

PALLADIUM FCP  
Mutual Fund under Luxembourg Law  
R.C.S. Luxembourg N° K1320  
Annual Report and audited financial statements  
as at June 30, 2020

No subscription can be received on the basis of financial reports. Subscriptions are only valid if made on the basis of the current prospectus and relevant Key Investor Information Document ("KIID") which will be accompanied by a copy of the latest available annual report and audited financial statements and a copy of the latest available semi-annual report, if published after such annual report.

# PALLADIUM FCP

---

## Table of Contents

Organisation .....	3
General Information.....	4
Directors' Report .....	7
Independent Auditor's Report .....	10
Combined Statement of Net Assets as at June 30, 2020.....	12
Statement of Net Assets as at June 30, 2020 .....	13
Combined Statement of Operations and Changes in Net Assets for the year ended June 30, 2020.....	14
Statement of Operations and Changes in Net Assets for the year ended June 30, 2020 .....	15
Statement of changes in the number of units for the year ended June 30, 2020 .....	16
Statistics .....	17
PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND.....	18
Securities Portfolio as at June 30, 2020.....	18
Portfolio breakdown .....	23
Top Ten Holdings.....	23
Notes to the Financial Statements as at June 30, 2020.....	24
Additional information regarding the Transparency of Securities Financing Transactions (Unaudited).....	31

# PALLADIUM FCP

---

## Organisation

### Management Company:

Mediobanca Management Company S.A.  
2, boulevard de la Foire  
L-1528 Luxembourg  
Grand-Duchy of Luxembourg

### Board of Directors of the Management Company

Giovanni Mancuso  
Chairman of the Board  
Independent Director  
151, rue Pierre Krier  
L-1880 Luxembourg  
Grand-Duchy of Luxembourg

Fabio Ventola  
Chief Executive Officer  
Mediobanca Management Company S.A.  
2, boulevard de la Foire  
L-1528 Luxembourg  
Grand-Duchy of Luxembourg

Giovanni Lainati  
*(until November 15, 2019)*  
Independent Director  
42, am Bongert  
L-1270 Luxembourg  
Grand-Duchy of Luxembourg

Stefano Biondi  
Chief Executive Officer  
Mediobanca International (Luxembourg) S.A.  
4, boulevard Joseph II  
L-1840 Luxembourg  
Grand-Duchy of Luxembourg

Massimo Amato  
*(since March 11, 2020)*  
Independent Director  
20, rue Charles Martel  
L-2134 Luxembourg  
Grand-Duchy of Luxembourg

### Depository Bank, Transfer and Registrar Agent and Administrative Agent:

BNP Paribas Securities Services, Luxembourg Branch  
60, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand-Duchy of Luxembourg

### Delegated Investment Managers:

Mediobanca SGR S.p.A.  
Piazzetta Bossi, 1  
I-20121 Milano  
Italy

Cairn Capital Limited  
27 Knightsbridge  
London SW1X 7LY  
United Kingdom

### Distributors:

CheBanca! S.p.A.  
Viale Bodio, 37 - Palazzo 4  
I-20158 Milano  
Italy

Allfunds Bank, S.A.U., Milan Branch  
Via Santa Margherita, 7  
I-20121 Milano  
Italy

Mediobanca - Banca di Credito Finanziario S.p.A.  
Piazzetta Enrico Cuccia, 1  
I-20121 Milano  
Italy

ONLINE Sim S.p.A.  
Via Santa Maria Segreta, 7/9  
I-20123 Milano  
Italy

BANCA IFIGEST S.p.A.  
Piazza Santa Maria Soprarno, 1  
I-50125 Firenze  
Italy

Cairn Capital Limited  
27 Knightsbridge  
London SW1X 7LY  
United Kingdom

### Auditor of the Management Company and of the Fund:

Ernst & Young S.A.  
35E, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand-Duchy of Luxembourg

### Legal Advisors:

Arendt & Medernach S.A.  
41A, avenue J.F. Kennedy  
L-2082 Luxembourg  
Grand-Duchy of Luxembourg

# PALLADIUM FCP

---

## General Information

PALLADIUM FCP (the "Fund") is a Mutual Fund established in Luxembourg in accordance with Part I of the Law of December 17, 2010 on Undertakings for Collective Investment, as amended.

The Management regulations in force were signed on February 21, 2019. The mention of their deposit with the Luxembourg Trade and Companies Register (the "R.C.S.") was published in the RESA on February 28, 2019.

The assets of the Fund are the joint and indivisible property of the participants and are segregated from the assets of the Management Company. All the units have equal rights. No restrictions are established on the amount of the assets or on the number of units representing Fund's assets. The net assets of the Fund must amount to at least EUR 1,250,000.

### 1. Periodic reports

The accounting year of the Fund starts on July 1 and terminates on June 30.

The combined accounts of the Fund are maintained in EUR being the currency of the share capital. The financial statements relating to the various separate sub-funds are expressed in the reference currency of each sub-fund.

### 2. Unitholders' information

#### a) Net asset value

The net asset value per class of units is available at the registered office of the Management Company of the Fund and is published in "Il sole 24 Ore".

#### b) Subscription and redemption prices

The subscription and redemption prices of each class of units are rendered public each day at the counters of the Depository Bank and in banks offering financial services.

#### c) Notification to the unitholders

The other information addressed to the unitholders is published in the "Registre de Commerce et des Sociétés" in Luxembourg if this publication is prescribed by the management regulations or the prospectus. Moreover, they might be published in any newspaper published in the Grand-Duchy of Luxembourg and other newspaper(s) that the Board of Directors of the Management Company may determine.

d) The list of changes in the portfolio of each sub-fund is available free of charge upon request at the registered office of the Management Company of the Fund.

## Risk Measurement and Global Exposure

The Management Company uses a risk management process that enables it to monitor and measure at any time the risk of the portfolio positions and their contribution to the overall risk profile of the sub-funds. In accordance with the law of December 17, 2010, as amended, and the applicable regulatory requirements of the Commission de Surveillance du Secteur Financier "CSSF", the Management Company reports to the CSSF on a regular basis on the risk management process.

The Value at Risk (VaR) approach is used to monitor and measure the global exposure of the sub-funds PALLADIUM FCP - CRESCITA PROTETTA and PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND.

# PALLADIUM FCP

## General Information (continued)

For the year ended June 30, 2020, the VaR methodology, the information on the utilization of the VaR limit (the lowest, the highest and the average VaR), the model and the parameters used for its calculation as well as the average level of leverage are detailed as follows:

Sub-Fund Name	PALLADIUM FCP - CRESCITA PROTETTA	PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND
Global Exposure - Methodology	Absolute VaR	Absolute VaR
<b>Information on the VaR:</b>		
Regulatory Limit	20%	20%
VaR Model used	Historical Simulation	Parametric
Lowest VaR	1.23%	1.14%
Highest VaR	7.39%	8.13%
Average VaR	2.74%	5.01%
Historical Data Serie Size	250	104
Price Return Frequency	Daily	Weekly
Decay Factor	1	99%
Time Horizon	1 month	1 month
Confidence Level	99%	99%

Leverage		
<i>Expected Maximum level of leverage</i>		
Gross approach	100%	600%
Net approach	n/a	400%
<i>Average observed level of leverage</i>		
Gross approach	91.10%	95.67%
Net approach	n/a	63.32%

## Remuneration

PALLADIUM FCP adopted the Remuneration Policy of Mediobanca Management Company S.A. (the "Management Company").

The Remuneration Policy is aimed at ensuring that any relevant conflicts of interest can be managed appropriately at all times and sets out practices for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the sub-funds, that are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of those sub-funds.

This Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Funds under management and the investors in those Funds and includes measures to avoid conflicts of interest. In addition, the remuneration policy adopted applies the principles laid out under the UCITS Directive.

### Identified staff

The UCITS Directive requires the Management Company to identify the categories of staff whose professional activities have a material impact on the risk profiles of the sub-funds.

The identified staff for the purpose of this Remuneration Policy are Mr. Fabio Gabriele and Mr. Fabio Ventola as Conducting Officers of Mediobanca Management Company S.A., Mr. Stefano Biondi as Board Member of Mediobanca Management Company S.A., Mr. Giovanni Mancuso and Mr. Massimo Amato (since March 11, 2020) as Independent Members of the Board of Mediobanca Management Company S.A., and Mr. Giorgio Paleari as Head of Internal Audit of the Parent Company (Mediobanca S.p.A.).

# PALLADIUM FCP

---

## General Information (continued)

### *Structure of remuneration*

1. Fixed remuneration
2. Variable remuneration

The Management Company dedicates itself to collective asset management by managing a fund portfolio. Therefore, the variable component is predominantly established on a quantitative basis according to the actual profitability of the Management Company, taking into account any risk alignments.

The amount of individual bonuses may vary at the discretion of the management, according to assessments made regarding compliance with the business model, the attainment of targets and the absence of any critical situations or other prejudicial factors (i.e. in relation to Risks, Compliance and Anti-Money Laundering and Human Resources).

To measure performance, this discretion will be accompanied by a performance measurement system introduced at the start of each financial year in line with the allocated budget. The system will be quantitative and qualitative in nature and will consider corrective elements linked to the areas of compliance referred to above. The guidelines for the incentive scheme are determined in accordance with the policies of Mediobanca S.p.A. and the Mediobanca Group.

During its last accounting year ended June 30, 2020, the Management Company remunerated staff members as follows:

Total fixed remuneration*:	EUR 710,217.58
Total variable remuneration**:	EUR 145,268.69
Total remuneration:	EUR 855,486.27

Number of beneficiaries 6 out of which 2 are "identified staff".

Aggregate amount for senior management, fund managers, control functions and other risk takers whose professional activities have a material impact on the risk profiles of the sub-funds and identified in the remuneration policy as "identified staff":

Total fixed remuneration*:	EUR 380,814.96
Total variable remuneration**:	EUR 96,000.00
Total remuneration of identified staff:	EUR 476,814.96

Aggregated amount of remuneration for other members of staff EUR 378,671.31.

\* Benefit in Kind are excluded

\*\* This amount is the variable remuneration paid to the different staff members for the year ended June 30, 2020, in compliance with the remuneration policy.

### *EU delegates*

For the management of the sub-fund PALLADIUM FCP - CRESCITA PROTETTA the gross total remuneration paid during the year ending June 30, 2020 by Mediobanca SGR S.p.A. to the personnel (2 units) is equal to EUR 12,290.22.

For the management of the sub-fund PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND the gross total remuneration paid during the year ending June 30, 2020 by CAIRN CAPITAL LIMITED to the personnel (5 people) is equal to EUR 1,715,172.00, split into the fixed component equal to EUR 992,743.00 and into the estimated variable component equal to EUR 722,429.00.

## Directors' Report

### INTRODUCTION

Assets under management increased during the year from EUR 91.1 million as of June 30, 2019 to approximately EUR 290.2 million as of June 30, 2020. The above mentioned increase is mainly due to positive cash flows resulting from net subscriptions.

