**3,000**	-
Trade and other payables	**1,052,523**	756,514
Total liabilities (excluding net assets attributable to holders of redeemable shares)	**1,055,523**	756,514
Net assets attributable to holders of redeemable shares	**296,556,619**	312,355,577

The accounting policies and notes on pages 14 to 21 are an integral part of these interim financial statements.

These unaudited interim financial statements were approved by the board of directors, authorised for issue on 8 April 2019 and signed on its behalf by:

Mr. Ivan Fsadni
Director

Mr. David Galea Souchet
Director

UNAUDITED INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

for the period ended 28 February 2019

	The Hermes Linder Fund SICAV p.l.c.	
	28.02.2019	28.02.2018
	€	€
At beginning of period	**312,355,577**	303,603,701
Creation of shares	**28,951,230**	34,063,435
Redemption of shares	**(28,212,961)**	(11,122,577)
Net change in net assets attributable to holders of redeemable shares	**(16,537,227)**	2,276,540
Net assets attributable to holders of redeemable shares	**296,556,619**	328,821,099

UNAUDITED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 28 February 2019

	The Hermes Linder Fund SICAV p.l.c.	
	28.02.2019	28.02.2018
	€	€
Investment income		
Dividend income	**556,612**	294,714
Interest income	**130,744**	369,059
Net (loss)/gain on financial instruments at fair value through profit or loss	**(14,865,343)**	4,764,162
	(14,177,987)	5,427,935
Operating expenses	**(2,177,041)**	(3,015,963)
Change in net assets attributable to holders of redeemable shares before withholding tax	**(16,355,028)**	2,411,972
Witholding tax paid on behalf of holders of redeemable shares	**(182,199)**	(135,432)
Change in net assets attributable to holders of redeemable shares	**(16,537,227)**	2,276,540

UNAUDITED INTERIM STATEMENT OF CASH FLOWS

for the period ended 28 February 2019

	The Hermes Linder Fund Sicav p.l.c.	
	28.02.2019	28.02.2018
	€	€
Net cash flows used in operating activities	**(1,605,675)**	(13,730,851)
Net cash flows used in investing activities	**(18,459,712)**	(17,685,796)
Net cash flows from financing activities	**738,269**	22,940,857
Net movements in cash and cash equivalents	**(19,327,118)**	(8,475,790)
Cash and cash equivalents at beginning of period	**20,524,039**	9,516,693
Cash and cash equivalents at end of period	**1,196,921**	1,040,903

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

At the reporting date, Hermes Linder Fund SICAV plc ("the Company"/the Fund) has constituted one sub-fund which is a segregated patrimony and is represented by different classes of shares. These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' and are consistent with the accounting policies used in the preparation of the audited financial statements for year ended 31 August 2018. These unaudited condensed interim financial statements have also been prepared in accordance with the requirements of the Malta Financial Services Authority's Investment Services Rules for Retail Collective Investment Schemes.

Hermes Linder Fund SICAV PLC is organised as a multi-fund investment company with variable share capital (SICAV) pursuant to the Companies Act, Cap 386 of the Laws of Malta, as registered on the 25th March 2009. The Company is licensed by the Malta Financial Services Authority as a Collective Investment Scheme under the Investment Services Act, Cap 370 of the Laws of Malta. As of 1 September 2010, the Company qualifies as 'Maltese UCITS' in terms of the Investment Services Act (Marketing of UCITS) Regulations 2011 (Legal Notice 241 of 2011).

The unaudited condensed interim 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.

Standards and amendments to existing standards effective during the period

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

IFRS 9 has been applied retrospectively by the Fund and did not result in a change to the classification or measurement of financial instruments. The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies

Financial instruments

Financial assets and financial liabilities are recognised when the Company 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 Company 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.

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 stated at 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 the statement of profit or loss and other comprehensive income when there is objective evidence that the asset is impaired.

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

Classification

The Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below. In applying that classification, a financial asset or financial liability is considered to be held-for-trading if these are acquired principally for the purpose of selling in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorised as held for trading. The Company does not classify any derivatives as hedges in a hedging relationship.

(a) Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at FVTPL on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost include debt securities, term deposits, accrued income, other receivables (representing amounts receivable for transactions contracted for but not yet delivered by the end of the period) and cash and cash equivalents.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

Financial instruments (continued)

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

Financial assets at FVTPL

A financial asset is measured at FVTPL if it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or its contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
At initial recognition, the Company may irrevocably designate a financial asset as measured at FVTPL when doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company includes in this category, derivative contracts in an asset position and equity and debt instruments classified as held for trading. Financial assets managed, evaluated and reported on a fair value basis in accordance with the Fund's documented investment strategy are mandatory measured at FVTPL.

