

**Unaudited semi-annual report
as at 28th February 2019**

SIFTER FUND

Variable Capital Investment Company
Luxembourg

R.C.S. Luxembourg B93438

No subscription can be received on the basis of this financial report. Subscriptions are only valid if made on the basis of the current prospectus and the Key Investor Information Document ("KIID"), supplemented by the latest annual report and the most recent semi-annual report, if published thereafter.

SIFTER FUND

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SIFTER FUND

Organisation

Registered office

11, rue Aldringen
L-1118 LUXEMBOURG

Board of Directors

Chairman

Hannes G. KULVIK
Independent Director
Eaton Square 72
SW1W 9AS LONDON

Directors

Luc CAYTAN
Independent Director
1, rue des Foyers
L-1537 LUXEMBOURG

Pauli KULVIK
Independent Director
Fredrikinkatu 48 A, 11th floor
FI-00100 HELSINKI

Lidia PALUMBO
Chief Executive Officer and Responsible of
the Administration & Distribution area
PHARUS MANAGEMENT LUX S.A.
16, avenue de la Gare
L-1610 LUXEMBOURG

Management Company

PHARUS MANAGEMENT LUX S.A.
16, avenue de la Gare
L-1610 LUXEMBOURG

**Board of Directors
of the Management Company**

Chairman

Davide BERRA
PHARUS MANAGEMENT S.A.
via Pollini, 7
CH-6850 MENDRISIO

Directors

Sebastiano MUSUMECI
PHARUS MANAGEMENT S.A.
via Pollini, 7
CH-6850 MENDRISIO

Lidia PALUMBO
Chief Executive Officer and Responsible of
the Administration & Distribution area
PHARUS MANAGEMENT LUX S.A.
16, avenue de la Gare
L-1610 LUXEMBOURG

SIFTER FUND

Organisation (continued)

Davide PASQUALI
Vice-President
PHARUS MANAGEMENT S.A.
via Pollini, 7
CH-6850 MENDRISIO

Day-to-day Managers of the Management Company

Lidia PALUMBO
Chief Executive Officer and Responsible of the Administration & Distribution area
PHARUS MANAGEMENT LUX S.A.
16, avenue de la Gare
L-1610 LUXEMBOURG

Luigi VITELLI
General Manager and Conducting person in charge of the Risk Management and in charge of the Compliance
PHARUS MANAGEMENT LUX S.A.
16, avenue de la Gare
L-1610 LUXEMBOURG

Domiciliary, registrar, transfer and administrative agent

KREDIETRUST LUXEMBOURG S.A.
11, rue Aldringen
L-2960 LUXEMBOURG

Registrar, transfer and administrative agent activities are delegated by the Management Company.

Delegated functions of administrative, registrar and transfer agent

EUROPEAN FUND ADMINISTRATION S.A.
2, rue d'Alsace
L-1122 LUXEMBOURG

Administrative, registrar and transfer agent activities are sub-delegated by KREDIETRUST LUXEMBOURG S.A..

Depositary and paying agent

KBL EUROPEAN PRIVATE BANKERS S.A.
43, boulevard Royal
L-2955 LUXEMBOURG

Investment Advisor

SIFTER CAPITAL OY
14 A 3, Kasarmikatu
FI-00130 HELSINKI

Independent auditor

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

SIFTER FUND

Organisation (continued)

Swiss representative

OLIGO SWISS FUND SERVICES S.A.
17, avenue Villamont
CH-1005 LAUSANNE

Paying agent in Switzerland

BANQUE CANTONALE DE GENÈVE
Case Postale 2251
CH-1211 GENEVE 2

SIFTER FUND

Additional information for qualified investors in Switzerland

Additional information for qualified investors in Switzerland:

The State of the origin of the Fund is Luxembourg.

The Fund may only be distributed in Switzerland to **qualified investors** within the meaning of Art. 10 Para. 3, 3 bis and 3ter "Collective Investment Schemes Act".

The representative in Switzerland is OLIGO SWISS FUND SERVICES S.A., Av. Villamont 17, CH-1005 Lausanne, Switzerland.

The paying agent in Switzerland is BANQUE CANTONALE DE GENÈVE, Case Postale 2251, CH-1211 Genève 2, Switzerland.

The relevant documents as defined in Art. 13a "Collective Investment Schemes Ordinance" as well as the annual and, if applicable, the semi-annual reports may be obtained free of charge from the representative in Switzerland.