### MACROECONOMIC SCENARIO

July 2019 was muted with notable divergences across geographies. Having the market fully anticipate the dovish tilt of the ECB and the US Federal Reserve (Fed), the attention was devoted to the enduring macro uncertainties and the unexciting Q2 earnings' season.

Developed market equities continued their solid run, returning 1.2% over the month and outperforming their emerging market counterparts. Growth stocks outperformed value stocks by over 1%. The S&P 500 reached new all-time highs during July, closing 1.4% up over the month and more than 20% up year to date. In the UK, the FTSE 100 delivered 2.2% in July, boosted by a weaker pound. Global government bond indices posted modest gains, with strength in European bonds partially offset by mild weakness in US Treasuries. Ten-year UK Gilt yields rallied through July, ending the month 22 basis points lower at 0.61%. The US dollar was the biggest winner of the major currencies, gaining 3.9% vs. the British pound and 2.3% vs. the Euro.

August was a very volatile month for global equity markets; most indices ended the month in significant negative territory, with emerging markets being particularly penalized.

As the US-China trade war continued to dominate the news flow, market participants had to contend with noise versus signals on a daily basis. At the same time, economic data continued to deteriorate, especially in Germany and China, and the confirmed inversion of the US treasury yield curve heightened concerns about a forthcoming recession in the US. Notably, the further compression of yields on sovereign bonds persisted, with an all-time high amount of negative yielding sovereign debt at the end of the month.

Equity markets reported strong performances in September on renewed optimism around international trade and dovish signals from central banks. The MSCI World index closed the month up +1.94%, whilst the Stoxx Europe 600 was up +3.60%. After a period of escalating tensions, the US and China relationship seemed to enter a stabilization phase as the two parties agreed to resume talks. The US postponed tariff increases, while China excluded some items from their list. The ECB cut rates further into negative territory and announced a new stimulus program, resuming bond purchases. Long term rates went up from the summer lows, as the US 10 year yield increased from below 1.5% in August to 1.66%. This scenario contributed to, for the first time in months, an over-performance of value relative to growth.

Global equity markets gained in October amid several positive catalysts including a US interest rate cut, positive news flow around US-China trade negotiations, and a raft of upbeat corporate results. The optimistic environment helped ease concerns that global economic growth is losing momentum. Jay Powell, chairman of the Fed, said uncertainty on the economic outlook justified the third interest rate cut this year, but a tentative US-China trade deal and the reduced risk of a no-deal Brexit could help support business confidence. News of the interest rate cut saw the US equity market close at a record high on the day. Earlier in the month the US equity market had reached another record high on rising optimism for a trade deal with China combined with solid corporate earnings. Bond markets were generally weaker during October. This followed signs of a potential easing of trade tensions between the US and China as well as an agreement between the UK government and European Union over Brexit. As the market's risk appetite increased, bond yields (which move inversely to bond prices) moved higher. Consistent with this "risk-on" sentiment, government bonds saw the biggest increase in yields.

Equities continued to rally in November – a relatively consistent feature of markets in 2019, despite the multitude of geopolitical risks that investors have faced this year. The negotiations between the US and China on a 'phase one' trade deal are yet to arrive at a conclusion, but there has at least been an absence of any further escalation in tariffs. Tariffs were scheduled to increase on December 15, 2019, unless a deal was reached or the deadline pushed back. However, hopes of a deal appear to have buoyed sentiment. In the UK, the spotlight has shifted to the general election on December 12, 2019. So, politics was likely to remain front and center of investors' minds as the year drew to a close.

With central bank easing a key factor in market returns so far this year, investors didn't get much new information from the major central banks (US, UK, eurozone, Japan) in November. Only the Bank of England (BoE) held a meeting, and it made no change to its policy rate. Developed market equities outperformed emerging market equities, with the S&P 500 ending the month as the best performing major equity index. Bond yields moved marginally higher and so the global government and investment grade bond index (Global Agg.) lost 0.8% over the month.

## Directors' Report (continued)

In December 2019 The US market continued its rally as investors shrug off the noises from President Trump's impeachment while the US economic and job data also showed improvements. DJIA 28,538.4 (+1.7%); S&P 500 3,230.8 (+2.9%); NASDAQ 8,972.6 (+3.5%). Despite the president being impeached by the House of Representative, in order for the process to go through, the Senate would also need to agree on the impeachment. However, as majority of Senate is made up of Republicans, investors are more skeptical that the impeachment will proceed. Moreover, following the phase one trade deal between US and China, investors have started to take on riskier assets with a more positive view.

Asian market also closed in positive territory following the US-China phase one trade agreement. NIKKEI 23,656.6 (+1.5%); Hang Seng 28,189.8 (+7.0%); Shanghai Comp 3,050.1 (+6.2%); Straits Times 3,222.8 (+0.9%); FTSE Malay KLCI 1,588.8 (+1.7%); KOSPI 2,197.7 (+5.3%). Chinese industrial companies also showed stronger profit in November due to recovering factory production. China's industrial profit grew at 5.4% YoY in November compared to -9.9% YoY in October. On the geopolitical side, North Korea has set an end-of-year deadline for the US to salvage nuclear diplomacy that hit setback during the meeting in Hanoi earlier in the year. North Korean leader, Kim Jong Un, asked his diplomats to prepare unspecified "offensive measures" to protect the country.

The European market continued its positive tone towards the end of the year on the back of the phase on US-China trade deal. FTSE 100 7,542.4 (+2.7%); CAC 40 5,978.1 (+1.2%); DAX 13,249.0 (+0.1%). Many top companies listed in the FTSE 100 generated most of their revenues from outside the UK and were benefitted by the fall of the Sterling. GBP exchange rate fell by 2.6% MTD to USD1.33/GBP at the end of December. Concerns started to arise due to PM Boris Johnson's plan to not extending any transition period for Brexit. Investors were worried that hard Brexit might still happen in 2020.

In the risk-on environment, global government bond yields were mixed in December. Doubts over a China-US deal had pushed core yields lower at first. But rates reversed course after the rhetoric between Beijing and Washington subsided and both sides pushed ahead with talks that lifted hopes of an imminent Phase I deal. The Fed's decision to keep policy rates unchanged amid steady economic growth, as well as signals for a pause in the rate-cut cycle in 2020 provided further impetus for higher US yields.

Equity markets started the new year with a volatile month: the first half of January was strong, in line with the last part of 2019, but the gains were quickly lost in the second part of the month due to the coronavirus scare. The MSCI World index closed the month down -0.68% while the Stoxx Europe 600 was down -1.23%. Utilities were on aggregate the best performers, whilst Autos and Materials underperformed the main indices.

US equities actually began the month of February strongly. Indeed, the S&P 500 Index set a new record high on robust economic data and President Trump's acquittal in the final impeachment vote. However, a rising number of coronavirus cases – including in the US itself – prompted one of the sharpest US stock market sell-offs in history later in the month.

The MSCI EMU Index of large eurozone companies returned -7.9%. There were concerns that the coronavirus and its impact on travel and business activity could send the fragile eurozone economy into recession. Data showed the eurozone economy grew by just 0.1% in Q4 2019 with zero growth in Germany.

In response to the coronavirus worries, European Central Bank President Christine Lagarde said the central bank is monitoring the situation. She added that the crisis is not so far having a lasting impact on inflation and so does not require a central bank response as yet. In early March, the Italian government announced a EUR 3.6 billion stimulus package to mitigate the impact of the outbreak.

The Japanese market fell 10.2% in February. Almost all of the decline occurred in the last four days of the month amid an increase in perceived risk surrounding the spread of coronavirus. During those four days, the Japanese Yen appreciated sharply, fulfilling its traditional role as a safe haven at times of uncertainty. Immediately prior to this event, however, the Yen had actually weakened almost as sharply, with no obvious driver.

The spread of the coronavirus resulted in large declines in riskier assets such as shares in February, as fears of a global recession mounted, while government bonds performed well. The final week of the month proved particularly painful for riskier assets; for some it was the worst week since 2008. Government bond yields declined markedly (meaning prices rose), with US 10- and 30-year Treasury yields hitting record lows.



## Directors' Report (continued)

The vast majority of coronavirus cases have occurred in China, where significant areas remain effectively in lockdown. While the number of new cases in China showed signs of peaking, the virus began to spread across borders. There were outbreaks in South Korea, Italy and Iran, and confirmed cases in every western European country as well as in the US, raising concerns of a possible global pandemic.

The US 10-year bond yield dropped to 1.15%, down from 1.51%, while the 30-year yield dropped from just over 2% to 1.67%. The 10-year German government bond yield fell to -0.61%, from -0.44%, and the UK's 10-year bond yield fell to 0.44% from 0.52%. Meanwhile, the Italian 10-year yield increased from 0.92% to 1.13% and Spain's rose from 0.23% to 0.28%, selling off in the final week of the month.

Investment grade corporate bonds were to some extent cushioned by falling global yields, but substantially underperformed government bonds. High yield corporate bonds were weak, with US energy hit particularly hard, given the sharp fall in oil prices. Investment grade bonds are the highest quality bonds, as determined by a credit ratings agency, while high yield bonds are more speculative, with a credit rating below investment grade.

Emerging market bonds declined, with currencies falling sharply against the US dollar, although hard currency investment grade government and corporate bonds produced positive total returns. Higher yielding government bonds fell markedly, while the Russian Ruble, Brazilian Real and Indonesian Rupiah were among the weaker EM currencies.

March 2020 will be remembered as one of the worst months in the history for equity markets, with very poor performances across the board and the fastest correction ever reported. The MSCI World index closed the month down -13.5%, while the Stoxx 600 Europe was down -14.8%. It has been a month of real fear, as the coronavirus pandemic spread across the world leading to an increasing number of deaths and multiple country lockdowns. The oil price collapse brought additional stress to the financial system. On the other hand, we experienced an unprecedented series of monetary and fiscal interventions to counterbalance the shock. As the global economy substantially paused, there was only one metric that mattered during the month: liquidity.

Following one of the worst months on record, equity markets rebounded strongly in April as the MSCI World index went up by +10.8% and the Stoxx 600 Europe up +6.24%. These gains occurred in the midst of very grim economic news, with the number of jobless claims above 30 million in the US and Purchasing Managers' Index numbers in the Eurozone at record lows of below 20. It has been a reminder that the stock market is not the economy but, rightly or wrongly, a discounting mechanism of expected future cash flows.

Government bond yields broadly declined in April, but with some regional divergence. Investor sentiment improved markedly, driving a strong rebound in riskier assets. The more positive mood seen in late March continued into April, gaining support from further policy announcements from central banks, including the Fed widening the scope of its corporate bond purchases.

Corporate bonds outperformed government bonds with global investment grade (IG) seeing its strongest monthly total return (local currency) on record.

In May, Equity markets continued to recover from the March lows as the MSCI World reported a positive performance of +4.6%. The Stoxx 600 Europe was up more than +3%. The deceleration of the spread of the virus and the re-opening debate boosted investor sentiment. Furthermore, the global stimulus plans which have been announced to date, are helping to offset the negative growth impact whilst reassuring markets. Among those stimuli, the European Commission proposed a EUR 750bn Recovery Plan (renamed Next Generation EU). The Recovery Plan makes available EUR 500bn in grants and EUR 250bn in loans to help European countries severely hit by Covid-19 to exit from crisis.

