

**HERMES LINDER  
FUND SICAV PLC**

**SV 100**

**Report and financial statements**

31 August 2013

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# HERMES LINDER FUND SICAV PLC

## Directors, officers and other information

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<i>Directors:</i>	Dr. Frank Chetcuti Dimech Mr. Tom Anastasi Pace Mr. Claudio Palladini
<i>Secretary:</i>	Valletta Fund Services Limited, TG Complex, Suite 2, Level 3, Brewery Street, Mriehel, Malta.
<i>Registered office:</i>	TG Complex, Suite 2, Level 3, Brewery Street, Mriehel, Malta.
<i>Country of incorporation:</i>	Malta
<i>Company registration number:</i>	SV 100
<i>Auditor:</i>	Deloitte Audit Limited, Deloitte Place, Mriehel Bypass, Mriehel, Malta.
<i>Investment manager:</i>	Praude Asset Management Limited, TG Complex, Suite 2, Level 3, Brewery Street, Mriehel, Malta.
<i>Custodian:</i>	Bank of Valletta p.l.c. BOV Centre, Cannon Road, Santa Venera, Malta.

# HERMES LINDER FUND SICAV PLC

## Directors, officers and other information (continued)

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*Prime broker and  
sub-custodian:*

Axion Swiss Bank S.A,  
Via Emilio Bossi 1,  
6901 Lugano,  
Switzerland.

*Administrator and registrar:*

Valletta Fund Services Limited,  
Suite 2, Level 3,  
TG Complex,  
Brewery Street,  
Mriehel,  
Malta.

*Legal advisors:*

CDF Advocates,  
13/23 Vincenti Buildings,  
Strait Street,  
Valletta,  
Malta.

# HERMES LINDER FUND SICAV PLC

## Directors' report

Year ended 31 August 2013

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The directors present their report and the audited financial statements of the Company for the year ended 31 August 2013.

### Significant changes to the Company documents

There were no significant changes to the Company's documents in the period under review. However the Company intends to obtain the approval of the Malta Financial Services Authority to change its prime broker and sub-custodian to Banca Svizzera Italiana (BSI) before the end of 2013.

### 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, Hermes Linder Fund, which has three share classes: Class A, Class B and Class C. The investment objective of the 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 Hermes Linder Fund attracted *EUR10,121,769* (2012 – *EUR22,065,778*) from investors with redemptions amounting to *EUR4,862,501* (2012 – *EUR3,114,427*).

The Company registered a gain of *EUR9,528,516* (2012 – loss of *EUR7,433,877*). Net assets attributable to holders of redeemable shares at the end of the year amounted to *EUR93,853,139* (2012 – *EUR79,065,355*).

### Results and distribution

The results for the year ended 31 August 2013 are shown in the statement of comprehensive income on page seven. 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.

### Standard licence conditions

The MFSA was asked for a derogation from SLC 5.23(iii) with respect to the use of Axion Swiss Bank SA as counterparty due to the fact that it is not rated by Moodys or S&P, and separately the Investment Manager recommended to the Board that BSI SA (a member of the Generali Group) be appointed as counterparty instead of Axion Swiss Bank.

The MFSA were subsequently informed that the Investment Manager, the Company, Bank of Valletta as Custodian and BSI have held several meetings and although operationally an agreement was reached, the sub-custodian agreement, which was an integral part of the discussions, could not be finalised due to the position taken by the Custodian, Bank of Valletta on the one hand, requiring Maltese law as the governing law of the sub-custody agreement, and BSI on the other hand, which required the agreement to be governed by Swiss law.

# HERMES LINDER FUND SICAV PLC

## Directors' report (continued)

Year ended 31 August 2013

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### Standard licence conditions (continued)

The Investment Manager and the Company have subsequently requested the MFSA to reconsider a derogation from Rule 5.23(iii) of Part B II of the Investment Services Rules for Retail Collective Investment Schemes so that the Company will be able to retain Axion Bank as counterparty, specifically in view of Banca dello Stato del Ticino, the owner of Axion Bank, being rated A+ by the Swiss Rating Agency.

The Investment Manager is currently collating the required information to support the request for derogation.

Currently the Company is still therefore not fully compliant with SLC 5.23(iii) by virtue of using Axion Swiss Bank SA as counter party due to the fact that it is not rated by Moodys or S&P.

### Directors

The directors who served during the period were:

Dr. Frank Chetcuti Dimech

Mr. Tom Anastasi Pace

Mr. Claudio Palladini


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.

**Approved by the board of directors and signed on its behalf on 17 December 2013 by:**

  
*Dr. Frank Chetcuti Dimech*  
Director

  
*Mr. Tom Anastasi Pace*  
Director

# HERMES LINDER FUND SICAV PLC

## Statement of directors' responsibilities

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The directors are required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU, which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss of the Company 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 company 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 company and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining such 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 Company, 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 comprehensive income

Year ended 31 August 2013

	<i>Notes</i>	<b>2013</b>	2012
		<b>EUR</b>	EUR
<b>Investment income/(loss)</b>			
Dividend income		<b>2,100,610</b>	2,078,728
Interest income		<b>1,084,683</b>	291,878
Net gain/(loss) on financial instruments at fair value through profit or loss		<b>8,564,114</b>	(7,962,818)
<b>Net investment income/(loss)</b>		<b>11,749,407</b>	(5,592,212)
Administrator fees	5	<b>90,788</b>	83,711
Audit fees		<b>7,000</b>	7,000
Custodian fees	5	<b>98,115</b>	86,823
Directors' fees		<b>9,900</b>	9,900
Legal fees		<b>5,965</b>	9,505
Management fees	5	<b>1,109,130</b>	851,457
Other expenses		<b>12,953</b>	5,434
Transaction costs		<b>345,639</b>	444,405
Disbursement and commissions		<b>26,515</b>	61,734
Performance fees	5	<b>222,309</b>	-
<b>Operating expenses</b>		<b>(1,928,314)</b>	(1,559,969)
<b>Change in net assets attributable to holders of redeemable shares before withholding tax</b>		<b>9,821,093</b>	(7,152,181)
Withholding tax paid on behalf of holders of redeemable shares		<b>(292,577)</b>	(281,696)
<b>Change in net assets attributable to holders of redeemable shares</b>		<b>9,528,516</b>	(7,433,877)



# HERMES LINDER FUND SICAV PLC


## Statement of financial position

31 August 2013

	Notes	2013 EUR	2012 EUR
<b>Assets</b>			
Financial assets at fair value through profit or loss	6	86,594,468	71,493,500
Accrued income	7	472,847	554,065
Trade and other receivables	8	601,666	2,041,451
Cash and cash equivalents	11	7,534,859	9,187,049
<b>Total assets</b>		<b>95,203,840</b>	<b>83,276,065</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	6	41,323	27,542
Trade and other payables	9	1,309,378	4,183,168
<b>Total liabilities (excluding net assets attributable to holders of redeemable shares)</b>		<b>1,350,701</b>	<b>4,210,710</b>
<b>Net assets attributable to holders of redeemable shares</b>		<b>93,853,139</b>	<b>79,065,355</b>

These financial statements were approved by the board of directors, authorised for issue on 17 December 2013 and signed on its behalf by:

  
**Dr. Frank Chetcuti Dimech**  
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 2013

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	2013 EUR	2012 EUR
At the beginning of the year	<b>79,065,355</b>	67,547,881
Creation of redeemable shares	<b>10,121,769</b>	22,065,778
Redemption of redeemable shares	<b>(4,862,501)</b>	(3,114,427)
Change in net asset attributable to holders of redeemable shares	<b>9,528,516</b>	(7,433,877)
<b>Net asset attributable to holders of redeemable shares</b>	<b><u>93,853,139</u></b>	<u>79,065,355</u>

