CheBanca!
Gruppo Mediobanca

PALLADIUM FCP

Mutual Fund under Luxembourg Law

R.C.S. Luxembourg N° K1320

Annual Report and audited financial statements

as at June 30, 2018

Table of Contents

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Grand-Duchy of Luxembourg

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(since January 29, 2018)

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L-1840 Luxembourg
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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 July 2, 2018. They have been published in the Official Gazette of Luxembourg Recueil Spécial des Sociétés et Associations by a reference to their entry in the Luxembourg Companies Register.

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 accounts of the Fund are maintained in EUR being the currency of the share capital. The financial statements relating to the only active sub-fund are expressed in the reference currency of the 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 Custodian Bank and in banks offering financial services.

c) Notification to the unitholders
The other information addressed to the unitholders are published in the "Registre des Commerces et des Sociétés" at 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 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-fund. 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 Management Company ensures, based on appropriate and reasonable methods, that the overall risk associated with financial derivative instruments does not exceed the net asset value of the portfolio.

However, the overall risk exposure related to financial derivative instruments will not exceed the total net asset value of the Fund. This means that the global exposure relating to the use of financial derivative instruments may not exceed 100% of the net asset value of the Fund and, therefore, the overall risk exposure of the Company may not exceed 200% of its net asset value on a permanent basis.

General Information (continued)

The Value at Risk (VaR) approach is used to monitor and measure the global exposure of the sub-fund PALLADIUM FCP - CRESCITA PROTETTA.
For the year ended June 30, 2018, 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
Global Exposure - Methodology	Absolute VaR
Information on the VAR:	
Regulatory Limit	20%
VaR Model used	Historical Simulation
Lowest VaR	4.57%
Highest VaR	1.09%
Average VaR	2.59%
Historical Data Serie Size	121
Price Return Frequency	Daily
Decay Factor	1
Time Horizon	1 month
Confidence Level	99%

Leverage	
Expected Maximum level of leverage:	
Gross approach	100%
Net approach	n/a
Average observed level of leverage:	
Gross approach	97.70%
Net approach	n/a

Remuneration

PALLADIUM FCP adopted the Remuneration Policy of the 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. Giovanni Lainati 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.).

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, 2018, the Management Company remunerated staff members as follows:

Total fixed remuneration*:	EUR 675,125.17
Total variable remuneration**:	EUR 214,000.00
Total remuneration:	EUR 889,125.17

Number of beneficiaries 11 (this number includes employees who left the company during the accounting year), out of which 3 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 Management Company and identified in the remuneration policy as “identified staff”:

Total fixed remuneration*:	EUR 322,166.00
Total variable remuneration**:	EUR 126,000.00
Total remuneration of identified staff:	EUR 448,166.00

Aggregated amount of remuneration for other members of staff EUR 440,959.17.

* Benefit in Kind are excluded
** This amount is the variable remuneration paid to the different staff members for the year ended June 30, 2018, 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, 2018 by Mediobanca SGR S.p.A. to the personnel (2 units) is equal to EUR 15,790.00, split into the fixed component equal to EUR 12,290.00 and into the estimated variable component equal to EUR 3,500.00.

Directors' Report

INTRODUCTION

Assets under management increased during the year from EUR 13.0 million as of June 30, 2017 to approximately EUR 30.9 million as of June 30, 2018. The above mentioned increase is mainly due to positive cash flows resulting from net subscriptions.

INVESTMENT OVERVIEW

In the context of the continued phase of extremely depressed volatility indicators, July saw modestly positive performances in most developed equity markets. The prospects of central banks' balance sheet reduction moves remained the most discussed topic among commentators; other inputs of the general market narrative in the month were: Valuations of the US tech giants, volatility in cryptocurrencies, huge sums freshly raised by buy-out firms, the strength of the Euro. In Europe, the Q2 earning season has confirmed the projected double-digit earnings growth for the full year.

In a typical seasonally-low volume pattern, August saw mixed performances in global equity markets. The main sources of uncertainty came from the other side of the ocean. Geopolitical chest-beating between US and North Korea, prolonged fighting over the forthcoming debt ceiling deadline and the US President's ineffectiveness on these and other relevant matters triggered a further weakening of the USD and the rise of safe-haven assets like gold and government bonds. In Europe a somewhat cautious assessment of the Q2 reporting season coupled with the strong EUR were invitations for profit taking, the main driver of the retreat during the month. Whilst from a political point of view the stronger Franco-German axis is making the Eurozone an example of stability in the developed world, markets have started to price the impact of the strong EUR on the growth prospects of the region's companies.