Equity markets reported another strong month in June, closing an impressive quarter of recovery from the March lows. The MSCI World registered a +2.5% ca performance, as the slowdown of the virus and the reopening process boosted investor sentiment. European equities over-performed global indices, as the Stoxx 600 Europe was up 3% ca. The MSCI Europe Value over-performed its growth counterpart for the first month to date, driven by some rotation into Financials. While the upcoming Q2 reporting season is expected to be extremely weak, it should be the trough in terms of earnings as countries gradually reopen. A second wave of the virus is always a possibility and we have seen a worrying acceleration of the spread in some areas of the US. Still, it would not be an unexpected risk as markets, governments and corporates should be better prepared. At a corporate level, further cost cutting measures are kicking in during the remaining part of the year, while demand should remain supported by global stimulus.

## Independent Auditor's Report

To the Unitholders of  
PALLADIUM FCP  
2, boulevard de la Foire  
L-1528 Luxembourg  
Grand-Duchy of Luxembourg

### **Opinion**

We have audited the financial statements of PALLADIUM FCP (the "Fund") and of each of its sub-funds, which comprise the statement of net assets and the securities portfolio as at June 30, 2020, and the statement of operations and changes in net assets for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund and of each of its sub-funds as at June 30, 2020, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### **Basis for Opinion**

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (the "Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of July 23, 2016 and ISAs are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other information**

The Board of Directors of the Management Company of the Fund (the "Board of Directors") is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### **Responsibilities of the Board of Directors for the financial statements**

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Fund's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Fund or any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

## Independent Auditor's Report (continued)

### *Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors of the Management Company use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund or any of its sub-funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Bernard Lhoest  
Luxembourg, October 21, 2020

# PALLADIUM FCP

## Combined Statement of Net Assets as at June 30, 2020

	Notes	Combined EUR
<b>Assets</b>		
Investments in securities at cost		268,642,355.01
Unrealised gain / (loss) on securities		(6,638,624.48)
Investments in securities at market value		262,003,730.53
Cash at bank		9,354,823.18
Receivable on subscriptions		575,352.35
Receivable on investments sold		3,388,218.33
Receivable on swaps	7	24,133,342.30
Interests and dividends receivable		1,723,259.17
Formation expenses		96,428.34
Net unrealised gain on forward foreign exchange contracts	7	7,234.46
<b>Total assets</b>		<b>301,282,388.66</b>
<b>Liabilities</b>		
Bank overdraft		122,092.65
Accrued expenses		1,179,867.37
Payable on redemptions		298,255.88
Payable on securities purchased		4,694,170.00
Net unrealised (loss) on swap contracts	7	4,809,355.84
<b>Total liabilities</b>		<b>11,103,741.74</b>
<b>Net assets at the end of the year</b>		<b>290,178,646.92</b>

The accompanying notes form an integral part of the financial statements.

# PALLADIUM FCP

## Statement of Net Assets as at June 30, 2020

	Notes	PALLADIUM FCP - CRESCITA PROTETTA EUR	PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND EUR
<b>Assets</b>			
Investments in securities at cost		-	268,642,355.01
Unrealised gain / (loss) on securities		-	(6,638,624.48)
Investments in securities at market value		-	262,003,730.53
Cash at bank		158,885.58	9,195,937.60
Receivable on subscriptions		-	575,352.35
Receivable on investments sold		-	3,388,218.33
Receivable on swaps	7	24,133,342.30	-
Interests and dividends receivable		-	1,723,259.17
Formation expenses		-	96,428.34
Net unrealised gain on forward foreign exchange contracts	7	-	7,234.46
<b>Total assets</b>		<b>24,292,227.88</b>	<b>276,990,160.78</b>
<b>Liabilities</b>			
Bank overdraft		-	122,092.65
Accrued expenses		150,148.46	1,029,718.91
Payable on redemptions		4,579.38	293,676.50
Payable on securities purchased		-	4,694,170.00
Net unrealised (loss) on swap contracts	7	2,403,143.01	2,406,212.83
<b>Total liabilities</b>		<b>2,557,870.85</b>	<b>8,545,870.89</b>
<b>Net assets at the end of the year</b>		<b>21,734,357.03</b>	<b>268,444,289.89</b>

The accompanying notes form an integral part of the financial statements.

# PALLADIUM FCP

## Combined Statement of Operations and Changes in Net Assets for the year ended June 30, 2020

	Notes	Combined EUR
<b>Income</b>		
Interests on bonds (net of withholding taxes)		6,435,513.16
Bank interests		88,529.80
Income on swap contracts		263,807.82
Other income		17,181.99
<b>Total income</b>		<b>6,805,032.77</b>
<b>Expenses</b>		
Investment management fees	4	1,832,436.66
Management company fees	5	215,154.39
Depository bank fees	5	138,670.10
Performance fees	4	2,071.08
Administration fees	5	72,482.15
Professional fees		254,634.41
Transactions costs	9	44,816.00
Subscription Tax	6	90,687.27
Amortization of formation expenses		26,699.84
Bank interests and charges		116,642.42
Expenses on swap contracts		1,292,729.27
Printing & publication fees		19,950.00
Other expenses		674,667.96
<b>Total expenses</b>		<b>4,781,641.55</b>
<b>Net investment income gain / (loss)</b>		<b>2,023,391.22</b>
Net realised gain / (loss) on:		
Investments		(8,203,181.62)
Forward foreign exchange contracts		1,084,345.17
Swap contracts		4,727,921.03
Foreign exchange translations		985,744.52
<b>Net realised gain / (loss) for the year</b>		<b>618,220.32</b>
Net change in unrealised gain / (loss) on:		
Investments		(6,959,365.39)
Forward foreign exchange contracts		(85,548.78)
Swap contracts		(3,011,090.21)
<b>Increase / (Decrease) in net assets as a result of operations</b>		<b>(9,437,784.06)</b>
Subscriptions		250,379,095.60
Redemptions		(41,885,046.64)
Net assets at the beginning of the year		91,122,382.02
<b>Net assets at the end of the year</b>		<b>290,178,646.92</b>

The accompanying notes form an integral part of the financial statements.

# PALLADIUM FCP

## Statement of Operations and Changes in Net Assets for the year ended June 30, 2020

	Notes	PALLADIUM FCP - CRESCITA PROTETTA EUR	PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND EUR
<b>Income</b>			
Interests on bonds (net of withholding taxes)		-	6,435,513.16
Bank interests		82,766.76	5,763.04
Income on swap contracts		-	263,807.82
Other income		17,181.62	0.37
<b>Total income</b>		<b>99,948.38</b>	<b>6,705,084.39</b>
<b>Expenses</b>			
Investment management fees	4	272,647.22	1,559,789.44
Management company fees	5	24,578.53	190,575.86
Depository bank fees	5	11,925.88	126,744.22
Performance fees	4	-	2,071.08
Administration fees	5	24,702.37	47,779.78
Professional fees		43,042.55	211,591.86
Transactions costs	9	-	44,816.00
Subscription Tax	6	7,922.07	82,765.20
Amortization of formation expenses		2,650.46	24,049.38
Bank interests and charges		5,093.99	111,548.43
Expenses on swap contracts		-	1,292,729.27
Printing & publication fees		1,268.86	18,681.14
Other expenses		127,044.13	547,623.83
<b>Total expenses</b>		<b>520,876.06</b>	<b>4,260,765.49</b>
<b>Net investment income gain / (loss)</b>		<b>(420,927.68)</b>	<b>2,444,318.90</b>
Net realised gain / (loss) on:			
Investments		-	(8,203,181.62)
Forward foreign exchange contracts		-	1,084,345.17
Swap contracts		1,091,939.42	3,635,981.61
Foreign exchange translations		-	985,744.52
<b>Net realised gain / (loss) for the year</b>		<b>671,011.74</b>	<b>(52,791.42)</b>
Net change in unrealised gain / (loss) on:			
Investments		-	(6,959,365.39)
Forward foreign exchange contracts		-	(85,548.78)
Swap contracts		(1,381,733.75)	(1,629,356.46)
<b>Increase / (Decrease) in net assets as a result of operations</b>		<b>(710,722.01)</b>	<b>(8,727,062.05)</b>
Subscriptions		1,482,283.72	248,896,811.88
Redemptions		(5,794,845.99)	(36,090,200.65)
Net assets at the beginning of the year		26,757,641.31	64,364,740.71
<b>Net assets at the end of the year</b>		<b>21,734,357.03</b>	<b>268,444,289.89</b>

The accompanying notes form an integral part of the financial statements.

# PALLADIUM FCP

## Statement of changes in the number of units for the year ended June 30, 2020

	Number of units at the beginning of the year	Number of units subscribed	Number of units redeemed	Number of units at the end of the year
<b>PALLADIUM FCP - CRESCITA PROTETTA</b>				
<i>Classic</i>	162,874.16	12,364.72	(47,876.55)	127,362.33
<i>Institutional</i>	98,628.92	2,132.16	(9,096.44)	91,664.64
<b>PALLADIUM FCP - CAIRN MADIOBANCA STRATA UCITS CREDIT FUND</b>				
<i>Classic 1</i>	138,816.16	933,076.73	(45,770.73)	1,026,122.16
<i>Classic 4</i>	-	330,678.07	(25,731.70)	304,946.37
<i>Classic 5</i>	-	182,861.20	(7,529.23)	175,331.97
<i>Classic 7</i>	-	55,630.47	-	55,630.47
<i>Institutional 1</i>	1,000.00	920,344.49	(286,117.92)	635,226.58
<i>Institutional 4</i>	1,000.00	34,919.72	(9,965.32)	25,954.40
<i>Institutional 5</i>	-	780.00	-	780.00
<i>Management</i>	498,000.00	-	-	498,000.00



# PALLADIUM FCP

## Statistics

Sub-fund	Date	Number of Outstanding Units		Total Net Assets (in EUR)	Net Asset Value per Unit (in EUR)	
<b>PALLADIUM FCP - CRESCITA PROTETTA</b>	June 30, 2018	202,389.63	Classic	30,908,899.98	100.69	Classic
		102,272.95	Institutional		102.97	Institutional
	June 30, 2019	162,874.16	Classic	26,757,641.31	101.18	Classic
		98,628.92	Institutional		104.20	Institutional
	June 30, 2020	127,362.33	Classic	21,734,357.03	97.67	Classic
		91,664.64	Institutional		101.41	Institutional
<b>PALLADIUM FCP - CAIRN MEOBANCA STRATA UCITS CREDIT FUND</b>	June 30, 2019	138,816.16	Classic 1	64,364,740.71	100.76	Classic 1
		1,000.00	Institutional 1		100.67	Institutional 1
		1,000.00	Institutional 4		100.63	Institutional 4
		498,000.00	Management		100.75	Management
	June 30, 2020	1,026,122.16	Classic 1	268,444,289.89	98.67	Classic 1
		304,946.37	Classic 4		96.27	Classic 4
		175,331.97	Classic 5		96.63	Classic 5
		55,630.47	Classic 7		97.60	Classic 7
		635,226.58	Institutional 1		99.21	Institutional 1
		25,954.40	Institutional 4		99.14	Institutional 4
		780.00	Institutional 5		87.91	Institutional 5
		498,000.00	Management		100.01	Management