SIFTER FUND - Global

Statement of net assets (in EUR)

as at 28th February 2019

Assets

Securities portfolio at market value	103,256,254.73
Cash at banks	207,447.31
Income receivable on portfolio	75,857.99
Interest receivable on bank accounts	169.66
Prepaid expenses	835.21
Total assets	103,540,564.90

Liabilities

Interest payable on bank overdrafts	1.82
Expenses payable	245,041.10
Total liabilities	245,042.92
Net assets at the end of the period	103,295,521.98

Breakdown of net assets per share class

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in EUR)
I	23,132.0821	EUR	355.58	8,225,193.09
PI	221,812.0179	EUR	357.88	79,383,016.17
R	44,439.6777	EUR	353.00	15,687,312.72
				103,295,521.98

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

SIFTER FUND - Global

Statement of operations and other changes in net assets (in EUR)

from 1st September 2018 to 28th February 2019

Income	
Dividends, net	455,811.66
Interest on bank accounts	169.66
Commissions on subscription and on redemption	1,075.63
Total income	457,056.95
Expenses	
Global fee	525,483.84
Performance fees	75,491.95
Depository fees	25,906.88
Banking charges and other fees	9,370.57
Transaction fees	5,242.24
Central administration costs	55,995.25
Professional fees	11,478.27
Other administration costs	17,350.56
Subscription duty ("taxe d'abonnement")	7,796.18
Bank interest paid	265.57
Other expenses	41,049.86
Total expenses	775,431.17
Net investment loss	-318,374.22
Net realised gain/(loss)	
- on securities portfolio	1,123,919.78
- on foreign exchange	2,545.83
Realised result	808,091.39
Net variation of the unrealised gain/(loss)	
- on securities portfolio	854,435.97
Result of operations	1,662,527.36
Subscriptions	2,639,999.74
Redemptions	-933,088.36
Total changes in net assets	3,369,438.74
Total net assets at the beginning of the period	99,926,083.24
Total net assets at the end of the period	103,295,521.98

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

SIFTER FUND - Global

Statistical information (in EUR)

as at 28th February 2019

Total net assets	Currency	31.08.2017	31.08.2018	28.02.2019
	EUR	88,333,285.25	99,926,083.24	103,295,521.98

Net asset value per share	Currency	31.08.2017	31.08.2018	28.02.2019
I	EUR	299.09	350.44	355.58
PI	EUR	299.57	352.12	357.88
R	EUR	297.09	347.97	353.00

Number of shares	outstanding at the beginning of the period	issued	redeemed	outstanding at the end of the period
I	21,737.4498	1,557.6323	-163.0000	23,132.0821
PI	223,422.0179	-	-1,610.0000	221,812.0179
R	39,190.0368	6,376.9804	-1,127.3395	44,439.6777

TER per share as at 28.02.2019	Performance fee ratio (in %)	(in %)
I	0.85	2.60
PI	0.90	2.25
R	0.83	2.62

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

SIFTER FUND - Global

Statement of investments and other net assets (in EUR) as at 28th February 2019

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
Investments in securities					
Transferable securities admitted to an official stock exchange listing					
Shares					
CAD	42,300	Canadian National Railway Co	3,191,407.83	3,224,589.29	3.12
CAD	211,170	North West Company Inc Reg	4,458,805.47	4,560,240.49	4.42
			7,650,213.30	7,784,829.78	7.54
EUR	23,112	Air Liquide SA	2,008,466.82	2,530,764.00	2.45
EUR	35,500	Deutsche Boerse AG Reg	3,610,389.16	3,899,675.00	3.78
EUR	96,281	Marr SpA	1,021,453.05	1,966,058.02	1.90
EUR	33,974	SAFRAN SA	2,760,086.83	4,076,880.00	3.95
			9,400,395.86	12,473,377.02	12.08
GBP	282,456	Rolls-Royce Holdings PLC	2,175,814.59	3,252,786.23	3.15
JPY	57,125	AIN HOLDINGS INC	3,415,314.38	3,461,927.27	3.35
JPY	51,675	Koito Manufacturing Co Ltd	2,622,852.12	2,636,311.01	2.55
JPY	11,050	SMC Corp	2,851,018.05	3,392,065.86	3.28
			8,889,184.55	9,490,304.14	9.18
USD	4,988	Alphabet Inc A	3,339,236.18	4,920,906.10	4.76
USD	47,700	Autoliv Inc	3,876,062.17	3,489,702.16	3.38
USD	22,300	Check Point Software Tec Ltd	1,700,753.80	2,409,857.67	2.33
USD	100,312	Cisco Systems Inc	1,703,678.56	4,546,737.02	4.40
USD	78,407	Hexcel Corp	3,303,322.15	4,966,741.08	4.81
USD	120,877	Intel Corp	2,489,316.25	5,654,095.48	5.47
USD	21,317	Johnson & Johnson	2,201,150.47	2,544,667.71	2.46
USD	16,770	Laboratory Corp of America Hgs	1,766,903.16	2,167,635.21	2.10
USD	26,075	Lam Research Corp	2,426,004.52	4,059,471.09	3.93
USD	59,370	Microsoft Corp	2,510,730.05	5,850,933.84	5.67
USD	12,520	Mohawk Industries Inc	2,694,976.20	1,524,575.65	1.48
USD	63,772	Oracle Corp	1,809,193.10	2,934,789.46	2.84
USD	12,438	Raytheon Co	657,857.88	2,025,573.43	1.96
USD	22,500	S&P Global Inc	3,348,840.99	3,987,612.02	3.86
USD	29,730	Starbucks Corp	1,363,981.15	1,832,331.31	1.77
USD	14,792	Stryker Corp	567,959.52	2,427,255.17	2.35
USD	155,164	Taiwan Semiconduct Mfg Co Ltd ADR repr 5 Shares	3,484,193.43	5,377,982.60	5.21
USD	49,728	Texas Instruments Inc	2,912,564.88	4,618,473.80	4.47
USD	31,450	Verisign Inc	2,228,653.17	4,915,616.76	4.76
			44,385,377.63	70,254,957.56	68.01
Total investments in securities			72,500,985.93	103,256,254.73	99.96
Cash at banks				207,447.31	0.20
Other net assets/(liabilities)				-168,180.06	-0.16
Total				103,295,521.98	100.00