September turned out to be one of the quietest we can remember, with most equity indexes delivering positive performances, indicators of implied volatility (VIX, V2X) ending the month close to their all-time lows and trading activity being muted worldwide. The rather worrisome narrative is that the hurdle for a macro shock is very high.
In Europe, with Germany's election - the fourth major one on the continent this year - out of the way, market sentiment is being furthermore supported by data points confirming steady economic growth and by the widespread assumption of a prolonging of the low interest rates regime.

Global equities made further progress in October. Several major indices set new record high, while volatility reached an historic low. The S&P500 rose 2.3% over the period. US equities were supported by generally positive macroeconomic data, including better- than-expected third-quarter GDP growth of 3% (annualized), and robust corporate earnings (particularly from the technology sector). Sentiment towards US equities remained buoyant despite lackluster inflation remaining a concern. Eurozone equities also rose with the MSCI EMU index returning 2.4%. Commodity sector performed well with both energy and materials among the top gainers. Utilities and IT also outperformed. Helatcare and telecommunication services posted negative return. Ongoing strength in global growth was supportive of emerging markets and the MSCI Emerging Market index posted a robust return to outperform the MSCI world.

Government bond yields diverged over the month. US Yields edged upwards, the UK's ticked slightly lower and Bund yields dropped. US yields were lower mid-month as inflation data missed expectations. The core measure of consumer prices increased 0.1% on the month, missing expectations of a 0.2% increase. It was the sixth time in seven months the measure had missed expectations. Treasury yields later reversed course on several factors. US Congress approved a budget plan seen as paving the way to a bill on tax reform. There was growing speculation around the next governor of the Federal Reserve (FED), namely that Janet Yellen will be replaced by a less dovish candidate. The Bloomberg commodities index rose, led higher by the industrial metals component.

In November global equities gained in USD dollar terms. Regional disparity was higher than in recent months with US stocks advancing while European stocks retreated. In particular after steady gains made in October, the Japanese stock market was much more volatile. Initially, a continuation of October's rally took the market to the highest levels seen in 26 years before a sharp reversal in mid-month. A partial recovery then saw the market end 1.5% higher. There was a further weakening of the correlation between the equity market and the currency. The yen was generally stronger during the month. US equities gained, supported by investor optimism that proposed tax reform would improve corporate profitability. Eurozone retreated amid some profit-taking and currency strength. Some political uncertainty remained as talks over the formation of a new coalition government in Germany collapsed. Emerging market posted a marginally positive return. Growing expectations for US tax reform and the potential implications for global liquidity tightening both weighed on sentiment. Government bond yield curves saw a degree of flattening over the month. Ten-year did little, but five and two-year yields moved higher, particularly on US Treasuries. In the US, 10-year added three basis points (bps) to finish at 2.41%, while the five-year was 12 bps higher at 2.14% and the two-year 18bps higher at 1.78%.

Directors' Report (continued)

There was further downward momentum for Italian sovereign yields, with French yields too resuming a downward trend. Italian 10-year yields fell 8bps to 1.75%, French yields by 7bps to 0.68%.Conditions were more volatile for corporate bonds in November. The Bloomberg Commodities Index recorded a modest decline in November, primarily due to weakness from industrial metals. Global stocks (+1.6%) finished the year on a very strong note. Continued strength from emerging markets (+3.6%) pushed the asset class to a 37.3% gain during 2017. The S&P 500 Index posted a 1.1% return in December, besting small cap stocks, but slightly behind large value's 1.3% pace. On December 13, 2017 the Federal Reserve raised rates for a third time in 2017 to a range of 1.25%-1.50%. Prospects for inflation generated a 0.9% return for TIPS while other bond asset classes were essentially flat in December.

January was another positive month for the majority of the global share indexes, with one of the best starts to the year in recent times. In the context of the weakening of the Dollar, the United States out-performed the European markets and the Emerging Markets out-performed the developed markets. The exuberant mood was dampened at the end of the month when the widespread rise in government bond yields and fears over valuations triggered the start of an intense correction of the main share indexes. Regarding Europe, extremely strong macro data for the Eurozone (PMIs that achieved the most rapid growth in the last 12 years, with the strongest rate of job creation in the last 17 years) prompted the ECB to recognize that the general economic framework is better than it had expected; even if the ECB did not mention changes in the forward guidance, the decidedly hawkish tone helped reinforce the narrative of rising rates.