# PALLADIUM FCP

## PALLADIUM FCP - CAIRN MEOBANCA STRATA UCITS CREDIT FUND

### Securities Portfolio as at June 30, 2020

Name	Currency	Quantity / Nominal	Market Value in EUR	% of net assets
<b>Transferable securities admitted to an official exchange listing</b>				
<b>Bonds and other debt instruments</b>				
<b>Asset backed securities</b>				
ACLO 6X D 20-22/11/2032 FRN	EUR	1,100,000.00	1,101,100.00	0.41
ALHA 2019-1 A 19-30/11/2028 FRN	EUR	2,295,822.49	2,278,687.85	0.85
ANORI 2019-1 D 19-25/09/2035 FRN	EUR	1,000,000.00	986,500.00	0.37
AVOCA 14X A1R 17-12/01/2031 FRN	EUR	5,000,000.00	4,949,900.00	1.84
BLACK 2019-1X DE 19-15/05/2032 FRN	EUR	1,000,000.00	951,400.00	0.35
BLUME 2017-2X A 17-15/07/2030 FRN	EUR	3,500,000.00	3,471,650.00	1.29
BLUME 3X A1 18-15/01/2031 FRN	EUR	4,000,000.00	3,949,880.00	1.47
CABOT FINANCIAL 19-14/06/2024 FRN	EUR	1,600,000.00	1,579,880.74	0.59
CADOG 9X D 17-15/07/2030 FRN	EUR	2,500,000.00	2,345,000.00	0.87
CGMSE 2013-1X CRNE 17-15/04/2030 FRN	EUR	3,000,000.00	2,832,600.00	1.06
CLRPK 1X E 16-15/11/2029 FRN	EUR	3,000,000.00	2,695,590.00	1.00
CORDA 8X D 17-23/04/2030 FRN	EUR	2,200,000.00	2,124,980.00	0.79
DECO 2019-RAM A 19-07/08/2030 FRN	GBP	500,000.00	507,719.88	0.19
DECO 2019-RAM B 19-07/08/2030 FRN	GBP	2,000,000.00	2,141,725.98	0.80
DOMI 2019-1 D 19-15/06/2051 FRN	EUR	998,000.00	938,926.38	0.35
FOAKS 1X DE 19-15/07/2030 FRN	EUR	1,000,000.00	981,730.00	0.37
FROSN 2018-1 C 18-21/05/2028 FRN	EUR	215,413.16	197,782.37	0.07
FROSN 2018-1 D 18-21/05/2028 FRN	EUR	700,092.78	621,730.77	0.23
GENEM 2019-1 D 19-15/06/2056 FRN	GBP	1,999,990.02	2,207,179.16	0.82
HARVT 24X A 20-15/07/2033 FRN	EUR	1,600,000.00	1,600,000.00	0.60
HLAE 2017-1X DNE 17-25/07/2030 FRN	EUR	3,200,000.00	2,892,800.00	1.08
IMT 2003-3G A2 03-27/09/2035 FRN	USD	421,739.62	366,693.54	0.14
IMT 2004-1E A2 04-07/05/2036 FRN	EUR	738,567.00	722,299.10	0.27
IMT 2004-2G A 04-14/03/2036 FRN	USD	683,925.00	577,702.56	0.22
IMT 2004-4E A2 04-14/11/2036 FRN	GBP	385,809.59	412,644.05	0.15
IMT 2005-2LX A1 05-27/07/2038 FRN	USD	807,179.09	684,030.25	0.25
IMT 2006-2GA A2 06-27/05/2038 FRN	USD	2,984,674.64	2,514,015.89	0.94
JUBIL 2013-10X DR 17-15/04/2031 FRN	EUR	1,500,000.00	1,438,500.00	0.54
JUBIL 2015-16X CR 17-15/12/2029 FRN	EUR	3,000,000.00	2,899,230.00	1.08
KIMI 8 C 1.4% 19-25/10/2029	EUR	1,000,000.00	959,569.80	0.36
LGATE 2008-W1X BB 08-01/01/2061 FRN	EUR	1,179,585.60	1,043,213.96	0.39
LOUVRE BIDCO SAS 18-30/09/2024 FRN	EUR	1,200,000.00	1,169,750.82	0.43
MAGNA 2020-1X D 20-20/12/2024 FRN	GBP	3,749,996.31	3,743,637.86	1.39
MKSE 1X C 19-20/10/2032 FRN	EUR	1,500,000.00	1,488,285.00	0.55
MKSE 2X C 20-15/08/2033 FRN	EUR	2,000,000.00	2,000,000.00	0.75
NDFT 2019-1X D 19-15/06/2027 FRN	GBP	1,000,000.00	1,070,980.36	0.40
NDPFT 2015-1 C 15-15/04/2025 FRN	GBP	1,000,000.00	1,088,543.56	0.41
OCPE 2020-4X D 20-22/01/2033 FRN	EUR	2,500,000.00	2,492,500.00	0.93
PARGN 15X CB 07-15/12/2039 FRN	EUR	1,500,000.00	1,296,000.00	0.48
PAST 3 C 05-19/01/2039 FRN	EUR	921,081.50	927,560.02	0.35
PEPIB 2019-1 D 19-07/04/2028 FRN	EUR	1,500,000.00	1,453,498.65	0.54
PMF 2020-1B D 20-16/10/2056 FRN	GBP	1,000,000.00	1,006,262.77	0.37
PNERA 1 D 18-22/05/2030 FRN	EUR	993,094.46	825,730.04	0.31
PRVD 2X A 18-15/07/2031 FRN	EUR	4,000,000.00	3,966,560.00	1.48
PRVD 4X D 20-20/07/2031 FRN	EUR	1,467,000.00	1,477,034.28	0.55
SBOLT 2019-2 C 19-15/03/2028 FRN	GBP	639,094.53	647,656.63	0.24
SBOLT 2019-3 C 19-15/10/2028 FRN	GBP	1,179,924.64	1,185,256.29	0.44
SORPK 1X BR 17-16/11/2027 FRN	EUR	2,000,000.00	1,974,640.00	0.74
SPAUL 12X A 20-15/04/2033 FRN	EUR	3,500,000.00	3,425,625.00	1.28
TAURS 2018-IT1 C 18-18/05/2030 FRN	EUR	1,083,929.00	993,553.82	0.36
TAURS 2019-FIN4 D 19-18/11/2031 FRN	EUR	2,900,000.00	2,697,077.72	1.00
TWRBG 4 D 19-20/12/2062 FRN	GBP	1,249,984.24	1,344,974.31	0.50
			<b>89,249,789.41</b>	<b>33.24</b>

The accompanying notes form an integral part of the financial statements.

# PALLADIUM FCP

## PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND

### Securities Portfolio as at June 30, 2020 (continued)

Name	Currency	Quantity / Nominal	Market Value in EUR	% of net assets
<b>Banks</b>				
ABANCA CORP 19-18/01/2029 FRN	EUR	3,900,000.00	3,981,152.80	1.48
ABN AMRO BANK NV 20-31/12/2060 FRN	EUR	1,000,000.00	974,389.64	0.36
BANCO SABADELL 17-31/12/2049 FRN	EUR	3,800,000.00	3,139,967.70	1.17
BANQ INTL LUXEM 19-31/12/2059 FRN	EUR	2,000,000.00	1,893,560.76	0.71
BARCLAYS PLC 19-31/12/2059 FRN	GBP	600,000.00	623,785.50	0.23
BAWAG GROUP AG 18-31/12/2049 FRN	EUR	1,400,000.00	1,291,739.09	0.48
CAIXA GERAL DEPO 1.25% 19-25/11/2024	EUR	1,500,000.00	1,458,871.61	0.54
COMMERZBANK AG 20-31/12/2060 FRN	EUR	2,600,000.00	2,486,924.23	0.93
CRED AGRICOLE SA 14-29/04/2049 FRN	GBP	1,600,000.00	1,921,029.19	0.72
CRED AGRICOLE SA 14-29/12/2049 FRN	USD	1,500,000.00	1,450,773.68	0.54
CREDIT SUISSE 20-02/04/2026 FRN	EUR	500,000.00	554,649.67	0.21
CREDIT SUISSE 20-09/06/2028 FRN	GBP	650,000.00	720,009.74	0.27
DANSKE BANK A/S 2.25% 20-14/01/2028	GBP	2,200,000.00	2,438,404.97	0.91
DEUTSCHE BANK AG 20-10/06/2026 FRN	EUR	400,000.00	406,686.24	0.15
DEUTSCHE BK CAP 05-29/06/2049 FRN	EUR	2,434,000.00	2,098,174.96	0.78
ERSTE GROUP 19-31/12/2049 FRN	EUR	1,000,000.00	977,504.21	0.36
FINECO BANK 19-31/12/2059 FRN	EUR	2,100,000.00	2,091,135.50	0.78
HSBC CAP FUNDING 00-29/12/2049 SR FRN	USD	2,900,000.00	4,021,472.38	1.50
IBERCAJA 20-23/07/2030 FRN	EUR	1,800,000.00	1,577,974.12	0.59
LLOYDS TSB BANK 09-29/01/2049 FRN	GBP	1,500,000.00	2,833,451.68	1.06
NIBC BANK NV 05-31/12/2049 FRN	USD	2,400,000.00	1,325,488.79	0.49
NIBC BANK NV 2% 19-09/04/2024	EUR	1,500,000.00	1,494,079.17	0.56
RAIFFEISEN BK IN 19-12/03/2030 FRN	EUR	1,300,000.00	1,234,281.32	0.46
RBS NY EX ABN NY 7.125% 93-15/10/2093	USD	2,000,000.00	2,815,084.94	1.05
SOCIETE GENERALE 15-29/12/2049 FRN	USD	1,340,000.00	1,329,819.85	0.50
SOCIETE GENERALE 4.25% 15-14/04/2025	USD	2,000,000.00	1,881,935.05	0.69
UBS GROUP 15-29/12/2049 FRN	USD	3,000,000.00	2,946,475.23	1.09
			<b>49,968,822.02</b>	<b>18.61</b>
<b>Pharmaceutics, cosmetics, biotechnology</b>				
CHEPLAPHARM ARZN 3.5% 20-11/02/2027	EUR	1,600,000.00	1,560,101.78	0.58
IQVIA INC 2.25% 19-15/01/2028	EUR	1,000,000.00	965,227.08	0.36
IQVIA INC 2.875% 20-15/06/2028	EUR	2,000,000.00	1,993,022.34	0.74
MERCK 19-25/06/2079 FRN	EUR	1,500,000.00	1,567,847.00	0.58
NIDDA HEALTHCARE 3.5% 17-30/09/2024	EUR	2,400,000.00	2,375,124.72	0.89
ROSSINI SARL 19-30/10/2025 FRN	EUR	2,000,000.00	1,971,462.70	0.73
SYNLAB BONDCO 20-01/07/2025 FRN	EUR	2,200,000.00	2,205,464.71	0.83
			<b>12,638,250.33</b>	<b>4.71</b>
<b>Insurances</b>				
ACHMEA BV 1.5% 20-26/05/2027	EUR	1,000,000.00	1,025,012.71	0.38
DIRECT LINE INS 4% 20-05/06/2032	GBP	200,000.00	227,614.86	0.08
PENSION INS 4.625% 20-07/05/2031	GBP	300,000.00	344,388.36	0.13
PENSION INS 5.625% 18-20/09/2030	GBP	375,000.00	470,845.44	0.18
PGH CAPITAL 6.625% 15-18/12/2025	GBP	2,900,000.00	3,683,905.78	1.37
PHOENIX GROUP 4.375% 18-24/01/2029	EUR	1,500,000.00	1,597,588.76	0.60
			<b>7,349,355.91</b>	<b>2.74</b>
<b>Telecommunications</b>				
ALTICE FRANCE 3.375% 19-15/01/2028	EUR	1,000,000.00	950,000.02	0.35
AT&T INC 20-31/12/2060 FRN	EUR	1,000,000.00	951,664.67	0.35
CRYSTAL ALMOND S 4.25% 19-15/10/2024	EUR	1,400,000.00	1,381,907.34	0.52
MATTERHORN TELE 4% 17-15/11/2027	EUR	800,000.00	807,563.31	0.30
NOKIA OYJ 3.125% 20-15/05/2028	EUR	500,000.00	517,006.48	0.19
TELEFONICA EUROP 19-31/12/2059 FRN	EUR	1,500,000.00	1,431,308.93	0.54
			<b>6,039,450.75</b>	<b>2.25</b>