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

SIFTER FUND - Global

Industrial and geographical classification of investments as at 28th February 2019

Industrial classification

(in percentage of net assets)

Technologies	43.84 %
Industrials	24.13 %
Non-cyclical consumer goods	9.67 %
Cyclical consumer goods	9.18 %
Healthcare	6.91 %
Financials	3.78 %
Raw materials	2.45 %
Total	<u>99.96 %</u>

Geographical classification

(by domicile of the issuer)
(in percentage of net assets)

United States of America	60.47 %
Japan	9.18 %
Canada	7.54 %
France	6.40 %
Taiwan	5.21 %
Germany	3.78 %
United Kingdom	3.15 %
Israel	2.33 %
Italy	1.90 %
Total	<u>99.96 %</u>

SIFTER FUND

Notes to the financial statements

as at 28th February 2019

Note 1 - General information

SIFTER FUND (hereinafter the "Fund") is a variable capital investment company constituted on 21st May 2003 for an unlimited period according to the Part I of the amended law of 17th December 2010 relating to Undertakings for Collective Investment, in accordance with the legislation of the Grand Duchy of Luxembourg. The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities under the Council Directive 2009/65/EC, as amended.

The financial year of the Fund begins on 1st September and ends on 31st August of each year. The accounts of the Fund are expressed in EUR.

The prospectus, the Key Investor Information Document ("KIID"), the unaudited semi-annual reports, the annual reports including audited financial statements and copies of the Fund's Articles of Association are available at the registered office of the Fund.

The Net Asset Value per share of each Class of Shares of the Sub-Fund, and their issue, redemption and conversion prices are available at the registered office of the Fund.

Note 2 - Significant accounting policies

a) Presentation of the financial statements

The financial statements of the Fund are prepared in accordance with the Luxembourg legal and regulatory requirements concerning Undertakings for Collective Investment and with generally accepted accounting principles in Luxembourg.

b) Valuation of assets

- 1) The value of cash in hand or on deposit, securities, stocks and shares and bills payable at sight and accounts receivable, prepaid expenses, dividends and interests declared or due but not as yet collected, are made up of the nominal value of such assets, unless it appears unlikely that such value shall be collected; in which case the value shall be determined by deducting such amount which the Fund may deem necessary in view of reflecting the true value of such assets.
- 2) The value of any transferable security and/or financial derivative instruments which are officially traded or listed on a stock exchange or any other regulated, regularly operating, recognised market which is open to the public are in principle determined as being their last known price in Luxembourg on the day preceding the valuation date, and, where the security or financial derivative instrument is traded on several different markets, by taking the security's or financial derivative instrument's latest known price on its main market on the day preceding the valuation date; unless such price is not representative.
- 3) In as much as transferable securities in the portfolio on the Valuation Day are neither officially listed nor dealt on a regulated, regularly operating, recognised market, or in the case where, for securities officially listed or dealt on a stock exchange or another regulated market, the price as determined pursuant to sub-paragraphs above is not representative of the fair value of those securities, the valuation is made on the basis of their likely value of realisation estimated with due care and in good faith.
- 4) Where, as a result of special circumstances, a valuation on the basis of the aforesaid rules becomes impracticable or inaccurate, other generally accepted and verifiable valuation criteria are applied in order to obtain an equitable valuation and the Board of Directors may adjust the value of any investment or permit some other method of valuation to be used for the assets of the Fund if it considers that the circumstances justify that such adjustment or other method of valuation should be adopted to reflect more fairly the value of such investments.