February was the worst month for global equity markets in the last three years. With hindsight we can pinpoint the primary impetus for the correction to the rise in interest rates. The data for US hourly wage rises in January (the biggest year-on-year rise since June 2009) which in fact spiked inflationary concerns, triggering a generalized sell-off across government bond markets. The sell-off then spread to the global equity markets as investors started to fear that the return of inflation and higher interest rates would erode the profitability of companies already trading at elevated valuations. It is worth remembering that the correction has taken place after the longest upwards streak in market history and in the context of investor sentiment, at historical highs. The risk-off switch was abrupt with stocks declining with virtually little regard of country or sector. Algorithm-driven trading is thought to have exacerbated the falls, with the ''risk-parity''/ ''volatility targeting'' strategies leading the selling activity; the volatility spike was so extreme that some ETFs used to bet against volatility were halted. Then, towards the end of the month, Mr. Trump announced the latest round of protectionist measures, this time in the form of tariffs on imported steel and aluminum, again on the grounds that other countries' trade practices endanger American national security by undermining domestic production.

March proved to be another rough month for global equity markets: Almost all major indices ended the month significantly lower and the return of volatility in the previous month turned out not to be a blip; sovereign bonds benefited from a fairly modest flight to safety, as did gold. Two main themes dominated the news flow during the month: The announcements of tariff measures and counter-measures between the US administration and China have risen the spectre of a full trade war, and the tech tantrum centered on Facebook's use of customer data spread across to the rest of the US tech and internet retail sector, which together with the US financial sector, has been the major driver of the current bull market. These themes have been superimposed onto the underlying general narrative of rising inflation and tightening of monetary policies by central banks.

After a very poor March, April proved to be a month of relief for global equity markets. In fact almost all major indices ended up for the month but with very large disparities in performance: also courtesy of a strong USD (which had the best month since November 2016) European indices significantly outperformed US and Emerging Market indices. It is worth mentioning that the 10-year US treasury yield briefly hit the important 3% level towards the end of the month and also that the US benchmarks were pulled lower by issues in the technology and industrial sectors.

May turned out to be a month with a very significant divergence of performance across global equity markets. In fact the main US indices have continued to grind higher, largely thanks to their tech constituents, whilst the European and Emerging Market indices have suffered heavy losses - in most cases entirely erasing their year-to-date gains. Political instability was the main reason for the spike in the risk premium of European assets. Italy's populist parties being in charge of forming a government have publicly played with the idea of non-irreversibility of the euro in the context of a platform of fiscal profligacy. Such irresponsible behavior from the third-largest sovereign bond issuer in the world could not come without a heavy punishment. It is also worth mentioning that while macro indicators continued to be strong in US and Asia, they have pointed to further growth moderation for Europe (Europe PMI posted the 5th consecutive monthly decline), hence also contributing to justifying accelerated outflows from European equities.
The USD posted another strong month against the world's major currencies and was in fact the main reason for the weakness in Emerging Markets. In some cases the stronger USD can trigger and/or exacerbate extreme devaluations (Argentinian Peso, Brasilian Real and Turkish Lira). To add to the complicated macro backdrop, the Trump administration went ahead with its plan to impose tariffs on steel and aluminum imported from Europe, Mexico and Canada in a move that drew immediate vows of retaliation.

Directors' Report (continued)

June was another month characterized by significant divergence of performance across global equity markets. The US indices continued to climb marginally higher, whilst the European indices showed moderate declines and the Emerging Market indices again suffered heavy losses (5th consecutive negative month).The Fed's quantitative tightening and rate-hike cycle are happening whilst the US fiscal deficit is rising to compensate for tax cuts. This is causing USD liquidity in the financial system to shrink and thus central bankers are concerned that emerging markets will be forced to raise interest rates, in several cases unexpectedly either with regards to timing and/or magnitude. At the same time, the escalation of the trade tensions between the US and the rest of the world continue to cast a shadow over the global growth outlook.