(b) Financial liabilities

Financial liabilities measured at amortised cost

Financial liabilities that are not classified at FVTPL are classified at amortised cost. Financial liabilities measured at amortised cost include other payables (representing amounts payable for transactions contracted for but not yet delivered by the end of the period) and overdrawn bank balances.

Financial liabilities measured at FVTPL

A financial liability is measured at FVTPL if it meets the definition of held for trading. The Company includes in this category, derivative contracts in a liability.

Recognition, derecognition and measurement

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets or financial liabilities are initially recognised at fair value, and transaction costs for all financial instruments carried at FVTPL are expensed as incurred. Financial assets are derecognised when the rights to receive cash flows expire or the Company has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities at FVTPL category are included in the Statement of Comprehensive Income in the period in which they arise. Interest and dividends earned or paid on these instruments are recorded separately in 'other net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss' and 'dividend income' in the Statement of Comprehensive Income.

Debt instruments, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of Comprehensive Income. Any gain or loss on derecognition is recognised in the Statement of Comprehensive Income. Financial liabilities, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

Financial instruments (continued)

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

The fair value of financial instruments listed or dealt on a regulated market, is based on the latest available dealing price, appearing to the Directors. The fair values of unquoted investments are established by using valuation techniques. These include reference to recent financial statements and similar financial instruments as well as option pricing models.

Impairment
Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:
- Debt securities that are determined to have a low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and supportable information that is relevant and available without undue cost or effort. In this regard, the Company has an internal credit scoring system in place that analyses the credit quality of the counterparties accordingly. Such credit scoring system takes into consideration both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, and also considers the counterparties' macroeconomic context.

The Company has elected the rebuttable presumption from IFRS 9 by assuming that the credit risk on a financial asset has increased significantly if the financial asset is more than 30 days past due.

Moreover, if the counterparty becomes downgraded by two notches (or more) based on the credit score assessment, the Company deems the financial asset's credit risk to have increased significantly.

Moreover, the Company considers a financial asset to be in default when:
- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is more than 90 days past due.

The maximum period considered when estimated ECLs is the maximum contractual period over which the Company is exposed to credit risk.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

Financial instruments (continued)

(iii) Trade payables and other payables

Trade payables and other 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.

(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 gain on financial assets at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

(v) Convertible bond

The convertible bond represents a hybrid contract with an embedded derivative. The Company 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 Company 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.

(vi) Net assets attributable to shareholders

The liability to participating shareholders is presented in the statement of financial position as "Net assets attributable to holders of investor shares" and is determined based on the residual assets of the Company after deducting all other liabilities.

(vii) 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 Company 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

Revenue recognition

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

(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 and 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 Company 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 Hermes Linder Fund SICAV plc are not subject to Malta income tax pursuant to the provisions of the Income Tax Act (Chap. 123).

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

Currency translation

The interim financial statements of the Company are presented in €, which is the currency used for the financial statements and the currency in which the Company's share capital is denominated, in accordance with the provisions of article 187 of the Companies Act (Cap. 386). The sub-fund's functional currency is the currency of denomination of the sub-fund as stipulated in the prospectus.

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 with in the statements of profit or loss and other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, fiduciary and margin deposits.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

3. Bank Balances

The bank balance disclosed within the Unaudited Interim Statement of Financial Position as at 28 February 2019 amounted to €1,196,921 (0.40% of Net Asset Value) (2018: €20,524,039 - 6.57% of the Net Asset Value) and held with Bank of Valletta plc.

4. Related Party Disclosures

During the period, 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 Pace is both director of the Fund and director of Praude Asset Management Limited, the investment manager of the Fund. During the period under review, the Fund incurred management fees amounting to €1,726,795 (2018: €1,906,381). Directors' fees amounting to €10,712 (2018: €3,377) were incurred during the period.

5. Fair Value Estimation

IFRS 7 requires the Fund to classify 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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of financial assets of listed equity securities and quoted debt securities are based on quoted market prices at the close of trading on the reporting date (Level 1 for active markets, Level 2 for inactive markets).

The fair value of over-the-counter foreign currency forward derivative contracts is determined using quoted spot and forward exchange rates at the measurement date and present value calculations based on high credit quality yield curves in the respective currencies (Level 2). The fair value of corporate debt securities having no quoted price available at the measurement date is based on the last quoted market price available adjusted by a discount for additional credit risk, lack of marketability, illiquidity and pricing uncertainty (Level 3).