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Notes to the financial statements (continued)

as at 28th February 2019

c) Acquisition cost of securities in the portfolio

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

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

The realised gains and losses on securities portfolio are calculated on the basis of the average acquisition cost and are disclosed net in the statement of operations and other changes in net assets.

e) Investment income

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

f) Conversion of foreign currencies

Cash at banks, other net assets/(liabilities) and the market value of the securities in portfolio expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the financial statements. Income and expenses expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the transaction. Net realised gains and losses on foreign exchange are disclosed in the statement of operations and other changes in net assets.

g) Combined financial statements.

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

h) Transaction fees

Transaction costs disclosed under the item "Transaction fees" in the expenses of the statement of operations and other changes in net assets are mainly composed of broker fees incurred by the Fund and of fees relating to liquidation of transactions paid to the depositary.

Note 3 - Management Company fee and Global Fee

The Board of Directors has appointed PHARUS MANAGEMENT LUX S.A. as Management Company of the Fund (hereinafter the "Management Company") to be responsible on a day-to-day basis, under supervision of the Directors, for providing administration, marketing and investment management services in respect of the Sub-Fund.

The Management Company is approved as Management Company regulated by Chapter 15 of the law of 17th December 2010 relating to Undertakings for Collective Investment, as amended. The Management Company has also received the authorization as Alternative Investment Fund Manager under Article 5 of the law of 12 July 2013, as amended.

The Management Company is entitled to receive from each Sub-Fund a management company fee of max **0.07 %** per year, based on the net assets of the Sub-Fund with a minimum of EUR 20,000 per Sub-Fund. The fee will be calculated on the monthly average of the total assets under management of the previous month. The fee will be payable monthly in arrears.

SIFTER FUND

Notes to the financial statements (continued)

as at 28th February 2019

The Global Fee is due to remunerate the Management Company as Investment Manager and/ or any Investment Advisor appointed by the Management Company. Further the Global fee is used for the remuneration of the intermediaries involved in the marketing and distribution of the Sub-Funds

The annual rates applied for each class of shares are as follows:

- R-Class and I-Class: 1.33%
- PI-Class: 0.93%

The global fee is calculated and paid monthly, with a minimum of EUR 20,000 per Sub-Fund per year.

Note 4 - Performance fee

The Performance Fee is payable for all share classes and is based on the last NAV per Share calculated at the end of each calendar quarter (the Last Quarterly NAV).

If the NAV per Share appreciates during the quarter by more than 1.25%, or by the Euribor (12 month) rate Bloomberg (BBG) code EUCV12M applicable at the beginning of the quarter for the quarter, whichever is higher, (the Hurdle Rate), relative to the latest All Time High NAV per share, the Management Company is entitled to receive 15 % of the increase of appreciation of the NAV per Share in excess of the Hurdle Rate.

The All Time High NAV per share is always the latest NAV per share based on which a Performance Fee has been paid.

The performance fee will only be payable if the Last Quarterly NAV per Share has reached the latest All Time High NAV per share and has surpassed it by the Hurdle Rate (High Water Mark system).

The performance fees will be payable on the outstanding Shares at the end of the relevant quarter and become due for payment after the end of the quarter.

In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. This adjustment is applied to the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during such period.

If any Shares are redeemed or converted into Shares of another Sub-Fund during the calculation period, the cumulative performance fee accrued during the calculation period in respect of those Shares is crystallized and becomes payable to the Management Company, even if no accrual for performance fees is otherwise due, after the end of the relevant quarter.

At the date of the financial statements, a performance fee was recorded for the Sub-Fund and amounted to:

SIFTER FUND - Global	EUR	75,491.95
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Note 5 - Central administration costs

The item "Central administration costs" disclosed in the statement of operations and other changes in net assets is mainly composed of the administrative agent fees.

SIFTER FUND

Notes to the financial statements (continued)

as at 28th February 2019

Note 6 - Subscription duty ("*taxe d'abonnement*")

The Fund is governed by Luxembourg law.

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

The I-Class and PI-Class benefit from a reduced "*taxe d'abonnement*" of 0.01% of the net assets which is dedicated to that type of shares.

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

Note 7 - Total expense ratio ("TER")

The TER disclosed under "Statistical information" of this report is calculated in accordance with the "Guidelines on the calculation and disclosure of the TER of collective investment schemes" issued by the Swiss Funds & Asset Management Association "SFAMA" on 16th May 2008 and updated on 20th April 2015.

The TER is calculated for the last 12 months preceding the date of this report.

Transaction fees are not taken into account in the calculation of the TER.

Note 8 - Statement of changes in investments

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

Note 10 - Directors' fees

Directors' fees are included in the caption "Other expenses" in the statement of operations and other changes in net assets.

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Additional information

as at 28th February 2019

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

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