

**Unaudited semi-annual report
as at 30th June 2018**

KATLA FUND

An investment company with variable share capital incorporated
under the laws of the Grand Duchy of Luxembourg

R.C.S. Luxembourg B 96 002

CONVENTUM
ASSET MANAGEMENT

Subscriptions may be made only on the basis of the prospectus including the articles of incorporation and the fact sheets of each of the Sub-Funds and the key investor information document (KIID). The prospectus may only be distributed if accompanied by the most recent annual report and the most recent half-year report, if the half-year report is more recent than the annual report.

KATLA FUND

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KATLA FUND

Organisation

Registered office

9, Boulevard Prince Henri
L-1724 LUXEMBOURG

Board of Directors

Chairman

Margret SVEINSDOTTIR
Head of Asset Management
ARION BANK HF.
Borgartun 19
IS-105 REYKJAVIK

Directors

Eric CHINCHON
Administrateur indépendant
16, Rue Jean-Pierre Brasseur
L-1258 LUXEMBOURG

Andri V. SIGURDSSON
Partner
Laekjargata - Legal Services ehf.
Laekjargata 2
IS - 101 REYKJAVIK

**Management Company and
Domiciliary Agent**

CONVENTUM ASSET MANAGEMENT
Société Anonyme
9, Boulevard Prince Henri
L-1724 LUXEMBOURG

**Board of Directors of the
Management Company**

Chairman

Ruth BÜLTMANN
Independant director
40, Rue d'Ernster
L-6977 OBERANVEN

Directors

Michèle BIEL
General Manager
CONVENTUM ASSET MANAGEMENT
Société Anonyme
9, Boulevard Prince Henri
L-1724 LUXEMBOURG

Fernand GRULMS
Independant director
2, Rue Nic. Flener
L-8228 MAMER

KATLA FUND

Organisation (continued)

**General Managers of the
Management Company**

Michèle BIEL
General Manager
CONVENTUM ASSET MANAGEMENT
Société Anonyme
9, Boulevard Prince Henri
L-1724 LUXEMBOURG

Georges ENGEL
General Manager
CONVENTUM ASSET MANAGEMENT
Société Anonyme
9, Boulevard Prince Henri
L-1724 LUXEMBOURG

Rita HERRMANN
General Manager
CONVENTUM ASSET MANAGEMENT
Société Anonyme
9, Boulevard Prince Henri
L-1724 LUXEMBOURG

Investment Manager

STEFNIR ASSET MANAGEMENT COMPANY HF.
Borgartun 19
IS-105 REYKJAVIK

**Depositary and
Primary Paying Agent and
Central Administration**

BANQUE DE LUXEMBOURG
Société Anonyme
14, Boulevard Royal
L-2449 LUXEMBOURG

Central Administration's Subcontractor

EUROPEAN FUND ADMINISTRATION S.A.
Société Anonyme
2, Rue d'Alsace
L-1122 LUXEMBOURG

Independent auditor

ERNST & YOUNG
Société Anonyme
35E, Avenue John F. Kennedy
L-1855 LUXEMBOURG

KATLA FUND

General information

KATLA FUND (the "SICAV") is an investment company with variable capital with multiple Sub-Funds incorporated under Luxembourg Law, subject to the provisions of Part I of the amended Law of 17th December 2010 relating to undertakings for collective investment (the "Law of 2010") and qualifies as an undertaking for collective investment under the Council Directive 2009/65/EC as amended.

The Directive 2014/91/EU of the European Parliament and of the Council of 23rd July 2014 amending the Directive 2009/65/EC had been transposed by the law of 10th May 2016 coming into force on 1st June 2016 and amending the amended law of 17th December 2010.

The SICAV has been incorporated for an unlimited duration as of 16th September 1996 in a form of a mutual fund and transformed into an undertaking for collective investments on 8th September 2003. The articles of incorporation were last amended by the extraordinary general meeting of 11st June 2012. The last version of the coordinated articles of incorporation was published on 20th June 2012.

At the date of the financial statements, the following Sub-Funds are available for subscription:

- KATLA FUND - GLOBAL VALUE expressed in EUR

The Board of Directors may issue, on account of the SICAV, different categories of shares, which correspond to different collections of assets and liabilities, whose net assets are denominated in the reference currency of the relevant Sub-Fund.