The following tables analyse the fair value hierarchy within the Fund's financial assets at fair value through profit or loss:

28 February 2019	**Total EUR**	**Level 1 EUR**	**Level 2 EUR**	**Level 3 EUR**
Financial assets held for trading				
- Equity instruments	**287,272,002**	**287,272,002**	-	-
- Debt instruments	**7,877,415**	**7,877,415**	-	-
- Derivative financial instruments	**276,565**	**276,565**	-	-
	295,425,982	**295,425,982**	-	-
Financial liabilities held for trading				
- Derivative instruments	**3,000**	**3,000**	-	-

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

5. Fair Value Estimation (continued)

31 August 2018	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Financial assets held for trading				
- 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 liabilities held for trading				
- Derivative instruments	-	-	-	-

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.

UNAUDITED SUPPLEMENTARY DISCLOSURES

Portfolio Statement
as at 28 February 2019

QUOTED EQUITIES	Market Value 28.02.2019 EUR	% of Net Assets
Abitare In SpA	665,742	0.22
Acsm - Agam SpA	4,062,600	1.37
Actia Group	717,786	0.24
Adesso AG	6,532,987	2.20
Andritz AG	3,899,505	1.31
ASTM SpA	5,594,535	1.89
Attica Publications SA	39,942	0.01
Autostrade Meridionali SpA	7,670,180	2.59
Avio SpA	5,346,202	1.80
Baikowski SA	564,451	0.19
Bam Groep NV	4,045,697	1.36
Basic Net	436,724	0.15
Bauer AG	2,099,783	0.71
Beijing Capital International	1,078,460	0.36
Biesse	1,077,492	0.36
Brunel Intl	2,628,484	0.89
Bucher Industries AG	3,076,489	1.04
Buzzi Unicem SpA	13,582,052	4.58
Capstone Mining Corp	311,057	0.10
Cattolica Assicura	2,457	0.00
Cementir Holding SpA	7,761,041	2.62
Clariant AG	828,504	0.28
Cpl Resources PLC	9,295,968	3.13
Dalata Hotel Group PLC	6,131,944	2.07
DPA Group NV	1,990,242	0.67
Eckert & Ziegler AG	3,323,581	1.12
El.En. SpA	2,010,731	0.68
Emak SpA	3,657,747	1.23
FBD Holdings	735,094	0.25
Figeac Aero	240,058	0.08
Fjord1 ASA	2,515,594	0.85
Flughafen Wien AG	11,998,141	4.05
Flughafen Zurich AG	17,689,087	5.96
FNM SpA	1,985,733	0.67
Food Empire Holdings Ltd	2,423,285	0.82
Gea Group AG	442,470	0.15
GPI SpA	298,284	0.10
Hamburger Hafen und Logistik A	4,534,694	1.53

UNAUDITED SUPPLEMENTARY DISCLOSURES

Portfolio Statement
as at 28 February 2019

QUOTED EQUITIES (Continued)	Market Value 28.02.2019 EUR	% of Net Assets
Hellenic Exchanges - Athens St	2,336,996	0.79
Helvetia Holding AG	4,733,089	1.60
ICT Group NV	2,811,988	0.95
Interpump Group SpA	3,781,551	1.28
Irish Continental Group PLC	798,475	0.27
Italian Wine Brands SpA	4,471,172	1.51
Jungfraubahn Holding AG	3,023,790	1.02
Kinghero AG	-	-
Koenig & Bauer AG	4,029,772	1.36
Krones AG	4,674,652	1.58
KSB SE & Co KGaA	3,062,040	1.03
La Doria SpA	2,836,180	0.96
Leifheit AG	176,116	0.06
Lian Beng Group Ltd	1,156,823	0.39
LU-VE SpA	5,003,284	1.69
Mayr Melnhof Karton AG	2,058,976	0.69
Monnalisa SpA	283,520	0.10
NB Aurora SA	470,000	0.16
Norwegian Property ASA	93,950	0.03
OHB SE	4,168,406	1.41
Openjobmetis Spa agenzia per i	6,951,761	2.34
Orsero SpA	8,006,753	2.70
Palfinger AG	442,600	0.15
Panariagroup Industrie Ceramic	1,229,777	0.41
PKP Cargo SA	839,401	0.28
PSB Industries SA	1,129,057	0.38
Rosenbauer International AG	1,693,819	0.57
SAES Getters SpA	3,395,340	1.14
Savencia SA	4,153,827	1.40
Schaltbau Holding AG	7,527,078	2.54
Semperit AG Holding	76,017	0.03
Sesa SpA	4,355,696	1.47
Siti B&T Group SpA	831,674	0.28
SMT Scharf AG	989,611	0.33
Sogefi SpA	2,444,449	0.82