# HERMES LINDER FUND SICAV PLC

## Statement of cash flows

Year ended 31 August 2013

	2013 EUR	2012 EUR
<b>Cash flows from/(used in) operating activities</b>		
Bond and bank interest received	1,154,891	189,176
Dividend income received	2,112,956	1,988,340
Operating expenses paid	(1,341,306)	(1,283,599)
Income taxes paid	(292,577)	(281,696)
<i>Net cash flows from operating activities</i>	<u>1,633,964</u>	<u>612,221</u>
<b>Cash flows (used in)/from investing activities</b>		
Payment to acquire financial instruments at fair value through profit or loss	(62,021,598)	(74,967,044)
Receipts from disposal of financial instruments at fair value through profit or loss	53,476,214	58,763,065
<i>Net cash flows used in investing activities</i>	<u>(8,545,384)</u>	<u>(16,203,979)</u>
<b>Cash flows from/(used in) financing activities</b>		
Amounts received on creation of redeemable shares	10,121,769	16,500,778
Amounts paid on redemption of redeemable shares	(4,862,501)	(3,114,427)
<i>Net cash flows from financing activities</i>	<u>5,259,268</u>	<u>13,386,351</u>
<b>Net movements in cash and cash equivalents</b>	<b>(1,652,152)</b>	<b>(2,205,407)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>9,187,049</b>	<b>11,392,358</b>
<b>Effect of exchange rate changes</b>	<b>(38)</b>	<b>98</b>
<b>Cash and cash equivalents at the end of the year (note 11)</b>	<b><u>7,534,859</u></b>	<b><u>9,187,049</u></b>

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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### 1. Basis of preparation

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 financial statements comprise the financial statements of the Company which include the following sub-fund licensed at 31 August 2013: Hermes Linder Fund (“the sub-fund”).

The Company 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 multifund limited liability company with variable share capital targeting experienced investors.

With effect from 1 September 2010, the Company 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 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.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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### 2. Significant accounting policies (continued)

#### *Financial instruments (continued)*

(i) Trade and other receivables

Trade and other receivables are classified with assets and are stated at their nominal value unless the effect of discounting is material. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

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

The Company's investments are classified as financial assets and liabilities at fair value through profit or loss. Financial assets and liabilities as at fair value through profit or loss are those that are held for trading purposes or those that are so designated by the Company upon initial recognition. The Company uses this designation when doing so results in more relevant information because a group of financial assets, liabilities or both are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the entity's key management personnel or when a contract contains one or more embedded derivatives and the entity elects to designate the entire hybrid contract as a financial asset or liability as at fair value through profit or loss. After initial recognition, financial assets at fair value through profit or loss are measured at their fair value from those quoted market prices.

For all financial instruments which are quoted or otherwise traded in an active market, for exchange traded derivatives, exchange traded funds and for other financial instruments for which quoted prices in an active market are available, fair value is determined directly from those quoted market prices.

Financial instruments which are unquoted or otherwise not traded in an active market are valued using a methodology designed to assess the value after acquisition, having regard to market terms at the measurement date, including interest rates and liquidity and other factors, including life expectancy. The basis of valuation on each valuation date will be determined on the most appropriate basis to use, having regard to a) any relevant information generally available in the market at the time; and b) any other relevant information.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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### 2. Significant accounting policies (continued)

#### *Financial instruments (continued)*

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

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 within investment income in the statement of comprehensive income. Fair value gains and losses are recognised within “net gain/(loss) on financial instruments at fair value through profit or loss” in the statement of comprehensive income.

The company has chosen to early adopt IFRS 13 “Fair value measurement”. IFRS 13 ‘Fair value measurement’ establishes a single framework for measuring fair value where that is required by other standards. The standard applies to both financial and non-financial items measured at fair value. If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorised within the fair value hierarchy. The use of bid prices for asset positions and ask prices for liability positions is permitted if those prices are most representative of fair value in the circumstances but it is not required. IFRS 13 is effective for annual periods being on or after 1 January 2013, with early adoption permitted.

Pursuant to the early adoption of IFRS 13, the company values its financial assets and liabilities based on the close price.

#### (a) Securities sold short

Securities sold short are those positions where the company has sold a security that it does not own. Short sales are used predominantly for hedging purposes. To enter a short sale, the Company 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 Company will incur an expense for any dividends that will be paid to the lender of the securities.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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### 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

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 Company 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.

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 Company enters into exchange traded and over the counter option contracts to meet the requirement of its risk management and trading activities.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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### 2. Significant accounting policies (continued)

#### *Financial instruments (continued)*

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

(c) 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.

Structured products which are unquoted or otherwise not traded in an active market, are valued by the issuer using a methodology designed to assess the value after acquisition, having regard to market terms at the measurement date, including interest rates and liquidity and other factors. The basis of valuation on each valuation date will be determined on the most appropriate basis to use, having regard to a) any relevant information generally available in the market at the time; and b) any other relevant information.

(iii) Trade and other payables

Trade and other payables are stated at their nominal value unless the effect of discounting is material.

(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/loss on financial assets at fair value through profit or loss" in the statement of 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 Company after deducting all other liabilities.



# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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### 2. Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### (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 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.

#### *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 is recognised in the statement of 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.

HERMES LINDER FUND SICAV PLC 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.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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### 2. Significant accounting policies (continued)

#### *Taxation (continued)*

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 or interest in the statement of 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 Company are presented in Euro being the currency in which the sub-fund's share capital is denominated.

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 comprehensive income.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and fiduciary deposits.

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

In the process of applying the Company'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, most have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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

*Standards, interpretations and amendments to published standards effective 1 September 2012*

The company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 September 2012. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

*Early adoption of International Financial Reporting Standards*

- *IFRS 13, 'Fair value measurement'*, effective for annual periods beginning on or after 1 September 2013, has been early adopted. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards with IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread.

The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope. Additional disclosures have been included in note 13.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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

*Standards, interpretations and amendments to published standards that are not yet effective*

- The mandatory effective date of IFRS 9 'Financial Instruments' was removed from 1 January 2015 by virtue of the November 2013 amendment to provide sufficient time for preparers of financial statements to make the transition to the new requirements. A new date will be decided upon when the entire IFRS 9 project is closer to completion. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirement of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward and unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability.

The standard is not expected to have a significant impact on the Company's financial position or performance, as it is expected that the Company will continue to classify its financial assets and financial liabilities (both long and short) as being at fair value through profit or loss.

Only the amendments that are relevant to the Company have been disclosed above. 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 of the Funds.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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### 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 Company 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 Company in respect of the Sub-Fund.

Class C Voting Shares: Nil.

#### (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.

#### (iii) Administrator fees

*Hermes Linder Fund* - The Administrator, Valletta Fund Services Limited receives a fee which varies between 0.09% and 0.125% per annum of the net asset value of the Fund and is subject to a minimum fee of *EUR35,000*.