The accompanying notes form an integral part of the financial statements.

# PALLADIUM FCP

## PALLADIUM FCP - CAIRN MEOBANCA STRATA UCITS CREDIT FUND

### Securities Portfolio as at June 30, 2020 (continued)

Name	Currency	Quantity / Nominal	Market Value in EUR	% of net assets
<b>Building and building materials</b>				
CELLNEX TELECOM 1.875% 20-26/06/2029	EUR	1,000,000.00	986,643.63	0.37
HEATHROW FINANCE 3.875% 17-01/03/2027	GBP	400,000.00	417,220.07	0.16
HEATHROW FINANCE 4.125% 19-01/09/2029	GBP	1,800,000.00	1,864,885.58	0.69
HEIDELCEMENT FIN 2.5% 20-09/10/2024	EUR	2,000,000.00	2,122,828.52	0.79
SPIE SA 2.625% 19-18/06/2026	EUR	1,100,000.00	1,072,745.41	0.40
			<b>6,464,323.21</b>	<b>2.41</b>
<b>Miscellaneous services</b>				
HOUSE OF FINANCE 4.375% 19-15/07/2026	EUR	1,500,000.00	1,326,932.10	0.49
KAPLA HOLDING SA 3.375% 19-15/12/2026	EUR	1,800,000.00	1,607,595.71	0.60
SISAL PAY 19-17/12/2026 FRN	EUR	1,300,000.00	1,262,370.84	0.47
TECHEM VERWALTUN 2% 20-15/07/2025	EUR	1,000,000.00	958,106.57	0.36
VERISURE HOLDING 20-15/04/2025 FRN	EUR	1,050,000.00	1,057,824.29	0.39
			<b>6,212,829.51</b>	<b>2.31</b>
<b>Audiovisual</b>				
ALTICE FINANCING 3% 20-15/01/2028	EUR	2,000,000.00	1,849,175.18	0.69
VIRGIN MEDIA SEC 4.25% 19-15/01/2030	GBP	1,400,000.00	1,535,508.70	0.57
VZ VENDOR 2.5% 19-31/01/2024	EUR	750,000.00	737,184.86	0.27
ZIGGO BV 2.875% 19-15/01/2030	EUR	750,000.00	741,139.38	0.28
			<b>4,863,008.12</b>	<b>1.81</b>
<b>Packaging and paper industry</b>				
ARDAGH PKG FIN 2.125% 20-15/08/2026	EUR	1,700,000.00	1,640,670.36	0.61
MAUSER P.S.H. 4.75% 18-15/04/2024	EUR	1,600,000.00	1,562,932.38	0.58
TRIVIUM PACK FIN 3.75% 19-15/08/2026	EUR	1,650,000.00	1,629,379.67	0.61
			<b>4,832,982.41</b>	<b>1.80</b>
<b>Consumption goods, food, brewery</b>				
HEINEKEN NV 1.25% 20-07/05/2033	EUR	3,300,000.00	3,319,071.13	1.24
SODEXO SA 1% 20-27/04/2029	EUR	1,500,000.00	1,478,527.94	0.55
			<b>4,797,599.07</b>	<b>1.79</b>
<b>Internet</b>				
NETFLIX INC 3.625% 19-15/06/2030	EUR	750,000.00	773,280.38	0.29
UNITED GROUP 3.625% 20-15/02/2028	EUR	2,400,000.00	2,259,896.23	0.84
UNITED GROUP 4.875% 17-01/07/2024	EUR	350,000.00	348,832.33	0.13
			<b>3,382,008.94</b>	<b>1.26</b>
<b>Real estate and housing</b>				
IRON MOUNTAIN UK 3.875% 17-15/11/2025	GBP	1,600,000.00	1,675,431.54	0.63
SOCIETE FONCIERE 1.5% 20-05/06/2027	EUR	1,000,000.00	1,027,517.16	0.38
VIVION 3% 19-08/08/2024	EUR	1,500,000.00	1,373,875.40	0.51
			<b>4,076,824.10</b>	<b>1.52</b>
<b>Construction of machinery and vehicles</b>				
CONTI-GUMMI FIN 1.125% 20-25/09/2024	EUR	1,000,000.00	998,589.57	0.37
IHO VERWALTUNGS 3.875% 19-15/05/2027	EUR	1,250,000.00	1,234,098.78	0.46
VOLKSWAGEN INTFN 20-31/12/2060 FRN	EUR	1,600,000.00	1,575,664.83	0.59
			<b>3,808,353.18</b>	<b>1.42</b>
<b>Aerospace industry</b>				
AIRBUS SE 1.625% 20-09/06/2030	EUR	3,200,000.00	3,242,938.75	1.21
			<b>3,242,938.75</b>	<b>1.21</b>
<b>Chemical products</b>				
ASHLAND SERVICES 2% 20-30/01/2028	EUR	1,200,000.00	1,120,502.51	0.42
CHEMOURS CO 4% 18-15/05/2026	EUR	500,000.00	453,501.64	0.17
SYNTHOMER PLC 3.875% 20-01/07/2025	EUR	1,200,000.00	1,220,148.50	0.45
			<b>2,794,152.65</b>	<b>1.04</b>
<b>Entertainment</b>				
INTL GAME TECH 2.375% 19-15/04/2028	EUR	1,000,000.00	899,928.96	0.33
WILLIAM HILL 4.75% 19-01/05/2026	GBP	1,650,000.00	1,844,023.41	0.69
			<b>2,743,952.37</b>	<b>1.02</b>

The accompanying notes form an integral part of the financial statements.

# PALLADIUM FCP

## PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND

### Securities Portfolio as at June 30, 2020 (continued)

Name	Currency	Quantity / Nominal	Market Value in EUR	% of net assets
<b>Holdings</b>				
PROGROUP 3% 18-31/03/2026	EUR	1,500,000.00	1,456,747.22	0.54
STENA INTERNATIO 3.75% 20-01/02/2025	EUR	1,200,000.00	1,121,873.58	0.42
			<b>2,578,620.80</b>	<b>0.96</b>
<b>Distribution water, gas, electricity, energy</b>				
REPSOL INTL FIN 2.625% 20-15/04/2030	EUR	1,000,000.00	1,114,814.25	0.42
SUEZ 19-31/12/2059 FRN	EUR	1,000,000.00	942,408.07	0.35
			<b>2,057,222.32</b>	<b>0.77</b>
<b>Transportation and transportation materials</b>				
LA POSTE SA 1.375% 20-21/04/2032	EUR	1,000,000.00	1,056,516.96	0.39
RUBIS TERMINAL 5.625% 20-15/05/2025	EUR	800,000.00	831,443.50	0.31
			<b>1,887,960.46</b>	<b>0.70</b>
<b>Textiles and clothing</b>				
IM GROUP 6.625% 20-01/03/2025	EUR	1,500,000.00	1,282,500.00	0.48
			<b>1,282,500.00</b>	<b>0.48</b>
<b>Distribution, retail trade</b>				
AUTODIS SA 4.375% 16-01/05/2022	EUR	1,300,000.00	1,260,936.50	0.47
			<b>1,260,936.50</b>	<b>0.47</b>
<b>Total Bonds and other debt instruments</b>			<b>221,531,880.81</b>	<b>82.52</b>
<b>Total Transferable securities admitted to an official exchange listing</b>			<b>221,531,880.81</b>	<b>82.52</b>
<b>Transferable securities dealt in on another regulated market</b>				
<b>Bonds and other debt instruments</b>				
<b>Banks</b>				
BANCO BPM SPA 1.625% 20-18/02/2025	EUR	1,250,000.00	1,157,495.00	0.43
COMMERZBANK AG 8.125% 13-19/09/2023	USD	1,700,000.00	1,727,330.38	0.64
DANSKE BANK A/S 5.375% 19-12/01/2024	USD	1,500,000.00	1,490,411.65	0.56
DRESDNER FNDG TR 8.151% 99-30/06/2031	USD	2,950,000.00	3,635,869.83	1.36
INTESA SANPAOLO 2.5% 20-15/01/2030	GBP	1,700,000.00	1,810,840.92	0.67
INTESA SANPAOLO 3.25% 19-23/09/2024	USD	1,000,000.00	909,884.92	0.34
UNICREDIT SPA 14-03/04/2049 FRN	USD	1,000,000.00	895,456.28	0.33
UNICREDIT SPA 20-30/06/2035 FRN	USD	800,000.00	716,603.70	0.27
USB REALTY CORP 06-29/12/2049 SR FRN	USD	5,000,000.00	3,574,303.48	1.33
			<b>15,918,196.16</b>	<b>5.93</b>
<b>Audiovisual</b>				
VIRGIN MEDIA SEC 4.875% 20-15/07/2028	GBP	500,000.00	555,492.06	0.21
VIRGIN MEDIA SEC 5% 17-15/04/2027	GBP	500,000.00	575,191.25	0.21
			<b>1,130,683.31</b>	<b>0.42</b>
<b>Telecommunications</b>				
ALTICE FRANCE 8.125% 18-01/02/2027	USD	500,000.00	487,136.98	0.18
			<b>487,136.98</b>	<b>0.18</b>
<b>Total Bonds and other debt instruments</b>			<b>17,536,016.45</b>	<b>6.53</b>
<b>Total Transferable securities dealt in on another regulated market</b>			<b>17,536,016.45</b>	<b>6.53</b>
<b>Other Transferable Securities</b>				
<b>Bonds and other debt instruments</b>				
<b>Asset backed securities</b>				
FUTRA 2019-1 A 19-31/07/2044 FRN	EUR	2,000,000.00	2,040,021.20	0.76
			<b>2,040,021.20</b>	<b>0.76</b>
<b>Internet</b>				
UNITED GROUP 19-15/05/2025 FRN	EUR	1,000,000.00	983,136.00	0.37
			<b>983,136.00</b>	<b>0.37</b>
<b>Telecommunications</b>				
MATTERHORN TELE 3.125% 19-15/09/2026	EUR	1,000,000.00	965,994.11	0.36
			<b>965,994.11</b>	<b>0.36</b>
<b>Total Bonds and other debt instruments</b>			<b>3,989,151.31</b>	<b>1.49</b>
<b>Total Other Transferable Securities</b>			<b>3,989,151.31</b>	<b>1.49</b>

The accompanying notes form an integral part of the financial statements.