The following share classes are offered within each Sub-Fund:

- Class A Shares, capitalisation shares expressed in the reference currency of the Sub-Fund, reserved to retail investors¹;
- Class B Shares, capitalisation shares expressed in the reference currency of the Sub-Fund, reserved to institutional investors².

At the date of the financial statements, only Class A Share is in issue.

Since effective date as 28th May 2018, the Class A Shares of the Sub-Fund Katla Fund - Global Value is delisted on the Luxembourg Stock Exchange.

The Net Asset Value per share of each Class of shares is determined as of each full bank business day in Luxembourg ("Valuation Day") by dividing the net assets of the Sub-Fund properly allocable to such Class of shares less the liabilities of the Sub-Fund properly allocable to such Class of shares, by the number of shares of such Class outstanding and shall be rounded up or down to the nearest whole hundredth of the currency in which the Net Asset Value of the relevant shares is calculated.

The Net Asset Value, the issue price, the redemption price and the conversion price for the Classes of shares of the Sub-Funds are available at any time during business hours at the SICAV's registered office.

At the end of each accounting year, the SICAV publishes an audited annual report on 31st December and at the end of each half-year, on 30th June, an unaudited semi-annual report. The combined financial statements of the SICAV are expressed in EUR.

¹ i.e. any investors who does not qualify as an institutional investor as defined below.

² within the meaning of article 174(2) of the Law of 2010.

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General information (continued)

Copies of the Articles of Incorporation, the prospectus, the KIID as well as the annual and semi-annual reports of the SICAV may be obtained free of charge at the registered office of the SICAV in Luxembourg.

The complaint settlement procedure foreseen by the CSSF Regulation N° 16-07 relating to the out-of-court resolution of complaints is available at the registered office of the SICAV.

KATLA FUND

Combined statement of net assets (in EUR) as at 30th June 2018

Assets

| | |
|--------------------------------------|----------------|
| Securities portfolio at market value | 202,577,812.46 |
| Cash at banks | 3,517,932.98 |
| Receivable on sales of securities | 3,923,505.90 |
| Receivable on issues of shares | 99,996.99 |
| Income receivable on portfolio | 84,187.91 |
| Prepaid expenses | 5,040.88 |
| | <hr/> |
| Total assets | 210,208,477.12 |
| | <hr/> |

Liabilities

| | |
|-------------------------------------|----------------|
| Expenses payable | 913,435.06 |
| | <hr/> |
| Total liabilities | 913,435.06 |
| | <hr/> |
| Net assets at the end of the period | 209,295,042.06 |
| | <hr/> <hr/> |

The accompanying notes are an integral part of these financial statements.

KATLA FUND - GLOBAL VALUE

Statement of net assets (in EUR)

as at 30th June 2018

Assets

| | |
|--------------------------------------|----------------|
| Securities portfolio at market value | 202,577,812.46 |
| Cash at banks | 3,517,932.98 |
| Receivable on sales of securities | 3,923,505.90 |
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| Total assets | 210,208,477.12 |

Liabilities

| | |
|-------------------------------------|----------------|
| Expenses payable | 913,435.06 |
| Total liabilities | 913,435.06 |
| Net assets at the end of the period | 209,295,042.06 |

Breakdown of net assets per share class

| Share class | Number of shares | Currency of share class | NAV per share in currency of share class | Net assets per share class (in EUR) |
|-------------|------------------|-------------------------|--|-------------------------------------|
| A | 1,228,496.1813 | EUR | 170.37 | 209,295,042.06 |
| | | | | 209,295,042.06 |

The accompanying notes are an integral part of these financial statements.