UNAUDITED SUPPLEMENTARY DISCLOSURES

Portfolio Statement
as at 28 February 2019

QUOTED EQUITIES (Continued)	Market Value 28.02.2019 EUR	% of Net Assets
Somec NPV	591,005	0.20
Stalexport Autostrady SA	1,281,121	0.43
SUESS MicroTec SE	3,327,979	1.12
Surteco Group SE	3,312,145	1.12
T T J Holdings Ltd	558,036	0.19
Technotrans AG	934,692	0.32
Telecom Italia SpA	138,853	0.05
Telecom Italia RSP	6,993,552	2.36
Total Produce	3,771,728	1.27
Touax SCA-SGTR-CITE-SGT-CMTE-T	265,776	0.09
Vaudoise Assurances Holding SA	4,705,903	1.59
VEI 1 SpA	801,600	0.27
VIB Vermoegen AG	975,033	0.33
Wacker Neuson SE	8,023,615	2.71
Warsaw Stock Exchange	4,094,915	1.38
Wiit NPV	831,300	0.28
Wuestenrot & Wuerttembergische	11,332,287	3.82
Quoted Corporate Bonds		
Greenyard 3.75% 2021	1,302,600	0.44
Piteco SPA 4.5% 2020	527,784	0.18
Publity AG 3.5% 2020	5,934,813	2.00
PNE Wind 3.75% 2019	112,218	0.04
Derivatives – *Option*		
ANDR Mar19	(3,000)	0.00
Derivatives – *Equity warrants*		
D Amico 2019 WTS	10,851	0.00
Digital NPV 2049 IDX.WT	258,000	0.09
VEI 1 2023 CVD.WT	7,713	0.00

UNAUDITED SUPPLEMENTARY DISCLOSURES

Statement of Changes in the Composition of the Portfolio

The composition of the portfolio, detailed in the Portfolio Statement on pages 21 to 23, in comparison with the Portfolio Statement as at 31 August 2018 stood as follows:

	% of net assets 28.02.2019	% of net assets 31.08.2018
Quoted Equities	**96.87**	91.71
Quoted Convertible Bonds	**2.66**	1.86
Warrants	**0.09**	-
Derivative Financial Liabilities	**-**	1.31

UNAUDITED SUPPLEMENTARY DISCLOSURES

Salient statistics and information about the sub-fund

Period ended 28 February 2019

Hermes Linder Fund SICAV PLC is a Collective Investment Scheme organised as a multi-fund with variable share capital under the laws of the Republic of Malta and licensed by the Malta Financial Services Authority under the Investment Services Act (Chap. 370).

The Investment Objective of the Sub-Fund is to achieve long-term appreciation principally through value investing mainly in the major equity markets.

Salient Statistics	**28.02.2019**
Shares in issue as at 28 February 2019 (€ A Class)	**49,594.436**
Shares in issue as at 28 February 2019 (€ B Class)	**22,646.269**
	€
Net asset value as at 28 February 2019	**296,556,619**
Net asset value as at 31 August 2018	312,355,577
	€
Net asset value per share as at 28 February 2019 (€ A Class)	**5,136.691**
Net asset value per share as at 28 February 2019 (€ B Class)	**1,845.979**
Net asset value per share as at 31 August 2018 (€ A Class)	5,419.276
Net asset value per share as at 31 August 2018 (€ B Class)	1,957.222

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 end of the reporting period.

Information for investors in Switzerland (unaudited)
As at 28 February 2019

The Company is an umbrella investment company with capital incorporated in Malta. It has appointed Société Générale, Paris, Zurich Branch, Talacker 50, PO Box 5070, 8021 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 Company 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.

Total Expense Ratios – Unaudited

The TER ("Total Expense Ratio") is expressed as a percentage.

TER

		28.02.19	31.08.18
Hermes Linder Fund	Class A	**1.18%**	1.20%
Hermes Linder Fund	Class B	**2.18%**	2.20%

This index is calculated in accordance with the directive on the calculation and publication of the TER and PTR issued by the Swiss Funds and Asset Management Association ("SFAMA") on 16 May 2008. The TER indicates all fees and charges applicable retrospectively to the assets of the SICAV (operating expenses) as a percentage of the net assets of the SICAV itself. The TER does not include transaction costs or other costs arising from the hedging of currency risks.