#### (iv) Custodian fees

*Hermes Linder Fund* - The Custodian, Bank of Valletta plc receives a Custody Fee at *EUR30,000* per annum. The Sub-Custodian, Axion Swiss Bank, receives a sub-custody fee at 0.075% based on the NAV of the Sub-Fund subject to a minimum of *EUR25,000* per annum.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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

#### Financial assets at fair value through profit or loss

	2013 Fair Value EUR	% of net assets	% of total assets
Financial assets classified as held for trading			
- Equity instruments	74,159,477	79.02	77.90
- Debt instruments	11,886,106	12.66	12.48
- Convertible Bond	548,885	0.58	0.58
	<u>86,594,468</u>	<u>92.26</u>	<u>90.96</u>

	2012 Fair Value EUR	% of net assets	% of total assets
Financial assets classified as held for trading			
- Equity instruments	62,037,770	78.46	74.49
- Debt instruments	8,853,248	11.20	10.63
- Convertible Bond	547,028	0.69	0.66
- Derivative Instruments	55,454	0.07	0.07
	<u>71,493,500</u>	<u>90.42</u>	<u>85.85</u>

#### Derivative financial instruments

	2012 EUR
Financial assets classified as held for trading	
- Fair value of forward exchange contracts	<u>55,454</u>

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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

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

Derivative financial instruments (continued)

*Fair value of forward exchange contracts*

2012

Maturity	Notional Value	Details	Fair value of forward exchange contracts at year-end EUR
20 September 2012	17,500,000	Sell EUR/Buy ILS	(121,059)
20 September 2012	(17,500,000)	Sell ILS/Buy EUR	122,266
26 September 2012	(470,000)	Sell AUD/Buy EUR	1,371
26 September 2012	1,500,000	Sell EUR/Buy CAD	(20,850)
26 September 2012	(9,460,000)	Sell CAD/Buy EUR	(54,732)
26 September 2012	(7,035,000)	Sell GBP/Buy EUR	10,719
26 September 2012	(13,450,000)	Sell HKD/Buy EUR	33,516
26 September 2012	450,000	Sell EUR/Buy USD	(8,050)
26 September 2012	(4,975,000)	Sell USD/Buy EUR	92,273
			<u>55,454</u>

#### Financial liabilities at fair value through profit or loss

	Fair Value EUR	2013 % of net assets	% of total liabilities
Financial liabilities classified as held for trading			
- Derivative Instruments	<u>41,323</u>	<u>(0.04)</u>	<u>3.06</u>

Derivative financial instruments

	2013 EUR
Financial liabilities classified as held for trading	
- Fair value of options	12,927
- Fair value of forward exchange contracts	28,396
	<u>41,323</u>

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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

#### Financial liabilities at fair value through profit or loss (continued)

Derivative financial instruments (continued)

*Fair value of options*

**2013**

<b>Expiration</b>	<b>Details</b>	<b>Fair value of options at year-end EUR</b>
September 2013	Sale of 200 CIE RICHEMONT Options	(31,234)
September 2013	Sale of 90 CIE RICHEMONT Options	(29,135)
September 2013	Sale of 366 SWISS Options	(31,258)
September 2013	Sale of 366 SWISS Options	(12,801)
December 2013	Purchase of 800 BANCO POPOLARE Options	26,480
December 2013	Purchase of 1000 POTASH Options	37,160
December 2013	Purchase of 555 UNICREDIT Options	23,199
December 2013	Purchase of 180 UNICREDIT Options	4,662
		<u>(12,927)</u>

*Fair value of forward exchange contracts*

**2013**

<b>Maturity</b>	<b>Notional Value</b>	<b>Details</b>	<b>Fair value of forward exchange contracts at year-end EUR</b>
25 September 2013	(390,000)	Sell AUD/Buy EUR	6,271
25 September 2013	(10,150,000)	Sell CAD/Buy EUR	84,499
25 September 2013	(24,720,000)	Sell CHF/Buy EUR	(101,148)
25 September 2013	(7,550,000)	Sell GBP/Buy EUR	5,296
25 September 2013	(13,925,000)	Sell HKD/Buy EUR	(13,862)
25 September 2013	(15,260,000)	Sell ILS/Buy EUR	3,652
25 September 2013	(1,650,000)	Sell USD/Buy EUR	(13,104)
			<u>(28,396)</u>



# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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

#### Financial liabilities at fair value through profit or loss (continued)

	2012 Fair Value EUR	% of net assets	% of total liabilities
Financial liabilities classified as held for trading			
- Derivative Instruments	27,542	(0.03)	0.65

#### Derivative financial instruments

	2012 EUR
Financial liabilities classified as held for trading	
- Fair value of options	27,542

2012

Expiration	Details	Fair value of options at year-end EUR
September 2012	Sale of 100 APACHE options	(9,679)
September 2012	Sale of 155 GAM options	(2,323)
September 2012	Sale of 159 GAM options	(5,429)
September 2012	Purchase of 150 GENERALI options	2,435
September 2012	Sale of 300 POTASH options	(15,946)
October 2012	Purchase of 100 GENERALI options	3,400
		(27,542)

Further details on the other financial instruments are provided in note 13.

These financial assets and liabilities represent investments in listed securities. Fair value is determined by reference to quoted market prices.

### 7. Accrued income

	2013 EUR	2012 EUR
Accrued interest	338,887	407,760
Dividends receivable	133,960	146,305
	472,847	554,065

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

### 8. Trade and other receivables

	2013 EUR	2012 EUR
Sales for settlement	<u>601,666</u>	<u>2,041,451</u>

### 9. Trade and other payables

	2013 EUR	2012 EUR
Accruals	357,399	114,694
Purchases for settlement	951,979	4,068,474
	<u>1,309,378</u>	<u>4,183,168</u>

### 10. Share capital

#### *Authorised share capital*

The Company 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 Company 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 Company shall have no nominal value and shall be equal to the value, for the time being, of the issued share capital of the Company. Each sub-fund shall constitute a separate class of shares in the Company, 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 Company 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 Company or in the assets of the Company 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 2013

### 10. Share capital (continued)

#### *Issued share capital (continued)*

The Company'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 Company 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 2012	25,184.39	19,694.50
Issue of redeemable shares during the year	2,133.41	4,936.53
Redemption of redeemable shares during the year	(1,676.08)	(295.02)
Balance as at 31 August 2013	<u>25,641.72</u>	<u>24,336.01</u>

	Numbers of Shares Class A	Numbers of Shares Class B
Balance as at 1 September 2011	23,891.83	2,500.00
Issue of redeemable shares during the year	4,336.67	11,759.51
Transfer of redeemable shares between classes	(1,848.73)	5,460.99
Redemption of redeemable shares during the year	(1,195.38)	(26.00)
Balance as at 31 August 2012	<u>25,184.39</u>	<u>19,694.50</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.

### 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:

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

### 11. Cash and cash equivalents (continued)

	2013 EUR	2012 EUR
Cash and cash equivalents held in banks	6,155,452	9,437,789
Initial margin balances on open future and option contracts	996,767	959,600
Variation margin balances on open future contracts	382,640	(1,210,340)
	<u>7,534,859</u>	<u>9,187,049</u>

Cash at bank earns interest at floating rates based on bank deposit rates. Included in cash and cash equivalents are fiduciaries deposits amounting to EUR2,500,000 (2012: EUR2,350,000).

#### *Variation margin balances on open future contracts*

	2013 EUR	% of net assets	% of total assets
Financial assets classified as held for trading			
- Fair value of open futures contracts	<u>382,640</u>	0.41	0.40

Maturity	Details	Fair value of future contracts at year-end 2013 EUR
September 2013	Sale of 154 EURX-EUR BTP	247,560
September 2013	Sale of 44 EUREX-LONG EUR OAT	135,080
		<u>382,640</u>

	2012 EUR	% of net assets	% of total liabilities
Financial liabilities classified as held for trading			
- Fair value of open futures contracts	<u>(1,210,340)</u>	1.53	(28.74)

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

### 11. Cash and cash equivalents (continued)

*Variation margin balances on open future contracts (continued)*

Maturity	Details	Fair value of future contracts at year-end 2012 EUR
September 2012	Sale of 46 EURX-EUR BTP	(116,570)
September 2012	Sale of 10 AEX-AMSTERDAM Index	7,100
September 2012	Sale of 5 EUREX-DAX Index	(21,250)
September 2012	Sale of 92 IDEM-FTSE MIB Index	(1,079,620)
		<u>(1,210,340)</u>

### 12. Related party disclosures

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

Mr. Claudio Palladini is a director and founder member of the Company. Mr. Tom Anastasi Pace and Dr. Frank Chetcuti Dimech are both directors of the Company and directors of Praude Asset Management Limited, the investment manager. During the year under review, the Company incurred management fees amounting to *EUR1,109,130* (2012 - *EUR851,457*) and directors' fees amounting to *EUR9,900* (2012 - *EUR9,900*).