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Independent Auditor's Report

To the Unitholders of
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Grand-Duchy of Luxembourg

Opinion

We have audited the financial statements of PALLADIUM FCP (the "Fund"), which comprise the statement of net assets as at June 30, 2018, 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 as at June 30, 2018, and of the results of its operations and changes in its 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 those Law and standards 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 and those charged with governance 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 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 to cease operations, or has no realistic alternative but to do so.

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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 of the Management Company.

- 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 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 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 30, 2018

Statement of Net Assets as at June 30, 2018

	Notes	PALLADIUM FCP - CRESCITA PROTETTA EUR
Assets		
Cash at bank		18,607.24
Receivable on subscriptions		19,970.00
Receivable on swaps	7	31,640,476.56
Total assets		**31,679,053.80**
Liabilities		
Accrued expenses		128,123.03
Payable on redemptions		9,960.94
Net unrealised loss on swap contracts	7	632,069.85
Total liabilities		**770,153.82**
Net assets at the end of the year		**30,908,899.98**

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

Statement of Operations and Changes in Net Assets for the year ended June 30, 2018

	Notes	PALLADIUM FCP - CRESCITA PROTETTA EUR
Income		
Other income		40.82
Total income		**40.82**
Expenses		
Investment management fees	4	261,592.57
Management company fees	5	21,816.20
Depositary bank fees	5	8,342.87
Administration fees	5	22,876.77
Professional fees		74,941.06
Transactions costs		4,931.29
Subscription Tax	6	8,933.77
Bank interests and charges		8,756.97
Other expenses	9	105,689.09
Total expenses		**517,880.59**
Net investment income / (loss)		**(517,839.77)**
Net realised gain / (loss) on:		
Swap contracts		747,263.80
Net realised gain / (loss) for the year		**229,424.03**
Net change in unrealised gain / (loss) on:		
Swap contracts		(834,977.54)
Increase / (decrease) in net assets as a result of operations		**(605,553.51)**
Subscriptions		21,362,905.04
Redemptions		(2,848,608.61)
Net assets at the beginning of the year		13,000,157.06
Net assets at the end of the year		**30,908,899.98**

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

Statement of changes in the number of units for the year ended June 30, 2018

	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
PALLADIUM FCP - CRESCITA PROTETTA				
Classic	116,664.01	112,785.95	27,060.33	202,389.63
Institutional	11,644.93	91,113.84	485.82	102,272.95

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

Statistics

Sub-fund	Date	Number of Outstanding Units		Total Net Assets (in EUR)	Net Asset Value per Unit (in EUR)	
PALLADIUM FCP - CRESCITA PROTETTA	June 30, 2016	127,365.37	Classic	12,896,225.83	99.63	Classic
		2,068.44	Institutional		99.90	Institutional
	June 30, 2017	116,664.01	Classic	13,000,157.06	101.20	Classic
		11,644.93	Institutional		102.47	Institutional
	June 30, 2018	202,389.63	Classic	30,908,899.98	100.69	Classic
		102,272.95	Institutional		102.97	Institutional

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

Notes to the Financial Statements as at June 30, 2018

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, 2018, the Fund offered the following sub-fund:

- PALLADIUM FCP - CRESCITA PROTETTA

For the time being, the sub-fund 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.

Note 2. Exchange rate as at June 30, 2018

The exchange rate used for the translation of the sub-fund’s assets and liabilities not denominated in the reference currency of the sub-fund is as follows:

1 EURO (EUR) = 1.16830 US Dollar (USD)

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. Foreign exchange translation

The accounts of the 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 the 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.

3.2. 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.

3.3. Valuation of investments

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

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.

Notes to the Financial Statements as at June 30, 2018 (continued)

Note 3. Significant accounting policies (continued)

3.3. Valuation of investments (continued)

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.

Note 4. Investment management 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, 2018, the annual investment management fees rates per class of units are as follows:

Classes of Units	Investment management fees
Class C	1.40%
Class I	0.70%

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 can be reduced to 0.35%.

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-fund 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.

Note 7. Financial derivative instruments

Total Return Swaps

As at June 30, 2018, the sub-fund PALLADIUM FCP - CRESCITA PROTETTA was engaged in total return swap contracts with Mediobanca.

