

Unaudited semi-annual report
For the period from 1 August 2017 to 31 March 2018

Flossbach von Storch II



Flossbach von Storch

Investment fund under Luxembourg law

An investment fund pursuant to Part I of the Law of 17 December 2010 concerning undertakings for collective investment, as currently amended, in the legal form of a Fonds Commun de Placement (FCP)

MANAGEMENT COMPANY:

Flossbach von Storch Invest S.A.
R.C.S. Luxembourg B 171513

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The sales prospectus and the management regulations it contains, the Key Investor Information Document and the annual and semi-annual reports of the fund are available free of charge by post, fax or email from the registered offices of the Management Company, the Depositary Bank, the paying agents and sales agents for each country in which it is sold. Additional information is available from the Management Company at any time during normal business hours.

Subscriptions for fund units are only valid if based on the latest edition of the sales prospectus, including its annexes, in conjunction with the most recent available annual report, together with a more recent semi-annual report if one exists.

Flossbach von Storch II – Defensive Allocation 2023

Semi-annual report

1 August 2017 - 31 March 2018

The sub-fund Flossbach von Storch II – Defensive Allocation 2023 is a Feeder-UCITS in accordance with Article 77 of the Law of 17 December 2010.

The sub-fund permanently invests at least 85% of the sub-fund's net assets in shares of the fund Flossbach von Storch – Defensive IT (LU1245470080), the Master UCITS.

The latest valid annual and semi-annual reports for the Master UCITS may be obtained from the homepage www.fvsinvest.lu or may also be requested from the Management Company Flossbach von Storch Invest S.A.

The company is entitled to create share classes with different rights in relation to the shares. Details of the current share classes are as follows:

	Share class R	Share class RT
Securities ID No. (WKN):	A2DRVX	A2DRVY
ISIN:	LU1600702853	LU1600703828
Issue surcharge:	none	none
Redemption fee:	2.50 % p.a.	2.50 % p.a.
Management fee:	0.94 % p.a.	0.94 % p.a.
Minimum initial investment:	none	none
Minimum subsequent investment:	none	none
Income utilisation:	distributing	accumulating
Currency:	EUR	EUR

FLOSSBACH VON STORCH II – DEFENSIVE ALLOCATION 2023

Geographical breakdown by country ¹⁾

Luxembourg	96.94%
Securities holdings	96.94%
Bankguthaben	3.14%
Balance of other receivables and payables	-0.08%
	100.00%

Breakdown by economic sector ¹⁾

Investment fund holdings	96.94%
Securities holdings	96.94%
Bank balances	3.14%
Balance of other receivables and payables	-0.08%
	100.00%

Composition of net sub-fund assets

as at 31 March 2018

	EUR
Securities holdings (cost of acquisition of securities: EUR 164,989,018.00)	163,403,640.00
Bank balances	5,284,895.46
Other receivables ²⁾	6,102.96
	168,694,638.42
Payables on redemptions	-1,000.02
Interest payable	-6,519.02
Other liabilities ³⁾	-132,480.73
	-139,999.77
Net sub-fund assets	168,554,638.65

¹⁾ Due to rounding differences in individual amounts, totals may differ from the actual value.

²⁾ This item includes capitalised fund launch costs.

³⁾ This item mainly comprises management fees and audit costs.

FLOSSBACH VON STORCH II – DEFENSIVE ALLOCATION 2023

Allocation to the share classes

Share class R	
Proportion of net sub-fund assets	120,022,002.98 EUR
Shares in circulation	1,219,883.470
Share value	98.39 EUR
Share class RT	
Proportion of net sub-fund assets	48,532,635.67 EUR
Shares in circulation	493,277.523
Share value	98.39 EUR

Statement of assets as at 31 March 2018

ISIN	Securities		Additions in the reporting period	Disposals in the reporting period	Quantity	Price	Market Value EUR	% share of NSFA ¹⁾
Investment fund holdings²⁾								
Luxembourg								
LU1245470080	Flossbach von Storch - Multi Asset - Defensive IT	EUR	1,510,200	0	1,510,200	108.2000	163,403,640.00	96.94
							163,403,640.00	96.94
Investment fund holdings							163,403,640.00	96.94
Securities holdings							163,403,640.00	96.94
Bank balances current account							5,284,895.46	3.14
Balance of other receivables and payables							-133,896.81	-0.08
Net sub-fund assets in EUR							168,554,638.65	100.00

Exchange rates

As at 31 March 2018 there were only assets in the sub fund currency (EUR).