The Company Secretary of the HERMES LINDER FUND SICAV PLC, Valletta Fund Services Limited, is also the Fund's administrator. Mr. Tom Anastasi Pace is the director of the Company and director of Valletta Fund Services Limited, the fund administrator. During the year under review, the Company incurred administration fees amounting to *EUR90,788* (2012 - *EUR83,711*).

Dr. Frank Chetcuti Dimech is also the compliance officer and money laundering reporting officer of the Company. The remuneration paid to Dr. Frank Chetcuti Dimech for these services is included in his director fee.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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### 13. Fair values of financial assets and financial liabilities

At 31 August 2013 and 2012, the fair value of listed investments are based on quoted prices in an active market at the end of the reporting period. Pursuant to the early adoption of IFRS 13 “Fair value measurement”, the fair value of financial assets and liabilities is based on the close price at the reporting date. 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. The fair values of other financial assets and financial liabilities are not materially different from their carrying amounts.

The Company 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 Company. The Company 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 Company’s financial assets and financial liabilities measured at fair value for 31 August 2013 and 31 August 2012.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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

#### Financial assets and financial liabilities at fair value as at 31 August 2013

	Total EUR	Level 1 EUR	Level 2 EUR
<i>Financial assets held for trading</i>			
- Equity instruments	74,159,477	74,159,477	-
- Debt instruments	11,886,106	11,886,106	-
- Convertible bonds	548,885	548,885	-
	<u>86,594,468</u>	<u>86,594,468</u>	-
<i>Financial liabilities held for trading</i>			
- Derivative instruments	<u>41,323</u>	<u>12,927</u>	<u>28,396</u>

#### Financial assets and financial liabilities at fair value as at 31 August 2012

	Total EUR	Level 1 EUR	Level 2 EUR
<i>Financial assets held for trading</i>			
- Equity instruments	62,037,770	62,037,770	-
- Debt instruments	8,853,248	8,853,248	-
- Convertible bonds	547,028	547,028	-
- Derivative instruments	55,454	-	55,454
	<u>71,493,500</u>	<u>71,438,046</u>	<u>55,454</u>
<i>Financial liabilities held for trading</i>			
- Derivative instruments	<u>27,542</u>	<u>27,542</u>	-

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 31 August 2013 but for which fair value is disclosed:

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Assets</b>				
Interest receivable on bank deposits	20	-	-	20
Bond interest receivable	338,867	-	-	338,867
Dividend receivable	133,960	-	-	133,960
Amounts receivable on securities sold	601,666	-	-	601,666
Cash and cash equivalents	7,534,859	-	-	7,534,859
<b>Total</b>	<b>8,609,372</b>	<b>-</b>	<b>-</b>	<b>8,609,372</b>
<b>Liabilities</b>				
Trade and other payables	-	357,399	-	357,399
Purchases for settlement	951,979	-	-	951,979
Net assets attributable to holders of redeemable shares	-	93,853,139	-	93,853,139
<b>Total</b>	<b>951,979</b>	<b>94,210,538</b>	<b>-</b>	<b>95,162,517</b>

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 Company 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.



# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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### 14. Financial risk management

#### *Risk management*

Where possible, the Company 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 Company 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 Company trades in financial instruments, taking positions in traded instruments including derivatives. All securities present a risk of loss of capital. The Company 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 Company's overall market positions are monitored on a regular basis by the investment manager.

The Company's exposure to the different types of investments is summarised in note 6 to the financial statements.

At the year-end, the Company'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*

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

Price risk is mitigated by the Company'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 Company may employ various techniques and enter into hedging transactions to attempt to mitigate a portion of the risks inherent to its investment strategies. The Company 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.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

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### 14. Financial risk management (continued)

#### *Price risk (continued)*

As all of the Company'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 comprehensive income on page 7.

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

	<b>2013</b>	2012
	%	%
Financial services industry	<b>29.04</b>	20.90
Basic material	<b>7.35</b>	13.50
Industrials	<b>33.61</b>	27.26
Consumer services	<b>2.67</b>	4.73
Telecommunications	<b>2.49</b>	2.64
Consumer goods	<b>12.47</b>	12.07
Other	<b>4.71</b>	10.02

#### *Interest rate risk*

At the end of the reporting period, *14.36%* (2012: *13.15%*) of the financial assets of the Company are interest bearing. As a result, the Company is not subject to interest rate risk.

Except as mentioned above, the financial instruments of the Company 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 Company's financial instruments carrying a rate of interest at the reporting date are disclosed in the notes to the financial statements.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

### 14. Financial risk management (continued)

#### *Currency risk*

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

#### 2013

	2013 % of net assets EUR	2012 % of net assets EUR
- denominated in EUR	44.71	28.84
- denominated in CHF	21.02	17.67
- denominated in SGD	9.51	12.99
- denominated in CAD	7.61	16.06
- denominated in USD	1.29	5.02
- denominated in AUD	0.27	0.41
- denominated in HKD	1.43	1.94
- denominated in ILS	3.09	4.56
- denominated in CNY	0.60	0.71
- denominated in GBP	9.67	11.72
- denominated in SEK	0.83	-
- denominated in TRY	-	0.01
	<b>100.03</b>	<b>99.93</b>

Foreign exchange fluctuations were substantially hedged through forward foreign exchange contracts. The contract amounts as at year-end are disclosed below:

Forward foreign exchange contracts (notionals) held as at 31 August 2013:

	Contract amount in Euro	Contract amount in Foreign currency
Sale of AUD against EUR maturing on 25.09.13	(268,749)	(390,000)
Sale of CAD against EUR maturing on 25.09.13	(7,370,930)	(10,150,000)
Sale of CHF against EUR maturing on 25.09.13	(20,007,768)	(24,720,000)
Sale of GBP against EUR maturing on 25.09.13	(8,856,905)	(7,550,000)
Sale of HKD against EUR maturing on 25.09.13	(1,347,940)	(13,925,000)
Sale of ILS against EUR maturing on 25.09.13	(3,196,970)	(15,260,000)
Sale of USD against EUR maturing on 25.09.13	(1,237,995)	(1,650,000)

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

### 14. Financial risk management (continued)

#### *Currency risk (continued)*

Forward foreign exchange contracts held as at 31 August 2012:

	Contract amount in Euro	Contract amount in foreign currency
Sale of EUR against ILS maturing on 20.09.12	(3,576,246)	17,500,000
Sale of ILS against EUR maturing on 20.09.12	3,577,000	(17,500,000)
Sale of AUD against EUR maturing on 26.09.12	385,682	(470,000)
Sale of EUR against CAD maturing on 26.09.12	(1,225,791)	1,500,000
Sale of CAD against EUR maturing on 26.09.12	7,544,229	(9,460,000)
Sale of GBP against EUR maturing on 26.09.12	8,872,159	(7,035,000)
Sale of HKD against EUR maturing on 26.09.12	1,408,215	(13,450,000)
Sale of EUR against USD maturing on 26.09.12	(364,964)	450,000
Sale of USD against EUR maturing on 26.09.12	4,037,710	(4,975,000)

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 Company has used sensitivity analysis techniques that measure the change in the fair value of the Company'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.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

### 14. Financial risk management (continued)

#### *Sensitivity analysis (continued)*

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.