# PALLADIUM FCP

## PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND

### Securities Portfolio as at June 30, 2020 (continued)

Name	Currency	Quantity / Nominal	Market Value in EUR	% of net assets
<b>Funds</b>				
<b>Undertakings for collective investment</b>				
<b>Open-ended funds</b>				
BLACKROCK INVESTME INSTL ASTS LQDTY PREM	EUR	85,204.00	8,460,970.21	3.15
GS EURO LIQ RES T EUR ACC	EUR	1,071.42	10,485,711.75	3.91
			<b>18,946,681.96</b>	<b>7.06</b>
<b>Total Undertakings for collective investment</b>			<b>18,946,681.96</b>	<b>7.06</b>
<b>Total Funds</b>			<b>18,946,681.96</b>	<b>7.06</b>
<b>Total Securities Portfolio as at June 30, 2020</b>			<b>262,003,730.53</b>	<b>97.60</b>

The accompanying notes form an integral part of the financial statements.

# PALLADIUM FCP

## PALLADIUM FCP - CAIRN MEOBANCA STRATA UCITS CREDIT FUND

### Portfolio breakdown

Country allocation	% of portfolio	% of net assets
Ireland	29.56	28.87
Netherlands	12.51	12.22
Great-Britain	11.04	10.77
France	9.99	9.75
United-States (U.S.A)	7.18	7.01
Luxembourg	5.76	5.62
Italy	4.85	4.73
Germany	4.79	4.67
Spain	4.05	3.95
Jersey	2.14	2.09
Australia	2.01	1.97
Switzerland	1.61	1.57
Denmark	1.50	1.46
Austria	1.34	1.31
Portugal	0.56	0.54
Belgium	0.51	0.49
Sweden	0.40	0.39
Finland	0.20	0.19
Cayman Islands	0.00	0.00
<b>Grand Total</b>	<b>100.00</b>	<b>97.60</b>

Sector allocation	% of portfolio	% of net assets
Asset backed securities	34.84	34.00
Banks	25.15	24.54
Open-ended funds	7.23	7.06
Pharmaceutics, cosmetics, biotechnology	4.82	4.71
Telecommunications	2.86	2.79
Insurances	2.81	2.74
Building and building materials	2.47	2.41
Miscellaneous services	2.37	2.31
Audiovisual	2.29	2.23
Packaging and paper industry	1.84	1.80
Consumption goods, food, brewery	1.83	1.79
Internet	1.67	1.63
Real estate and housing	1.56	1.52
Construction of machinery and vehicles	1.45	1.42
Aerospace industry	1.24	1.21
Chemical products	1.07	1.04
Entertainment	1.05	1.02
Holdings	0.98	0.96
Distribution water, gas, electricity, energy	0.79	0.77
Transportation and transportation materials	0.72	0.70
Textiles and clothing	0.49	0.48
Distribution, retail trade	0.47	0.47
<b>Grand Total</b>	<b>100.00</b>	<b>97.60</b>

### Top Ten Holdings

Top Ten Holdings	Sector	Market value in EUR	% of net assets
GS EURO LIQ RES T EUR ACC	Open-ended funds	10,485,711.75	3.91
BLACKROCK INVESTME INSTL ASTS LQDTY PREM	Open-ended funds	8,460,970.21	3.15
AVOCA 14X A1R 17-12/01/2031 FRN	Asset backed securities	4,949,900.00	1.84
HSBC CAP FUNDING 00-29/12/2049 SR	Banks	4,021,472.38	1.50
ABANCA CORP 19-18/01/2029 FRN	Banks	3,981,152.80	1.48
PRVD 2X A 18-15/07/2031 FRN	Asset backed securities	3,966,560.00	1.48
BLUME 3X A1 18-15/01/2031 FRN	Asset backed securities	3,949,880.00	1.47
MAGNA 2020-1X D 20-20/12/2024 FRN	Asset backed securities	3,743,637.86	1.39
PGH CAPITAL 6.625% 15-18/12/2025	Insurances	3,683,905.78	1.37
DRESDNER FNDG TR 8.151% 99-30/06/2031	Banks	3,635,869.83	1.36

The accompanying notes form an integral part of the financial statements.

# PALLADIUM FCP

---

## Notes to the Financial Statements as at June 30, 2020

### Note 1. General Information

PALLADIUM FCP (the "Fund") was created as of January 8, 2016 as a mutual investment fund ("Fonds Commun de Placement") under the Luxembourg law for an unlimited duration. The Fund is registered in the Grand Duchy of Luxembourg as an Undertaking for Collective Investment (a "UCI") pursuant to Part I of the law of December 17, 2010, as amended (the "2010 Law").

As at June 30, 2020, the Fund offered the following sub-funds:

- PALLADIUM FCP - CRESCITA PROTETTA, launched on March 17, 2016
- PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND, launched on May 14, 2019

The launch date of the sub-funds corresponds to the date of the first NAV calculation.

For the time being, the sub-funds may offer the following classes of units:

- Classic Class (hereafter "C"): offered to retail investors.
- Institutional Class (hereafter "I"): offered to institutional investors holding the units as part of their own assets or acting on behalf of individual or corporates entities.
- Management Class (hereafter "M"): offered to certain investors only including (i) Cairn clients, (ii) persons connected to the Investment Manager and (iii) other investors at the discretion of the Board of Directors of the Management Company in consultation with the Investment Manager.
- Planner Class (hereafter "P"): offered only to investors subscribing via Allfunds Bank S.A.U..

### Note 2. Exchange rates as at June 30, 2020

The exchange rates used for the translation of the sub-funds' assets and liabilities not denominated in the reference currency of the sub-funds are as follows:

- 1 EURO (EUR) = 1.124300 US Dollar (USD)
- 1 EURO (EUR) = 0.908240 Great Britain Pound (GBP)

### Note 3. Significant accounting policies

The financial statements are presented in accordance with Luxembourg regulations relating to Undertakings for Collective Investment in transferable securities.

#### 3.1 Combined financial statements

The various items in the combined financial statements correspond to the sum of the corresponding items in the financial statements of each sub-fund, converted if necessary into EUR at the exchange rates prevailing on the closing date.

#### 3.2 Foreign exchange translation

The accounts of each sub-fund are denominated in the currency in which its net asset value is calculated.

The financial statements have been drawn up in the accounting currency of each sub-fund. Assets and liabilities expressed in currencies other than the accounting currency of the sub-fund are converted into that currency at the exchange rates prevailing on the closing date.

Income and expenses expressed in currencies other than the accounting currency of the sub-fund are converted into that currency at the exchange rates prevailing on the transaction date.

#### 3.3 Presentation of the financial statements

The financial statements are presented on the basis of the latest net asset value calculated during the financial period. In accordance with the prospectus, the net asset value was calculated using the stock market prices and the latest exchange rates known at the time of calculation.



# PALLADIUM FCP

---

## Notes to the Financial Statements as at June 30, 2020 (continued)

### Note 3. Significant accounting policies (continued)

#### 3.4 Valuation of investment portfolio

The Net Asset Value per each class of units is determined on the day specified for the each sub-fund (the "Valuation Day") on the basis of the value of the underlying investments of the relevant sub-fund, determined as follows:

(a) The value of each security and/or financial derivative and/or money market instrument which is quoted or dealt in on any stock exchange is based on its last closing price on the stock exchange which is normally the principal market for such security and/or financial derivative and/or money market instrument known at the end of the day preceding the relevant Valuation Day;

(b) The value of each security and/or money market instrument dealt in on any other Regulated Market is based on its last known closing price which is normally available at the end of the day preceding the relevant Valuation Day;

(c) Shares or units in open-ended investment funds shall be valued at their last available calculated net asset value;

(d) In the event that any assets are not listed or dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange, or other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (a) to (c) is not representative of the fair market value of the relevant assets, the value of such assets is based on the reasonably foreseeable sale price determined prudently and in good faith;

(e) All other securities and other assets are valued at fair market value as determined in good faith pursuant to procedures established by the Management Company.

In accordance with the prospectus, the NAVs were calculated using the latest market values and exchange rates known at the time of calculation.

#### 3.5 Valuation of forward foreign exchange contracts

The forward foreign exchange contracts opened at year-end are valued at the forward exchange rate corresponding to the termination date of the contract. Realised gains and losses and net change in unrealised gains and losses are included in the statement of operations and changes in net assets. Unrealised gains and losses are included in the statement of net assets.

#### 3.6 Valuation of swap contracts

Swaps are valued at their fair value based on the underlying asset.

Total Return Swaps ("TRS") are over-the-counter financial contracts used to gain exposure to fluctuations (positive or negative depending on the direction of the transaction) in financial instruments, baskets of financial instruments or indices without having to own or borrow the underlying financial instruments.

TRS are valued by reference to the market value of the underlying assets, taking into account the costs inherent to the transaction.

An Interest Rate Swap ("IRS") is an agreement to exchange interest rate cash flows, calculated on a notional principal amount, at specified intervals (payment dates) during the life of the agreement.

A Credit Default Swap ("CDS") is a credit derivative transaction in which two parties enter into an agreement, whereby one party pays the other a fixed periodic coupon for the specified life of the agreement. The other party makes no payment unless a credit event relating to a predetermined reference asset occurs. If such an event occurs, the party will then make a payment to the first party, and the swap will terminate.

The unrealised gain / loss on swap contracts is recorded under the item "Net unrealised gain / loss on swap contracts" in the statement of net assets.

The changes in such amounts are included in the statement of operations and changes in net assets under the item "Net change in unrealised gain / (loss) on swap contracts".

When a contract is closed, the realised gain or loss is recorded under the item "Net realised gain / (loss) on swap contracts" in the statement of operations and changes in net assets. The item "Net realised gain / (loss) on swap contracts" includes also the premium paid or received on swaps contracts.

# PALLADIUM FCP

## Notes to the Financial Statements as at June 30, 2020 (continued)

### Note 4. Investment management fees and performance fees

The investment management fees are payable to the Management Company in compensation of its investment management services. Such fees are payable quarterly and are calculated on the basis of the average net asset value of each class of units for the relevant quarter.