¹⁾ NSFA = net sub-fund assets. Due to rounding differences in individual amounts, totals may differ from the actual value.

²⁾ Details of issue surcharges, redemption fees and the maximum amount of the management fee for target fund shares are available on request at the registered offices of the management company, the custodian and the paying agents.

Notes to the semi-annual report as at 31 March 2018

1.) Introduction

The Flossbach von Storch II investment fund (“fund”) is managed by Flossbach von Storch Invest S.A. The fund’s management regulations first came into force on 3 October 2017 and were published in Luxembourg on 3 October 2017 in the “Recueil électronique des sociétés et associations” (“RESA”), the information platform of the Trade and Companies Register. The fund is a Luxembourg investment fund (fonds commun de placement), which falls under Part I of the Luxembourg Law of 17 December 2010 on undertakings for collective investment (“Law of 17 December 2010”) and takes the form of an umbrella fund with one or more sub-funds established for an indefinite period. The respective sub-funds are feeder UCITS within the meaning of Article 77 of the Law of 17 December 2010. The objective of the investment policy of the sub-fund Flossbach von Storch II – Defensive Allocation 2023 (“Sub-fund”), is to reflect as far as possible as a feeder UCITS the performance of the Flossbach von Storch – Multi Asset – Defensive (IT share class) (“Master UCITS”), a legally dependent fund in accordance with Chapter 2 of the Law of 17 December 2010 in the form of an umbrella fund.

The Management company of the fund is Flossbach von Storch Invest S.A. (the “Management Company”), a public limited company (Aktiengesellschaft) under the law of the Grand Duchy of Luxembourg with its registered office at 6, Avenue Marie-Thérèse, L-2132 Luxembourg, Luxembourg. It was incorporated for an indefinite period on 13 September 2012. Its articles of association were published in Mémorial on 5 October

2012. The most recent amendment to the articles of association came into force on 6 May 2015 and was published in Mémorial on 3 June 2015. The Management Company is registered in the Trade and Companies Register of Luxembourg under registration number R.C.S. Luxembourg B 171513.

2.) Key accounting and valuation principles

This report have been prepared under the responsibility of the Management Company in conformity with the legal provisions and regulations prevailing in Luxembourg for the preparation and presentation of reports.

1. The net assets of the fund are denominated in euros (EUR) (the “reference currency”).
2. The value of a share (“share value”) is denominated in the currency stated in the relevant annex to the sales prospectus (“sub-fund currency”) unless another sub-fund currency is specified for other share classes in the relevant annex to the sales prospectus (“share class currency”).
3. The share value is calculated by the Management Company or a third party commissioned for this purpose by the Management Company, under the supervision of the Custodian, on each banking day in Luxembourg with the exception of 24 and 31 December of each year (“valuation day”). This figure is rounded to up to two decimal places. The Management Company may decide on a different arrangement for individual sub-

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funds, in which case it should be taken into account that the share value must be calculated at least twice a month.

However, the Management Company may decide to calculate the share value on 24 and 31 December of a year without the calculation representing the share value on a valuation day as defined by the previous sentence 1 of this clause 3. As a result, investors may not request the issue, redemption and/or conversion of shares on the basis of a share value calculated on 24 and/or 31 December of a given year.