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.

	<b>Profit or loss 2013 EUR</b>	<b>Profit or loss 2012 EUR</b>
Currency exchange risks	+/-1,126,994	+/-1,340,837
Financial instruments prices	+/-7,452,919	+/-6,079,989
Market interest rates – fair value	+/-248,700	+/-188,006

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 Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company'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 Company 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 Company has the option to limit the number of investor shares redeemed on any redemption day to 5% of the total NAV of the Company 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 Company's assets is maintained as cash and cash equivalents in order to meet unexpected redemptions and other liabilities. In addition the Company'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 2013

### 14. Financial risk management (continued)

#### *Liquidity risk (continued)*

The following tables show the contractual, undiscounted cash flows of the Company's financial liabilities at 31 August 2013 and 31 August 2012.

2013	Less than 1 month EUR	1-3 months EUR	Total EUR
<i>Financial liabilities</i>			
Derivative instruments	104,428	-	104,428
Custodian fee payable	-	8,609	8,609
Other fees payable	348,790	-	348,790
Amounts due on securities purchased	951,979	-	951,979
Net assets attributable to participating shareholders	93,853,139	-	93,853,139
2012	Less than 1 month EUR	1-3 months EUR	Total EUR
<i>Financial liabilities</i>			
Derivative instruments	33,377	-	33,377
Custodian fee payable	-	10,300	10,300
Other fees payable	104,394	-	104,394
Amounts due on securities purchased	4,068,474	-	4,068,474
Net assets attributable to participating shareholders	79,065,355	-	79,065,355

In accordance with the Company's policy, the investment manager monitors the Company'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 Company. The Company has policies that limit the amount of credit exposure to any single issuer. Accordingly, the investment manager monitors the Company's credit position on a regular basis. Financial assets, which potentially subject the Company to credit risk, consist principally of trade and other receivables, cash and cash equivalents, debt and derivative instruments.

Trade and other receivables mainly constitute accrued income and preplaced transactions. These receivables are all short-term. Accordingly, the Company 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.

# HERMES LINDER FUND SICAV PLC

## Notes to the financial statements

31 August 2013

### 14. Financial risk management (continued)

#### *Credit risk*

The convertible bond of EUR548,885 (2012 - EUR547,028) relates to an instrument issued by Sound Global Limited which matures in 2015 and carries a coupon of 6%. No credit rating for such bond is available. Management considers the credit quality of this asset as being satisfactory.

Credit risk arising on other debt instruments held in 2013 and 2012 was mitigated by investing in rated instruments issued by rated counterparties as shown below:

	<b>Credit rating</b>	<b>Market value 2013 EUR</b>	<b>% of net assets</b>
Assicurazioni Generali Spa 6.41% FR	BBB-	6,170,766	6.57
Generali Finance B.V. 6.21% FR	BBB-	2,595,652	2.77
Mapfre SA 5.92% 2037	BB	3,119,688	3.32
Sound Global 6% 2015	Not rated	548,885	0.58
		<u>12,434,991</u>	

	<b>Credit rating</b>	<b>Market value 2012 EUR</b>	<b>% of net assets</b>
Assicurazioni Generali Spa 6.41% FR	BBB	3,554,763	4.50
Generali Finance B.V. 6.21% FR	BBB	2,460,780	3.11
Intesa Sanpaolo Spa 6.37% 2017	BBB	1,796,298	2.27
UniCredit Spa 6.37% 2018	BBB	1,041,407	1.32
		<u>8,853,248</u>	

#### *Capital risk management*

The Company'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 Company's net asset value per share on the redemption date.

The Company 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

## Salient statistics and information about the Company

Year ended 31 August 2013

HERMES LINDER FUND SICAV PLC (“the Company”/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 multifund 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 Company, 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 2013	Hermes Linder Fund Class B Number of shares 2013	HERMES LINDER FUND SICAV PLC Number of shares 2013
Investor shares in issue as at 31 August 2013	<b>25,641.72</b>	<b>24,336.01</b>	<b>49,977.73</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Net asset value of investor shares as per statement of financial position	<b>71,248,056</b>	<b>22,605,083</b>	<b>93,853,139</b>
Temporary differences	<b>(576)</b>	<b>(183)</b>	<b>(759)</b>
Net asset value of investor shares as at official valuation date 31 August 2013	<b>71,247,480</b>	<b>22,604,900</b>	<b>93,852,380</b>
Net asset value of investor shares as at official valuation date 31 August 2013	<b>2,778.5764</b>	<b>928.8661</b>	<b>-</b>



# HERMES LINDER FUND SICAV PLC

## Salient statistics and information about the Company (continued)

Year ended 31 August 2013

### Net asset value per investor share (continued)

	Hermes Linder Fund Class A Number of shares 2012	Hermes Linder Fund Class B Number of shares 2012	HERMES LINDER FUND SICAV PLC Number of shares 2012
Investor shares in issue as at 31 August 2012	25,184.39	19,694.50	44,878.89
	EUR	EUR	EUR
Net asset value of investor shares as per statement of financial position	62,587,653	16,477,702	79,065,355
Temporary differences	5,345	1,407	6,752
Net asset value of investor shares as at official valuation date 31 August 2012	62,592,998	16,479,109	79,072,107
Net asset value of investor shares as at official valuation date 31 August 2012	2,485.39	836.74	-
	Hermes Linder Fund Class A Number of shares 2011	Hermes Linder Fund Class B Number of shares 2011	HERMES LINDER FUND SICAV PLC Number of shares 2011
Investor shares in issue as at 31 August 2011	23,891.83	2,500.00	26,391.83
	EUR	EUR	EUR
Net asset value of investor shares as per statement of financial position	65,222,039	2,325,842	67,547,881
Temporary differences	1,152	51	1,203
Net asset value of investor shares as at official valuation date 31 August 2011	65,223,191	2,325,893	67,549,084
Net asset value of investor shares as at official valuation date 31 August 2011	2,729.94	930.36	-

### 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.

# HERMES LINDER FUND SICAV PLC

## Portfolio Statement

Year ended 31 August 2013

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	Market value 31.08.2013 EUR	% of net assets
<b>Quoted Equities</b>		
UNIPOL GRUPPO FINANZIARIO SPA 2013/ WARRANTS	1,957	0.00
UNIPOL GRUPPO FINANZIARIO SPA 2013/ WARRANTS	1,464	0.00
FLUGHAFEN WIEN AG	1,703,253	1.81
SEMPERIT HOLDING AG	1,120,143	1.19
OM HOLDINGS LIMITED	245,812	0.26
AMERIGO RESOURCES LTD	223,292	0.24
BANKERS PETROLEUM LTD	2,360,269	2.51
BOMBARDIER INC	1,635,741	1.74
CAPSTONE MINING CORP.	909,444	0.97
KIRKLAND LAKE GOLD INC	635,504	0.68
PAN AMERICAN SILVER CORP.	1,002,578	1.07
PAN AMERICAN SILVER CORP.	695,061	0.74
THOMPSON CREEK METALS COMPANY LTD	360,858	0.38
ACINO HOLDING AG	476,644	0.51
BUCHER INDUSTRIES SPA	928,479	0.99
UNIQUE ZUERICH AIRPORT AG	4,614,333	4.92
JUNGFRAUBAHN HOLDING AG	489,430	0.52
MEYER BURGER TECHNOLOGY AG	995,400	1.06
CIE FINANCIERE RICHEMONT SA	1,804,771	1.92
SWISS NATIONAL INSURANCE COMPANY	2,640,095	2.81
SWISS RE AG	4,251,141	4.53
VAUDOISE ASSURANCES HOLDING LTD	3,049,652	3.25
BEIJING CAPITAL INTERNATIONAL AIRPORT CO LTD	964,347	1.03
AAP IMPLANTATE AG BERLIN	340,527	0.36
ISRA VISION AG	788,008	0.84
KINGHERO AG	322,751	0.34
PNE WIND AG	495,075	0.53
POWERLAND AG	760,681	0.81
SCHALTBU HOLDING AG	2,004,984	2.14
SUESS MICROTEC AG	693,087	0.74
TECHNOTRANS AG NAMEN AKT	508,862	0.54
SYMPHONY INTERNATIONAL HOLDINGS LT	437,281	0.47
ATTICA PUBLICATIONS SPA	46,991	0.05