KATLA FUND - GLOBAL VALUE

Statement of investments and other net assets (in EUR) as at 30th June 2018

| Currency | Number / nominal value | Description | Cost | Market value | % of total net assets |
|--|---------------------------|-------------------------------------|----------------|----------------|-----------------------------|
| <u>Investments in securities</u> | | | | | |
| <u>Transferable securities admitted to an official stock exchange listing</u> | | | | | |
| Shares | | | | | |
| CAD | 296,000 | Descartes Systems Gr (The) Inc | 5,012,285.83 | 8,253,269.41 | 3.94 |
| CHF | 30,000 | AMS AG | 2,428,223.88 | 1,909,210.30 | 0.91 |
| DKK | 90,000 | De Sammenslut Vognmaend AS | 3,920,664.53 | 6,228,194.20 | 2.98 |
| DKK | 160,000 | Novo Nordisk AS B | 5,636,563.61 | 6,356,505.42 | 3.04 |
| | | | 9,557,228.14 | 12,584,699.62 | 6.02 |
| EUR | 84,000 | Amadeus IT Group SA A | 3,819,916.68 | 5,678,400.00 | 2.71 |
| EUR | 50,000 | Deutsche Boerse AG Reg | 5,579,450.00 | 5,707,500.00 | 2.73 |
| EUR | 405,000 | Encavis AG | 2,563,767.00 | 2,531,250.00 | 1.21 |
| EUR | 77,000 | Fresenius Medical Care AG & Co KGaA | 6,094,068.49 | 6,651,260.00 | 3.18 |
| EUR | 90,000 | Hella GmbH & Co KGaA | 4,084,662.82 | 4,320,000.00 | 2.06 |
| EUR | 300,000 | Koninklijke Ahold Delhaize NV | 5,332,377.90 | 6,151,500.00 | 2.94 |
| EUR | 35,000 | Michelin SA | 3,425,533.98 | 3,650,500.00 | 1.74 |
| EUR | 100,000 | Moncler SpA | 2,485,536.21 | 3,900,000.00 | 1.86 |
| EUR | 140,000 | Vonovia SE | 4,459,219.63 | 5,706,400.00 | 2.73 |
| | | | 37,844,532.71 | 44,296,810.00 | 21.16 |
| GBP | 350,000 | St James's Place Plc | 4,589,124.41 | 4,541,544.54 | 2.17 |
| HKD | 1,499,800 | Samsonite Intl SA Reg | 5,628,402.01 | 4,543,998.68 | 2.17 |
| JPY | 48,000 | Nidec Corp | 3,950,715.98 | 6,170,828.40 | 2.95 |
| NOK | 200,000 | Telenor ASA | 3,662,620.15 | 3,512,922.70 | 1.68 |
| SEK | 200,000 | Lundin Petroleum AB | 3,797,323.06 | 5,471,334.81 | 2.61 |
| USD | 120,000 | A.O.Smith Corp | 5,215,003.53 | 6,079,657.39 | 2.90 |
| USD | 4,000 | Amazon.com Inc | 4,200,343.75 | 5,823,725.91 | 2.78 |
| USD | 227,000 | Bank of America Corp | 4,724,319.61 | 5,481,053.53 | 2.62 |
| USD | 33,000 | Cigna Corp | 4,400,264.52 | 4,803,725.91 | 2.29 |
| USD | 100,000 | Citigroup Inc | 5,596,173.88 | 5,731,905.78 | 2.74 |
| USD | 70,000 | Cognizant Tec Solutions Corp | 4,708,520.83 | 4,736,017.13 | 2.26 |
| USD | 80,000 | Duke Energy Corp | 4,903,991.04 | 5,418,758.03 | 2.59 |
| USD | 44,000 | Estée Lauder Companies Inc A | 3,289,937.62 | 5,377,610.28 | 2.57 |
| USD | 126,000 | Hartford Fin Serv Gr Inc (The) | 4,437,185.31 | 5,518,098.50 | 2.64 |
| USD | 135,000 | Hawaiian Holdings Inc | 5,467,874.19 | 4,156,959.31 | 1.99 |
| USD | 106,500 | Intercontinental Exchang Inc | 4,729,740.04 | 6,709,271.95 | 3.21 |
| USD | 127,000 | Lazard Ltd A | 4,663,810.28 | 5,320,402.57 | 2.54 |
| USD | 36,000 | Lear Corp | 3,844,886.28 | 5,729,473.23 | 2.74 |
| USD | 100,000 | Micron Technology Inc | 3,496,490.01 | 4,491,648.82 | 2.15 |
| USD | 130,000 | Morgan Stanley | 5,483,872.95 | 5,277,944.33 | 2.52 |
| USD | 160,000 | Mylan N.V. | 5,740,064.38 | 4,952,805.14 | 2.37 |
| USD | 128,000 | T-Mobile US Inc | 6,267,292.25 | 6,550,749.46 | 3.13 |
| USD | 152,000 | Trimble Inc | 4,437,959.17 | 4,275,528.91 | 2.04 |
| USD | 60,000 | United Technologies Corp | 6,217,288.70 | 6,425,524.63 | 3.07 |
| USD | 75,000 | Worldpay Inc A Reg | 4,527,643.30 | 5,253,533.19 | 2.51 |
| | | | 96,352,661.64 | 108,114,394.00 | 51.66 |
| Total shares | | | 172,823,117.81 | 199,399,012.46 | 95.27 |