As at June 30, 2020, the annual investment management fees rates per class of units are as follows:

Sub-fund name	Class C1	Class C4	Class C5	Class C7	Class I1	Class I4	Class I5	Class M
PALLADIUM FCP - CRESCITA PROTETTA	1.40%	N/A	N/A	N/A	0.70%	N/A	N/A	N/A
PALLADIUM FCP - CAIRN MEOBANCA STRATA UCITS CREDIT FUND	1.35%	1.20%	1.20%	0.80%	0.75%	0.50%	0.50%	None

During the initial ramp-up period and whenever the Basket Portfolio value is below the Protected Value, the management fees applied to each class of units will be reduced to 0.35%.

#### PALLADIUM FCP - CAIRN MEOBANCA STRATA UCITS CREDIT FUND

For the classes of units I4 and I5, the Investment Manager is entitled to receive a performance fee being a percentage (15%) of the appreciation of the net asset value per unit, subject to a high water mark, calculated and accrued daily on each valuation day and paid at the end of each calendar year i.e. 31 December (the "Performance Period").

For each Performance Period, the performance fee is equal to 15% of the positive difference between (i) that relevant class net asset value before accrual for performance fee at the end of the Performance Period and (ii) the class high water mark threshold.

The class high water mark threshold is as of a valuation day equal to the higher of:

- (i) the class high water mark: net asset value per unit of the relevant class on the last day of any Performance Period in respect of which a Performance Fee was charged,
- (ii) the net asset value per unit on the date of investment increased by the class hurdle rate (12 month EURIBOR plus 2% for I4 and \$ LIBOR plus 2% for I5).

### Note 5. Depositary bank, Management Company, administration and risk management fees

The Management Company is entitled to receive a management fee of a maximum of 0.10% per annum, calculated on the average quarterly net asset value of the Fund for its activity as Management Company.

As remuneration for services rendered to the Fund in their respective capacities, the Depositary bank receives from the Fund, a fee of a maximum of 0.75% per annum. Depositary bank fees are payable quarterly and are calculated on the basis of the average net asset value of the Fund for the relevant quarter.

A fee of a maximum of 0.80% per annum calculated on the average quarterly net asset value of the Fund is charged to the Fund for central administration services.

Moreover, for its risk management activities, the Management Company is entitled to receive from the Fund a fee of 0.025% per annum, payable quarterly and calculated on the average quarterly net asset value of the Fund.

### Note 6. Subscription Tax

The Fund is not liable to any Luxembourg tax on profits or income, nor are distributions paid by the Fund liable to any Luxembourg withholding tax. The Fund is, however, liable in Luxembourg to a tax of 0.05% per annum of its net asset value, such tax being payable quarterly on the basis of the value of the aggregate net assets of the sub-funds at the end of the relevant calendar quarter. The Fund is liable to a tax of 0.01% per annum of the net asset value on Institutional Classes. No stamp duty or other tax is payable in Luxembourg on the issue of units. No Luxembourg tax is payable on the realised capital appreciation of the assets of the Fund.

# PALLADIUM FCP

## Notes to the Financial Statements as at June 30, 2020 (continued)

### Note 7. Financial derivative instruments

#### Total Return Swaps

As at June 30, 2020, the sub-fund PALLADIUM FCP - CRESCITA PROTETTA was engaged in total return swap contracts with Mediobanca.

Description	Ccy	Maturity date	Market Value in EUR
Total Return Equity Swap -TRS- Class I	EUR	14/01/2021	9,289,302.72
Total Return Equity Swap -TRS- Class C	EUR	14/01/2021	12,331,516.09
			<b>21,620,818.81</b>

The receivable on swaps item in the statement of net assets is mainly composed of the funding cost of the total return swaps for an amount of EUR 24,133,342.30.

The underlying exposure obtained through the total return swap contracts consists of a basket of securities. As at June 30, 2020, the underlying exposure is as follows:

Description	ISIN Code	Class C	Class I	Total
iShares Euro Government Bond 1-3yr UCITS ETF	IE00B14X4Q57	2.85%	2.85%	2.77%
iShares Euro Corporate Bond Large Cap UCITS ETF	IE0032523478	1.69%	1.69%	1.64%
iShares Euro Corporate Bond Interest Rate Hedged UCITS ETF	IE00B6X2VY59	1.50%	1.50%	1.46%
iShares MSCI Europe Minimum Volatility UCITS ETF	IE00B86MWN23	7.09%	7.09%	6.90%
iShares Core MSCI Pacific ex-Japan UCITS ETF	IE00B52MJY50	1.41%	1.41%	1.38%
iShares Core MSCI Emerging Markets IMI UCITS ETF	IE00BKM4GZ66	2.85%	2.85%	2.77%
iShares Developed Markets Property Yield UCITS ETF	IE00B1FZS350	3.45%	3.46%	3.36%
iShares eb.rexx Government Germany UCITS ETF	DE0006289465	1.73%	1.73%	1.68%
iShares Global Infrastructure UCITS ETF	IE00B1FZS467	0.78%	0.78%	0.76%

As at June 30, 2020, the remaining portion of the basket is composed of options and cash.

#### Credit Default Swaps

As at June 30, 2020, the sub-fund PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND was engaged in Credit Default Swap contracts with Credit Suisse, Merrill Lynch and JP Morgan.

Underlying	Sell/Buy	Interest rate (%)	Maturity Date	Notional	Unrealised gain / (loss) in EUR
ASSICURAZIONI 5.125% 09-16/09/2024	Buy	1.00	20/12/2024	7,500,000	(62,844.63)
ASSICURAZIONI 5.125% 09-16/09/2024	Buy	1.00	20/12/2024	2,500,000	(20,948.21)
ITRX XOVER CDSI S33 5Y CORP 20/06/2025	Buy	5.00	20/06/2025	20,000,000	(1,046,193.00)
LLOYDS BK GR PLC 3.1% 16-20/06/2024	Buy	1.00	20/12/2024	10,000,000	(141,122.00)
LOXAM SAS 6% 17-15/04/2025	Sell	5.00	20/12/2024	500,000	(99,537.82)
SMURFIT KAPPA AQ 2.375% 17-01/02/2024	Sell	5.00	20/12/2024	500,000	95,765.55
SNRFIN CDSI S32 5Y CORP 20/12/2024	Sell	1.00	20/12/2024	10,000,000	133,460.00
SNRFIN CDSI S32 5Y CORP 20/12/2024	Sell	1.00	20/12/2024	2,500,000	33,365.00
SNRFIN CDSI S32 5Y CORP 20/12/2024	Sell	1.00	20/12/2024	7,500,000	100,095.00
					<b>(1,007,960.11)</b>

# PALLADIUM FCP

## Notes to the Financial Statements as at June 30, 2020 (continued)

### Note 7. Financial derivative instruments (continued)

#### Interest Rate Swaps

As at June 30, 2020, the sub-fund PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND was engaged in Interest Rate Swap contracts with Merrill Lynch.

Notional	Currency	To pay in %	To receive in %	Maturity date	Unrealised gain / (loss) in EUR
400,000	USD	2.1517	LIBOR 3M	21/05/2024	(26,912.59)
600,000	EUR	0.1575	EURIBOR 6M	20/05/2026	(17,465.95)
3,000,000	EUR	(0.3062)	EURIBOR 6M	26/11/2022	563.65
2,000,000	EUR	(0.2231)	EURIBOR 6M	26/11/2024	(9,767.78)
1,500,000	EUR	(0.1171)	EURIBOR 6M	26/11/2026	(17,853.66)
1,000,000	GBP	0.7629	LIBOR 6M	22/11/2022	(15,224.27)
1,000,000	GBP	0.8895	LIBOR 6M	22/11/2029	(56,128.91)
5,000,000	EUR	(0.2371)	EURIBOR 6M	28/11/2024	(20,258.04)
1,000,000	GBP	0.7640	LIBOR 6M	26/11/2024	(26,437.58)
500,000	USD	1.530	LIBOR 3M	29/11/2024	(24,776.55)
3,000,000	EUR	(0.3201)	EURIBOR 6M	29/11/2022	1,903.83
500,000	GBP	1.102	LIBOR 6M	16/05/2024	(19,144.16)
1,000,000	EUR	(0.1331)	EURIBOR 6M	29/11/2026	(10,718.44)
600,000	EUR	0.0459	EURIBOR 6M	29/11/2029	(14,438.39)
300,000	GBP	0.7415	LIBOR 6M	27/11/2022	(4,457.35)
300,000	GBP	0.7979	LIBOR 6M	27/11/2026	(11,183.54)
700,000	USD	LIBOR 3M	1.5683	26/11/2026	46,258.28
700,000	EUR	(0.1781)	EURIBOR 6M	20/05/2022	(2,284.66)
300,000	GBP	1.1230	LIBOR 6M	17/05/2026	(16,844.27)
700,000	EUR	0.1450	EURIBOR 6M	21/05/2026	(19,834.15)
800,000	EUR	(0.0359)	EURIBOR 6M	21/05/2024	(10,464.82)
400,000	EUR	0.1468	EURIBOR 6M	21/05/2026	(11,377.77)
1,300,000	USD	2.1914	LIBOR 3M	21/05/2024	(89,051.96)
300,000	USD	2.2497	LIBOR 3M	21/05/2026	(29,744.93)
1,000,000	EUR	(0.1741)	EURIBOR 6M	18/06/2024	(7,852.38)
700,000	GBP	1.166	LIBOR 6M	16/05/2026	(41,297.73)
1,500,000	EUR	(0.2086)	EURIBOR 6M	27/06/2024	(10,151.31)
1,000,000	USD	1.7754	LIBOR 3M	24/07/2022	(33,361.35)
1,200,000	EUR	(0.0184)	EURIBOR 6M	20/05/2024	(16,557.33)
1,000,000	EUR	(0.4236)	EURIBOR 6M	24/07/2022	3,194.33
500,000	EUR	(0.3021)	EURIBOR 6M	24/07/2024	(912.16)
500,000	EUR	(0.3981)	EURIBOR 6M	08/08/2024	1,488.89
1,000,000	EUR	(0.4708)	EURIBOR 6M	08/08/2022	4,521.65
1,000,000	GBP	0.6543	LIBOR 6M	21/08/2026	(25,131.07)
1,500,000	EUR	(0.4101)	EURIBOR 6M	23/08/2026	11,161.76
2,500,000	EUR	(0.4961)	EURIBOR 6M	23/08/2024	19,645.56
500,000	GBP	0.6815	LIBOR 6M	21/08/2022	(5,282.54)
900,000	EUR	(0.1781)	EURIBOR 6M	20/05/2022	(2,937.42)
2,500,000	EUR	(0.4206)	EURIBOR 6M	23/09/2022	7,096.11
500,000	EUR	(0.3641)	EURIBOR 6M	23/09/2024	616.88
1,000,000	EUR	(0.3641)	EURIBOR 6M	23/09/2024	1,233.76
300,000	GBP	0.7812	LIBOR 6M	19/09/2029	(13,157.89)
325,000	USD	2.2638	LIBOR 3M	20/05/2026	(32,470.81)
500,000	EUR	(0.2686)	EURIBOR 6M	23/09/2026	(1,218.72)
1,500,000	USD	1.5824	LIBOR 3M	23/09/2024	(79,185.22)
950,000	EUR	(0.0211)	EURIBOR 6M	20/05/2024	(13,003.95)
1,000,000	EUR	(0.4131)	EURIBOR 6M	01/10/2024	4,058.46
1,000,000	EUR	(0.3316)	EURIBOR 6M	01/10/2026	2,428.96