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# HERMES LINDER FUND SICAV PLC

## Portfolio Statement (continued)

Year ended 31 August 2013

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	Market value 31.08.2013 EUR	% of net assets
<b>Quoted Equities (continued)</b>		
FYFFES PLC	3,368,070	3.59
TOTAL PRODUCE PLC	1,963,664	2.09
ISRAEL CHEMICALS LTD	2,837,100	3.02
BANCA IFIS SPA MESTRE	518,710	0.55
BIESSE SPA PESARO	1,846,832	1.97
BANCO DI DESIO E DELLA BRIANZA SPA	342,170	0.36
BUZZI UNICEM RSP	885,213	0.94
DANIELI &.C. OFFICINE MECCANICHE BUTTRIO	1,396,218	1.49
EL.EN. SPA	915,812	0.98
INTERPUMP GROUP SPA	3,454,896	3.68
INTALCEMENTI FABBRICHE RIUNITE CEMENTO	2,210,702	2.36
ITALMOBILIARE SPA	262,622	0.28
LA DORIA SPA	499,745	0.53
PIRELLI & CO POST RAGGRUPPAMENTO	767,732	0.82
RATTI SPA	297,360	0.32
TESMEC SPA	278,826	0.30
BINCKBANK NV	2,006,400	2.14
DOCDATA NV	1,545,830	1.65
KAS BANK NV	2,094,209	2.23
PRICER AB	765,376	0.82
ASL MARINE HOLDINGS LTD	462,609	0.49
CHINA MINZHONG CORPORATION LTD	637,511	0.68
CWT LTD	1,057,692	1.13
FOOD EMPIRE HOLDINGS LTD	1,948,075	2.08
JAYA HOLDINGS LTD	816,750	0.87
LIAN BENG GROUP	1,024,532	1.09
PACIFIC ANDES RESOURCES DEVELOPMENT LTD	757,847	0.81
SWIBER HOLDINGS LTD	742,501	0.79
TTJ HOLDINGS LTD	425,322	0.45
YHI INTERNATIONAL LTD	521,236	0.56

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# HERMES LINDER FUND SICAV PLC

## Portfolio Statement (continued)

Year ended 31 August 2013

	<b>Market value 31.08.2013 EUR</b>	<b>% of net assets</b>
<b>Quoted Corporate Bonds</b>		
ASSICURAZIONI GENERALI SPA 6.41% FR	6,170,766	6.57
GENERALI FINANCE B.V. 6.21% FR	2,595,652	2.77
MAPFRE SA FLR 5.921% FR	3,119,688	3.32
<b>Quoted Convertible Bonds</b>		
SOUND GLOBAL CONVERSION DUAL CURRENCY 6% 2015	548,885	0.58
<b>Derivatives - Options</b>		
CIE RICHEMONT September 2013 Put Strike @86	(31,234)	(0.03)
CIE RICHEMONT September 2013 Put Strike @90	(29,135)	(0.03)
SWISS RE September 2013 Call Strike @72	(31,258)	(0.03)
SWISS RE September 2013 Call Strike @74	(12,801)	(0.01)
BANCO POPOLARE December 2013 Call MDI@1.25	26,480	0.03
POTASH December 2013 Call Strike@36	37,160	0.04
UNICREDIT December 2013 Call MDI@5.4	23,199	0.02
UNICREDIT December 2013 Call MDI@5.6	4,662	0.00
<b>Derivatives - Forward Forex Contracts</b>		
	<b>Fair Value</b>	
Sale of AUD against EUR maturing on 25 September 2013	6,271 (262,490)	(0.28)
Sale of CAD against EUR maturing on 25 September 2013	84,499 (7,286,598)	(7.76)
Sale of CHF against EUR maturing on 25 September 2013	(101,148) (20,111,105)	(21.43)
Sale of GBP against EUR maturing on 25 September 2013	5,296 (8,852,048)	(9.43)
Sale of HKD against EUR maturing on 25 September 2013	(13,862) (1,361,832)	(1.45)
Sale of ILS against EUR maturing on 25 September 2013	3,652 (3,194,340)	(3.40)
Sale of USD against EUR maturing on 25 September 2013	(13,104) (1,251,099)	(1.33)
<b>Derivatives - Futures</b>		
	<b>Fair Value</b>	
FUTURE EUREX-EUR BTP SEP 13	(247,560) (17,200,260)	18.33
FUTURE EUREX- LONG EUR OAT SEP 13	(135,080) (5,814,600)	6.20

# HERMES LINDER FUND SICAV PLC

## Portfolio Statement (continued)

Year ended 31 August 2013

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	Market value 31.08.2012 EUR	% of net assets
<b>Quoted Equities</b>		
INTERPUMP GROUP WARRANTS	356,049	0.45
UNIPOL GRUPPO FINANZIARIO SPA 2013/WARRANTS	25,763	0.03
UNIPOL GRUPPO FINANZIARIO SPA 2013/WARRANTS	19,612	0.02
FLUGHAFEN WIEN AG	1,139,712	1.44
SEMPERIT HOLDING AG	177,222	0.22
OM HOLDINGS LIMITED	316,447	0.40
AMERIGO RESOURCES LTD	338,863	0.43
BANKERS PETROLEUM LTD	1,992,479	2.52
BCE INC	782,406	0.99
BOMBARDIER INC	1,488,452	1.88
CAPSTONE MINING CORP.	1,313,198	1.66
CLINE MINING CORP	193,543	0.24
INDUSTRIAL ALLIANCE INSURANCE & FINANCIAL SERVICES	626,026	0.79
MEG ENERGY CORP	1,772,617	2.24
PAN AMERICAN SILVER CORP.	1,788,528	2.26
PAN AMERICAN SILVER CORP.	1,047,203	1.32
POTASH CORP.	976,302	1.23
THOMPSON CREEK METALS COMPANY LTD	401,609	0.51
VITERRA INC	1,005,579	1.27
ACINO HOLDING AG	729,502	0.92
BUCHER INDUSTRIES SPA	666,211	0.84
UNIQUE ZURICH AIRPORT AG	3,993,833	5.05
KUONI REISEN HOLDING AG	1,146,650	1.45
MEYER BURGER TECHNOLOGY AG	853,500	1.08
SWISS NATIONAL INSURANCE COMPANY	2,294,404	2.90
VAUDOISE ASSURANCES HOLDING LTD	1,486,251	1.88
BEIJING CAPITAL INTERNATIONAL AIRPORT CO LTD	1,517,890	1.92
GESCO AG	878,226	1.11
ISRA VISION AG	486,924	0.62
KINGHERO AG	1,007,243	1.27
PNE WIND AG	468,434	0.59
POWERLAND AG	1,315,793	1.66
SCHALTBAU HOLDING AG	1,182,600	1.50
SUESS MICROTEC AG	493,964	0.62

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# HERMES LINDER FUND SICAV PLC