The accompanying notes are an integral part of these financial statements.

KATLA FUND - GLOBAL VALUE

Statement of investments and other net assets (in EUR) (continued)

as at 30th June 2018

| Currency | Number / nominal value | Description | Cost | Market value | % of total net assets |
|---|---------------------------|--|----------------|----------------|-----------------------------|
| <u>Open-ended investment funds</u> | | | | | |
| Tracker funds (UCITS) | | | | | |
| EUR | 180,000 | Xtrackers Nikkei 225 UCITS ETF 1D Dist | 2,624,050.00 | 3,178,800.00 | 1.52 |
| Total tracker funds (UCITS) | | | 2,624,050.00 | 3,178,800.00 | 1.52 |
| Total investments in securities | | | 175,447,167.81 | 202,577,812.46 | 96.79 |
| Cash at banks | | | | 3,517,932.98 | 1.68 |
| Other net assets/(liabilities) | | | | 3,199,296.62 | 1.53 |
| Total | | | | 209,295,042.06 | 100.00 |

The accompanying notes are an integral part of these financial statements.

KATLA FUND - GLOBAL VALUE

Industrial and geographical classification of investments

as at 30th June 2018

Industrial classification

(in percentage of net assets)

| | |
|-----------------------------|----------------|
| Financials | 25.97 % |
| Technologies | 14.25 % |
| Industrials | 13.65 % |
| Cyclical consumer goods | 13.35 % |
| Healthcare | 8.59 % |
| Non-cyclical consumer goods | 5.51 % |
| Telecommunications services | 4.81 % |
| Utilities | 3.80 % |
| Real estate | 2.73 % |
| Energy | 2.61 % |
| Investment funds | 1.52 % |
| Total | <u>96.79 %</u> |

Geographical classification

(by domicile of the issuer)

(in percentage of net assets)

| | |
|--------------------------|----------------|
| United States of America | 46.75 % |
| Germany | 11.91 % |
| Denmark | 6.02 % |
| The Netherlands | 5.31 % |
| Canada | 3.94 % |
| Luxembourg | 3.69 % |
| Japan | 2.95 % |
| Spain | 2.71 % |
| Sweden | 2.61 % |
| Bermuda | 2.54 % |
| United Kingdom | 2.17 % |
| Italy | 1.86 % |
| France | 1.74 % |
| Norway | 1.68 % |
| Austria | 0.91 % |
| Total | <u>96.79 %</u> |

KATLA FUND

Notes to the financial statements

as at 30th June 2018

Note 1 - Significant accounting policies

a) Presentation of the financial statements

The financial statements of the SICAV are prepared in accordance with the Luxembourg legal and regulatory requirements concerning undertakings for collective investment and with generally accepted accounting principles in Luxembourg.

b) Valuation of assets

The assets' values are determined as follows:

The value of cash on hand or on deposit, bills and notes due on demand, accounts receivable, prepaid expenses, dividends, and interest declared or due but not yet received consists of the nominal value of these assets, unless it is unlikely that this value is received, in which event, the value is determined by deducting an amount which the SICAV deems adequate to reflect the real value of these assets.

The value of all transferable securities, money-market instruments and financial derivative instruments that are listed on a stock exchange or traded on another regulated market that operates regularly, and is recognised and open to the public, is determined based on the most recent available price.

In the case of SICAV investments that are listed on a stock exchange or traded on another regulated market that operates regularly, is recognised and open to the public and traded by market makers outside the stock exchange on which the investments are listed or of the market on which they are traded, the Board of Directors may determine the main market for the investments in question that will be then evaluated at the last available price on that market.