# PALLADIUM FCP

## Notes to the Financial Statements as at June 30, 2020 (continued)

### Note 7. Financial derivative instruments (continued)

#### Interest Rate Swaps (continued)

Notional	Currency	To pay in %	To receive in %	Maturity date	Unrealised gain / (loss) in EUR
500,000	EUR	(0.1716)	EURIBOR 6M	01/10/2029	(1,629.09)
375,000	EUR	0.4339	EURIBOR 6M	20/05/2029	(22,532.84)
200,000	GBP	LIBOR 6M	0.8180	15/10/2026	7,387.67
1,000,000	EUR	(0.3676)	EURIBOR 6M	24/10/2021	2,881.07
500,000	EUR	(0.3426)	EURIBOR 6M	24/10/2022	772.02
500,000	EUR	(0.2581)	EURIBOR 6M	24/10/2024	(1,485.54)
400,000	EUR	0.0410	EURIBOR 6M	24/10/2029	(9,556.37)
500,000	EUR	0.0089	EURIBOR 6M	28/10/2029	(10,311.88)
275,000	EUR	0.1599	EURIBOR 6M	20/05/2026	(8,045.53)
1,000,000	EUR	(0.1750)	EURIBOR 6M	28/10/2026	(7,842.15)
2,000,000	EUR	(0.3191)	EURIBOR 6M	08/11/2022	1,446.52
2,000,000	EUR	(0.2251)	EURIBOR 6M	08/11/2024	(9,407.21)
1,000,000	USD	1.6190	LIBOR 3M	08/11/2024	(52,909.31)
1,000,000	USD	1.6607	LIBOR 3M	08/11/2026	(71,359.28)
1,000,000	GBP	0.8868	LIBOR 6M	22/11/2029	(55,846.66)
1,000,000	GBP	0.7920	LIBOR 6M	22/11/2024	(27,676.43)
1,000,000	EUR	(0.1170)	EURIBOR 6M	26/11/2026	(11,909.57)
3,000,000	GBP	0.7227	LIBOR 6M	04/02/2027	(94,538.24)
2,000,000	GBP	0.6970	LIBOR 6M	04/02/2025	(45,700.19)
2,000,000	EUR	(0.0235)	EURIBOR 6M	06/02/2030	(37,159.77)
4,000,000	EUR	(0.2725)	EURIBOR 6M	06/02/2025	(19,270.22)
2,000,000	EUR	(0.3391)	EURIBOR 6M	06/02/2023	(2,995.81)
500,000	USD	1.4220	LIBOR 3M	06/02/2025	(25,048.02)
1,000,000	GBP	0.7780	LIBOR 6M	04/02/2030	(44,280.14)
5,000,000	EUR	(0.1825)	EURIBOR 6M	14/02/2027	(46,945.68)
825,000	USD	1.4702	LIBOR 3M	28/02/2050	(113,644.73)
5,000,000	EUR	(0.3501)	EURIBOR 6M	06/03/2027	12,072.06
2,000,000	EUR	EURIBOR 6M	(0.3405)	06/03/2027	(3,458.35)
1,500,000	USD	LIBOR 3M	0.9813	06/03/2030	50,052.41
4,000,000	EUR	(0.1626)	EURIBOR 6M	23/04/2027	(37,739.05)
1,000,000	EUR	(0.2201)	EURIBOR 6M	23/04/2025	(6,529.82)
600,000	EUR	(0.0521)	EURIBOR 6M	23/04/2030	(8,256.60)
800,000	GBP	0.4750	LIBOR 6M	21/04/2025	(8,866.91)
2,600,000	USD	0.6375	LIBOR 3M	23/04/2030	346.84
500,000	USD	0.5324	LIBOR 3M	23/04/2027	(1,895.34)
2,500,000	USD	0.4405	LIBOR 3M	23/04/2025	(10,146.07)
2,000,000	USD	0.3875	LIBOR 3M	23/04/2023	(5,237.35)
300,000	GBP	LIBOR 6M	0.5380	21/04/2030	5,346.43
600,000	GBP	LIBOR 6M	0.5010	21/04/2027	8,786.37
3,000,000	EUR	EURIBOR 6M	(0.1704)	23/04/2027	26,634.39
3,000,000	EUR	EURIBOR 6M	(0.2552)	23/04/2023	10,130.61
1,000,000	GBP	LIBOR 6M	0.4740	21/04/2025	11,028.49
4,000,000	EUR	(0.0301)	EURIBOR 6M	09/06/2030	(61,686.45)
1,500,000	EUR	(0.2363)	EURIBOR 6M	09/06/2025	(8,566.83)
3,000,000	EUR	(0.1605)	EURIBOR 6M	09/06/2027	(28,067.37)
600,000	GBP	0.5277	LIBOR 6M	08/06/2030	(10,890.32)
1,200,000	GBP	0.4411	LIBOR 6M	08/06/2027	(13,984.15)
300,000	USD	LIBOR 3M	0.6909	10/06/2027	4,367.22
600,000	GBP	0.3725	LIBOR 6M	08/06/2025	(4,329.69)
1,000,000	USD	LIBOR 3M	0.8919	10/06/2030	22,961.67
					<b>(1,398,252.72)</b>

# PALLADIUM FCP

## Notes to the Financial Statements as at June 30, 2020 (continued)

### Note 7. Financial derivative instruments (continued)

#### Forward foreign exchange contracts

As at June 30, 2020, the sub-fund PALLADIUM FCP - CAIRN MEDIOBANCA STRATA UCITS CREDIT FUND was engaged in forward foreign exchange contracts with BNP Paribas.

Purchased amount	Ccy	Sold amount	Ccy	Maturity date	Unrealised gain /(loss) in EUR
15,560,541.75	EUR	(14,095,298.90)	GBP	24/07/2020	47,354.59
15,862,896.65	EUR	(14,369,182.85)	GBP	24/07/2020	48,274.74
2,433,420.98	EUR	(2,746,178.84)	USD	24/07/2020	(8,068.83)
28,005,626.40	EUR	(31,605,077.54)	USD	24/07/2020	(92,862.21)
383.25	EUR	(429.63)	USD	24/07/2020	1.29
4,186,805.24	EUR	(4,724,918.57)	USD	24/07/2020	(13,882.78)
479,325.89	EUR	(540,931.73)	USD	24/07/2020	(1,589.37)
669,036.54	EUR	(750,000.00)	USD	24/07/2020	2,251.14
8,972,148.42	EUR	(8,127,295.04)	GBP	24/07/2020	27,304.47
528,765.35	GBP	(583,731.88)	EUR	24/07/2020	(1,775.74)
77,344.21	USD	(68,535.60)	EUR	24/07/2020	227.16
					<b>7,234.46</b>

### Note 8. Collateral

As at June 30, 2020, the collateral received in order to reduce the counterparty risk linked to the total return swap contracts is detailed below:

Sub-fund	Sub-fund currency	Counterparty	Type of collateral	Market value of collateral received in EUR
Palladium FCP - Crescita Protetta	EUR	Mediobanca	Securities	3,652,399.25
			Cash	17,934,677.28
				<b>21,587,076.53</b>

### Note 9. Transaction costs

The Company incurred transaction costs which have been defined as the brokerage fees, certain taxes and certain custodian fees relating to the purchase and sale of transferable securities, money market instruments or other eligible assets. Transaction costs are included in the statement of operations and changes in net assets.

There are no brokerage fees charged separately for transaction on fixed income instruments. The transaction costs are included in the transaction price, which is known as "marked up".

### Note 10. Subsequent events

There were no material events which occurred after the end of the financial year, which would have a bearing on the understanding of the financial statements.

# PALLADIUM FCP

## Additional information regarding the Transparency of Securities Financing Transactions (Unaudited)

The Fund is subject to the Regulation (EU) 2015/2365 on Transparency of Securities Financing Transactions and of Reuse and amending Regulation (EU) No 648/2012 of the European Parliament ("SFTR").

A Securities Financing Transaction ("SFT") is defined per Article 3(11) of the SFTR as:

- a repurchase transaction or a reverse repurchase transaction;
- a securities or commodities lending and securities or commodities borrowing;
- a buy-sell back transaction or sell-buy back transaction;
- a margin lending transaction.

The regulation also covers transactions that are commonly referred to as total return swaps ("TRS").

The Fund only held total return swap contracts as at June 30, 2020.

### Global data

As at June 30, 2020 the assets engaged in TRS as an absolute value and as a proportion of NAV were as follows:

	Assets engaged in absolute terms (in EUR)	Assets engaged (NAV %)
PALLADIUM FCP - CRESCITA PROTETTA	21,620,818.81	99.48%

### Concentration data

As at June 30, 2020, the top ten issuers of collateral received in relation to total return swap contracts were as follows:

	Sub-fund currency	Collateral amount received (in EUR)
<b>PALLADIUM FCP - CRESCITA PROTETTA</b>	<b>EUR</b>	
BlackRock Asset Management Ireland Ltd		3,493,437.20
BlackRock Asset Management (Deutschland) AG		158,962.05

### Aggregate transaction data for each type of SFT and TRS

The following table reflects the market values of all collateral received by maturity and currency for TRS as at June 30, 2020. The collateral is comprised of cash and securities (ETF).

	Open maturity (in EUR)	Total (in EUR)
PALLADIUM FCP - CRESCITA PROTETTA	21,587,076.53	21,587,076.53

As at June 30, 2020, the collateral received by the Fund was denominated in Euro and USD.

All TRS have the following maturity tenor as detailed in the below table:

	Three months to one year (in EUR)	Total (in EUR)
PALLADIUM FCP - CRESCITA PROTETTA	21,620,818.81	21,620,818.81

The following table reflects the top ten counterparties of TRS as at June 30, 2020, by name of counterparty and gross volume of outstanding transactions:

Counterparty	Country of establishment	TRS (in EUR)
Mediobanca	United Kingdom	21,620,818.81
<b>Total</b>		<b>21,620,818.81</b>

# PALLADIUM FCP

---

## **Additional information regarding the Transparency of Securities Financing Transactions (Unaudited) (continued)**

### ***Data on collateral reuse***

The Fund does not reuse the collateral.

### ***Safekeeping of collateral received***

As at June 30, 2020, all the collateral received in relation to TRS is held by BNP.

### ***Safekeeping of collateral granted***

There was no collateral granted by the sub-funds for TRS as at June 30, 2020.

### ***Data on return and cost for each type of SFT and TRS***

For TRS held, the return, identified as the net realised gain / (loss), net change in unrealised gain / (loss), and interest income received on TRS during the year, is as follows:

	Amount (in EUR)
Interest income received on TRS	-
Net realised gain / (loss) on TRS	1,091,939.42
Net change in unrealised gain / (loss) on TRS	(1,381,733.75)
<b>Total</b>	<b>(289,794.33)</b>

For the year ended June 30, 2020, no costs were attributable to the TRS held.