## Portfolio Statement (continued)

Year ended 31 August 2013

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	Market value 31.08.2012 EUR	% of net assets
<i>Quoted Equities (continued)</i>		
TECHNOTRANS AG NAMEN AKT	193,345	0.24
ATTICA PUBLICATIONS SPA	51,800	0.07
FYFFES PLC	1,704,243	2.16
TOTAL PRODUCE PLC	471,450	0.60
ISRAEL CHEMICALS LTD	3,128,893	3.96
BIESSE SPA PESARO	884,793	1.12
BUZZI UNICEM SPA	795,894	1.01
DANIELI & C OFFICINE MECCANICHE BUTTRIO	1,441,325	1.82
INTERPUMP GROUP SPA	576,460	0.73
ITAL TBS TELEMATIC & BIOMEDICAL SERVICES SPA	29,319	0.04
ITALMOBILIARE SPA	171,027	0.22
RATTI SPA	272,976	0.35
SOL SPA	302,164	0.38
TESMEC SPA	210,953	0.27
POSCO ADR REPR. 1/4 SH	775,883	0.98
SK TELECOM CO LTD - ADR REPR 1/9	1,285,537	1.63
BINCKBANK NV	489,549	0.62
DOCDATA NV	937,500	1.19
KAS BANK NV	1,209,600	1.53
MEDIQ NV	1,914,024	2.42
ASL MARINE HOLDINGS LTD	359,766	0.46
BREADTALK GROUP LTD	125,927	0.16
CHINA MINZHONG CORPORATION LTD	709,770	0.90
CWT LTD	1,079,999	1.37
DBS GROUP HOLDINGS LTD	469,294	0.59
FOOD EMPIRE HOLDINGS LTD	692,369	0.88
HUPSTEEL LTD	302,303	0.38
JAYA HOLDINGS LTD	769,554	0.97
LIAN BENG GROUP LTD	537,161	0.68
PACIFIC ANDES RESOURCES DEVELOPMENT LTD	823,613	1.04
QINGMEI GROUP HOLDINGS LTD	65,126	0.08
SOUND GLOBAL LTD	767,964	0.97
SUPER GROUP LTD	1,284,709	1.62
SWIBER HOLDINGS LTD	750,474	0.95
UNITED OVERSEAS BANK LTD	910,695	1.15
YHI INTERNATIONAL LTD	578,991	0.73
APACHE CORP.	680,286	0.86

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# HERMES LINDER FUND SICAV PLC

## Portfolio Statement (continued)

Year ended 31 August 2013

	Market value 31.08.2012 EUR	% of net assets
<b>Quoted Corporate Bonds</b>		
ASSICURAZIONI GENERALI SPA 6.41% FR	3,554,764	4.50
GENERALI FINANCE B.V. 6.21% FR	2,460,780	3.11
INTESA SANPAOLO SPA 6.37% 2017	1,796,299	2.27
UNICREDIT SPA 6.37% 2018	1,041,407	1.32
<b>Quoted Convertible Bonds</b>		
SOUND GLOBAL CONVERSION DUAL CURRENCY 6% 2015	547,028	0.69
<b>Derivatives – Options</b>		
APACHE September 2012 Call Strike @ 87.5	(9,679)	(0.01)
GAM September 2012 Put Strike @ 11	(2,323)	(0.00)
GAM September 2012 Put Strike @ 11.5	(5,429)	(0.01)
GENERALI September 2012 Call Strike @ 12	2,435	0.00
POTASH September 2012 Put Strike @ 40	(15,946)	(0.02)
GENERALI October 2012 Call Strike @ 12	3,400	0.00
<b>Derivatives - Forward Forex Contracts</b>		
	<b>Fair value</b>	
Sale of EUR against ILS maturing on 20 September 2012	(121,059)	3,455,186 4.37
Sale of ILS against EUR maturing on 20 September 2012	122,266	(3,455,186) (4.37)
Sale of AUD against EUR maturing on 26 September 2012	1,371	(384,350) (0.49)
Sale of EUR against CAD maturing on 26 September 2012	(20,850)	1,204,941 1.52
Sale of CAD against EUR maturing on 26 September 2012	(54,732)	(7,599,159) (9.61)
Sale of GBP against EUR maturing on 26 September 2012	10,719	(8,861,688) (11.21)
Sale of HKD against EUR maturing on 26 September 2012	33,516	(1,375,451) (1.74)
Sale of EUR against USD maturing on 26 September 2012	(8,050)	356,913 0.45
Sale of USD against EUR maturing on 26 September 2012	92,273	(3,945,875) (4.99)
<b>Derivatives - Futures</b>		
	<b>Fair value</b>	
FUTURE EUREX-EUR BTP SEP 12	(116,570)	(4,649,680) (5.88)
FUTURE AEX-AMSTERDAM INDEX SEP 12	7,100	(658,700) (0.83)
FUTURE EUREX-DAX INDEX SEP 12	(21,250)	(871,188) (1.10)
FUTURE IDEM-FTSE MIB INDEX SEP 12	(1,079,620)	(6,949,220) (8.79)

# HERMES LINDER FUND SICAV PLC

## Statement of changes in the composition of the portfolios

Year ended 31 August 2013

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	<b>% of net assets 31.08.2013 EUR</b>	<b>% of net assets 31.08.2012 EUR</b>
Quoted Equities	<b>79.02</b>	78.46
Quoted Bonds	<b>12.66</b>	11.20
Quoted Convertible Bonds	<b>0.58</b>	0.69
Derivative Financial Assets	-	0.07
Derivative Financial Liabilities	<b>(0.04)</b>	(0.03)



## Independent auditor's report to the members of

### HERMES LINDER FUND SICAV PLC

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We have audited the accompanying financial statements of HERMES LINDER FUND SICAV PLC (“the Company”) set out on pages 7 to 39, which comprise the statement of financial position of the Company as at 31 August 2013, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Directors' responsibility for the financial statements*

As explained more fully in the statement of directors' responsibilities on page 6, the directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Companies Act (Chap. 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.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 internal control of the Company. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independent auditor's report (continued)

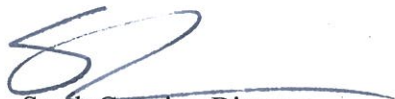
to the members of

### HERMES LINDER FUND SICAV PLC

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#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of HERMES LINDER FUND SICAV PLC ("the Company") as at 31 August 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act (Chap. 386).



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

17 December 2013

# HERMES LINDER FUND SICAV PLC

## Manager's report

Year ended 31 August 2013

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### 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.

### Strategy & Investment Policy

The strategy adopted is that of investing most of its assets in securities quoted on the major exchanges worldwide. Under normal circumstances, the Fund holds a significant proportion of its assets in equities of undervalued companies with 20% of the equity portfolio in highly liquid securities. The Fund picks undervalued companies with earnings power – this is achieved through in-depth analysis of the companies' fundamentals, multiples, core ratios and future prospects. A portion of assets comprises of cash deposits and investments in fixed-income securities, namely convertible and subordinated bonds. Additionally, derivatives are used mainly for efficient portfolio management and to a limited extent for investment purposes.

### Report of the Investment Manager

During the Financial Year ending 31 August 2013, equity markets registered positive performance, with strong gains registered by the S&P 500 and MSCI World Index of 16.1% and 15.13% respectively. The Fund performed in line with the European stock markets, registering a positive gain of 11.78% vs 11.5% for the Eurostoxx 50 and 11.68% for the Stoxx 600.

Investors started to breathe a sigh of relief as economic data improved. The Eurozone PMI Composite Output Index rose above 50 for the first time since January 2012, indicating growth. The positive mood continued in August as the PMI came in at 50.7, adding to signs that the Eurozone economy was healing. Furthermore, the US housing market is showing strong signs of a rebound from its collapse six years ago. Home prices are rising consistently and foreclosures have slowed, a sign that the sector is again contributing to US Economic growth. US unemployment rate is also improving as it decreased from 8.1% as at August 2012 to 7.3% as at August 2013.