Description	Sell / Buy	Ccy	Maturity date	Market Value in EUR
Total Return Equity Swap -TRS-	Buy	EUR	18/03/2019	20,443,390.67
Total Return Equity Swap -TRS-	Buy	EUR	18/03/2019	10,575,025.10
				31,018,415.77

Notes to the Financial Statements as at June 30, 2018 (continued)

Note 7. Financial derivative instruments (continued)

The balance of EUR 31,640,476.56 accounted for as receivable on swaps in the statement of net assets is composed of the funding cost of the swaps.

The underlying exposure obtained through the total return swap contracts consists of a basket of securities. As at June 30, 2018, the underlying exposure is as follows:

Description	ISIN Code	Class C	Class I	Total
iShares Euro Government Bond 1-3yr UCITS ETF	IE00B14X4Q57	8.43%	8.44%	8.43%
iShares Core Euro Government Bond UCITS ETF	IE00B4WXJJ64	4.03%	4.04%	4.03%
iShares $ High Yield Corporate Bond UCITS ETF	IE00B4PY7Y77	5.05%	5.06%	5.06%
iShares MSCI Europe UCITS ETF	IE00B1YZSC51	6.92%	6.93%	6.93%
iShares Core S&P 500 UCITS ETF	IE00B5BMR087	3.92%	3.92%	3.92%
iShares S&P 500 EUR Hedged UCITS ETF	IE00B3ZW0K18	8.81%	8.83%	8.81%
iShares Core MSCI Japan IMI UCITS ETF	IE00B4L5YX21	9.96%	9.98%	9.96%
iShares Core MSCI Pacific ex-Japan UCITS ETF	IE00B52MJY50	3.41%	3.42%	3.42%
iShares Core MSCI Emerging Markets IMI UCITS ETF	IE00BKM4GZ66	2.95%	2.95%	2.95%
iShares Dow Jones-UBS Commodity Swap UCITS ETF (DE)	DE000A0H0728	9.02%	9.04%	9.03%
iShares Edge S&P 500 Minimum Volatility UCITS ETF	IE00BYX8XD24	5.82%	5.83%	5.82%
iShares eb.rexx Government Germany UCITS ETF	DE0006289465	10.93%	10.95%	10.94%
iShares Global Infrastructure UCITS ETF	IE00B1FZS467	2.48%	2.48%	2.48%

The remaining portion of the basket is composed of cash as of June 30, 2018.

Note 8. Collateral

As at June 30, 2018, the collateral received in order to reduce the counterparty risk linked to the total return swap contracts is detailed below:

Sub-fund	Sub-fund curreny	Counterparty	Type of collateral	Market value of collateral received in EUR
Palladium FCP - Crescita Protetta	EUR	Mediobanca	Securities	-
			Cash	31,146,697.00
				31,146,697.00

Note 9. Other expenses

The other expenses amounting to EUR 105,689.09 consist mainly in risk monitoring fees, transfer agency fees, operating fees and OTC valuation fees.

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.
The Fund only held total return swap contracts as at June 30, 2018.

Global data

The following table reflects the amount of assets engaged in the total return swap contracts expressed as an absolute amount in EUR and as a percentage of the Fund’s net assets as at June 30, 2018:

	Absolute amount EUR	% of Net Assets
Total return swaps	31,018,415.77	100.35
Total	**31,018,415.77**	**100.35**

Concentration data

As at June 30, 2018, the Fund has no securities received as collateral in relation to total return swap contracts.

Aggregate transaction data for each type of SFT and Swaps

The following table reflects absolute market value of all collateral received for total return swap contracts by maturity tenor as at June 30, 2018:

	On demand EUR	1 to 7 days EUR	8 to 30 days EUR	31 to 90 days EUR	Greater than 90 days but less than one year EUR	Greater than one year EUR	Open transactions EUR
Cash	-	-	-	-	-	-	31,146,697.00
Shares	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**31,146,697.00**

As at June 30, 2018, all the collateral received by the Fund is in Euro.

Data on collateral reuse

The Fund does not reuse the collateral.

Safekeeping of collateral received and granted by the Fund as part of SFT and Swaps trading

All the collateral received in relation to total return swap transactions is held by BNP Paribas Securities Services Luxembourg Branch as at June 30, 2018.

Data on return and cost for each type of SFT and Swaps

The following table reflects the return and cost attributable to the total return swap contracts for the year ended June 30, 2018:

	Cost EUR	Return EUR
Total return swaps	-	100%