Money market instruments and fixed-interest securities, the residual maturity of which is less than one year, may be valued on the basis of amortised cost, a method that consists after purchase in taking into account a straight-line amortisation to arrive at the redemption price at the security's maturity.

The value of securities representative of an open-ended undertaking for collective investment is determined according to the last official net asset value per unit or according to the last estimated net asset value if it is more recent than the official net asset value, and provided that the SICAV is assured that the valuation method used for this estimate is consistent with that used for the calculation of the official net asset value.

c) Acquisition cost of securities in the portfolio

The acquisition cost of the securities held by each Sub-Fund that are denominated in currencies other than the reference currency of the Sub-Fund is converted into this currency at the exchange rate prevailing on the date of purchase.

d) Net realised gain/(loss) on securities portfolio

The realised gains and losses on securities portfolio are calculated on the basis of the average acquisition cost.

e) Investment portfolio income

Dividend income is recorded at the ex-date, net of any withholding tax.

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Notes to the financial statements (continued)

as at 30th June 2018

f) Formation expenses

The formation expenses of the Sub-Fund KATLA FUND - GLOBAL VALUE are fully amortised.

If the launch of a Sub-Fund occurs after the launch date of the SICAV, the costs of formation in relation to the launch of the new Sub-Fund shall be charged to such Sub-Fund alone and may be amortised over a maximum of 5 years with effect from the Sub-Fund's launch date.

g) Conversion of foreign currencies

Cash at banks, other net assets and liabilities and the market value of the securities in portfolio expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the financial statements. Income and expenses expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the transaction.

h) Combined financial statements

The combined financial statements of the SICAV are expressed in EUR and are equal to the sum of the corresponding items in the financial statements of each Sub-Fund.

Note 2 - Management fees

The SICAV has appointed CONVENTUM ASSET MANAGEMENT as Management Company.

The Management Company may delegate, under its responsibility and its control, the management of the assets of one or several Sub-Funds of the SICAV to one or several Investment Managers.

The Management Company has appointed STEFNIR ASSET MANAGEMENT COMPANY HF. as Investment Manager of the Sub-Funds. The Investment Manager STEFNIR ASSET MANAGEMENT COMPANY HF. is entitled to receive an annual commission at the rates indicated below:

- KATLA FUND - GLOBAL VALUE 1.50%

The management fee is payable quarterly and is calculated on the basis of the average net assets of each Sub-Fund for the relevant quarter.

Note 5 - Subscription, redemption and conversion fees

The subscription price of a Share in a particular Class of shares within a specific Sub-Fund is the relevant Net Asset Value per Share in the said Class on the corresponding Valuation Day plus a subscription fee which will amount to a maximum of 2% of the subscription amount in favour of entities and agents active in sales and investment shares.

The redemption price of a Share in a particular Class of shares within a specific Sub-Fund is the relevant Net Asset Value per Share in the said Class on the corresponding Valuation Day. No redemption fee is charged for the Sub-Funds.

The conversion price is based on the Net Asset Value of the Class of shares of the relevant Sub-Fund plus a conversion fee which will amount to a maximum of 0.5% of the converted amount in favour of the disinvested Sub-Fund.

KATLA FUND

Notes to the financial statements (continued)

as at 30th June 2018

Note 6 - Subscription duty ("Taxe d'abonnement")

The SICAV is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the SICAV is subject to an annual "*taxe d'abonnement*" of 0.05% which is payable quarterly and calculated on the basis of the net assets of each sub-fund on the last day of each quarter.

Pursuant to Article 175 (a) of the amended law of 17th December 2010 the net assets invested in undertakings for collective investment already subject to the "*taxe d'abonnement*" are exempt from this tax.

Note 7 - Statement of changes in investments

The statement of changes in investments for the period in reference to the report is available free of charge at the registered office of the SICAV.

KATLA FUND

Additional information

as at 30th June 2018

1 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")

During the reporting period, the Company did not engage in transactions which are subject to the publication requirements of SFTR. Accordingly, no Information concerning the transparency of securities financing transactions and of reuse of cash collateral should be reported.