# HERMES LINDER FUND SICAV PLC

## Manager's report (continued)

Year ended 31 August 2013

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The Financial Year will be well remembered in Financial History for the Central Banks highly accommodative monetary stance. On 1<sup>st</sup> August 2013, the European Central Bank (ECB) decided to keep rates on hold at 0.5%. Under its new 'forward guidance' policy, the ECB pledged to keep interest rates at or below their current low levels for an unspecified extended period. The ECB President also highlighted that risks to the Eurozone's economic outlook continue to be on the downside.

The Federal Reserve (Fed), through its quantitative easing program has been buying \$85 billion worth of Financial Assets each month. However, in mid-May the Fed Chairman Ben Bernanke indicated that the Fed could start to reduce the pace of Asset Purchases, if economic data continued to show improvement. In fact, equity markets were dominated by a nervous mood over the last three months as investors continued to debate whether the Fed would begin scaling back its quantitative easing program.

The Manager continued with the strategy of identifying companies with low valuations but earnings power. Within the Financial sector, the Manager's valuation analysis identified risk reward opportunities within the Insurance Sector. In fact, the Fund's exposure to Financials, which is biased towards insurers, increased to 29.04% (August 2012: 20.90%) as the Manager continued adding exposure to Insurers and the Fund gained from the increase in the stock market value of the underlying holdings.

The Fund held an exposure towards Italy and Spain but in order to reduce the specific country risk associated with these Southern European countries certain measures were put in place.

The Manager continued to hold a significant position in industrials; 33.61% as at end of financial year. Within this sector, the Manager continues to focus on companies operating in niche segments with barriers to entry. During the financial year the industrial companies within the portfolio rallied as economic data improved and company results revealed positive earnings momentum. As economic data improved, the Manager also took the opportunity to add exposure to the luxury sector, with a particular attention to strong brand names and market share.

During the period the Manager continued to apply its disciplined approach and took profit in Asian consumer stocks as the sector rallied and the valuations of these stocks reached all-time highs. In addition, one of the major holdings in the portfolio, a European Pharmaceutical company was taken over at a premium and at a price above the Fund's cost price.

The exposure to Basic Materials and Oil Gas was reduced to 7.35% and 3.31% respectively as the medium term supply demand dynamics point towards a slowdown in earnings momentum.

# HERMES LINDER FUND SICAV PLC

## Manager's report (continued)

Year ended 31 August 2013

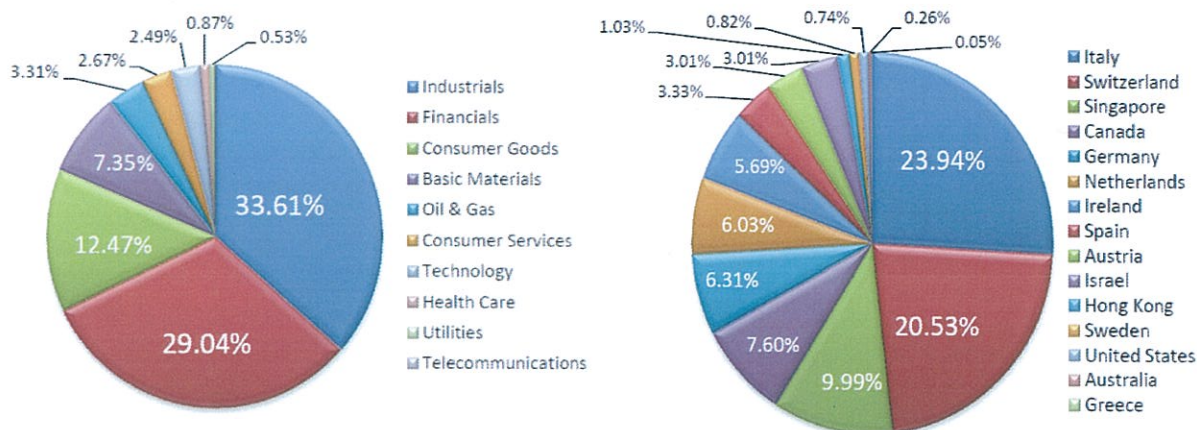
There are significant risks ahead. Equity markets are trading at all-time highs. Tension is increasing among investors due to expectations of tightening in US monetary policy. In Europe, recovery may prove to be unbalanced, with a two speed recovery led by Germany. In addition, the European banking system is still at risk and the forthcoming asset quality review, may reveal further weaknesses in the banking system.

The Manager continues to concentrate on a defensive portfolio management approach while focusing on its value driven analysis. With market indices at historical high levels, the Manager continue to focus on its value driven disciplined approach in order to be able to protect the portfolio during market downturns. Furthermore, identify companies with earnings power and robust Balance Sheets continue to be on top of the Manager's agenda.

### Ten Largest Holdings as at 31 August 2013.

Rank	Equity	Type	Country	Industry	% of Portfolio
1	Ass. Generali [6.416% call.2022]	Bond	Italy	Financials	6.58%
2	Flughafen Zurich	Equity	Switzerland	Industrials	4.92%
3	Swiss Re	Equity	Switzerland	Financials	4.53%
4	Interpump	Equity	Italy	Industrials	3.69%
5	Fyffes	Equity	Ireland	Consumer Goods	3.59%
6	Mapfre [5.921% call.2017]	Bond	Spain	Financials	3.33%
7	Vaudoise Assurances	Equity	Switzerland	Financials	3.25%
8	Israel Chemicals	Equity	Israel	Basic Materials	3.01%
9	Swiss National Insurance	Equity	Switzerland	Financials	2.82%
10	Generali Fin. [6.214% call. 2016]	Bond	Italy	Financials	2.76%

### Industrial Diversification as at 31 August 2013 Geographical Distribution as at 31 August 2013



# HERMES LINDER FUND SICAV PLC

## Manager's report (continued)

Year ended 31 August 2013

### Asset Allocation as at 31 August 2013.

	% of Official NAV
Quoted Equities	79.02
Quoted Corporate Bonds	12.66
Quoted Convertible Bonds	0.58
Cash and Cash Equivalents	6.56
Initial Margin	1.06
Variation Margin	0.40
Accrued Income	0.50
Forwards	(0.03)
Quoted Options	(0.01)

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

31 August 2012

Share Class	Net Asset Value per share	Number of Shares in Issue	Net Asset Value
A	€ 2,485.39	25,184.39	€ 62,592,998
B	€ 836.74	19,694.50	€ 16,479,109
C	N/A	N/A	N/A

31 August 2013

Share Class	Net Asset Value per share	Number of Shares in Issue	Net Asset Value
A	€ 2,778.5764	25,641.72	€ 71,247,480
B	€ 928.8661	24,336.01	€ 22,604,900
C	N/A	N/A	N/A

*Note: The opinions expressed are given in good faith and should not be construed as investment advice. Past performance is no guarantee of future performance and the value of the Scheme, including the currencies in which they are denominated, may fall as well as rise.*

Finance Department  
BOV Centre, Cannon Road, Sta Venera - Malta  
Telephone: (356) 2275 3098 Fax: (356) 2275 3710

9<sup>th</sup> October 2013

Hermes Linder Fund SICAV p.l.c.

## Report of the Custodian

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 31<sup>st</sup> August 2013, 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;
- (ii) otherwise in accordance with the provisions of the constitutional documents and the Fund's license conditions.



Kevin Portelli  
Senior Manager Custody Compliance  
Bank of Valletta p.l.c.



Annabelle Muscat  
Manager Custody Compliance  
Bank of Valletta p.l.c.