4. The share value is calculated on each valuation day based on the value of the assets of the respective sub-fund minus the liabilities of the respective sub-fund ("net sub-fund assets") and divided by the number of shares in circulation on the valuation day.
5. Wherever the provisions of applicable laws or these Management Regulations require us to furnish information in our annual reports, semi-annual reports or other financial statistics on the overall situation of the Fund's assets, the values of assets pertaining to the various sub-funds will be converted into the reference currency. Values of the various net sub-fund assets are measured in accordance with the following principles:
 - a) Securities, money market instruments, derivative financial instruments (derivatives) and other investments officially listed on a stock exchange are valued at the most recently available closing price that provides a reliable valuation. If securities, money market instruments, derivative financial instruments or other assets are

officially listed on more than one securities exchange, the price registered on the exchange with the greatest liquidity shall be authoritative in this respect.

- b) Securities, money market instruments, derivative financial instruments (derivatives) and other investments not officially listed on a securities exchange (or whose stock exchange rates are not deemed representative, e.g. due to lack of liquidity) but traded on a regulated market, shall be valued at a price no less than the bid price and not more than the offer price of the trading day preceding the valuation day, which the management company considers, to the best of its knowledge, to be the best possible price at which the securities, money market instruments, derivative financial instruments (derivatives) and other investments can be sold. The Management Company may specify for individual sub-funds that securities, money market instruments, derivative financial instruments (derivatives) and other investments that are not officially listed on a securities exchange (or whose market price is not deemed representative, e.g. due to lack of liquidity) but that are traded on a regulated market shall be valued at the last price available on this market that the Management Company considers, to the best of its knowledge, to be the best possible price at which the securities, money market instruments, derivative financial instruments (derivatives) and other investments can be sold. Details on this are contained in the annex to the sub-fund in question.

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- c) OTC derivatives are valued daily on a verifiable basis determined by the Management Company.
- d) Shares in UCI/UCITS are generally valued at the last redemption price fixed before the valuation day or at the latest available price that affords a reliable valuation. If the redemption of investment shares has been suspended or if no redemption price has been determined, these shares and all other assets are valued at their respective market values as determined by the Management Company, to the best of its knowledge, on the basis of generally accepted and verifiable valuation principles. If the fund is structured as a feeder UCITS, the shares of the master UCITS are valued at the redemption price of the Master UCITS on the valuation date.
- e) If the respective prices are not market prices, if the financial instruments listed under b) are not traded on a regulated market and if no prices have been set for financial instruments other than those listed under subsections a) to d), these financial instruments and the other legally permissible assets will be valued at their market prices as determined by the Management Company, to the best of its knowledge, in line with generally accepted, verifiable valuation rules (e.g. suitable valuation models taking account of current market conditions).
- f) Liquid funds are valued at their nominal value plus interest.
- g) Amounts due, for example, deferred interest claims and liabilities, shall in principle be rated at the nominal value.
- h) the market value of securities, money market instruments, derivative financial instruments (derivatives) and other assets which are denominated in a currency other than that of the relevant sub-fund shall be converted into the currency of the sub-fund at the exchange rate determined using WM/Reuters fixing at 17:00 CET/CEST on the trading day preceding the valuation day. Gains and losses on currency transactions will be added or deducted as appropriate.
- The Management Company may stipulate for individual sub-funds that the market value of securities, money market instruments, derivatives and other investments denominated in a currency other than the relevant sub-fund currency will be converted into the relevant sub-fund currency at the exchange rate prevailing on the valuation date. Gains and losses on currency transactions will be added or deducted as appropriate. Details on this are contained in the annex to the sub-fund in question.
6. The respective sub-fund's net assets are reduced by any distributions paid, where applicable, to investors in the sub-fund concerned.
- The resulting share value is calculated for each sub-fund separately on the basis of the criteria provided above. However, if there are different share classes within a sub-fund, the share value will be calculated separately for each share class within the relevant sub-fund according to the above criteria. The

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composition and allocation of assets always occurs separately for each sub-fund.

For computational reasons, the tables included in this semi-annual report may contain rounding differences of up to plus or minus one unit (of currency, per cent, etc.).

3.) Taxation

Taxation of the investment fund

In the Grand Duchy of Luxembourg, the fund assets are subject to a tax known as the “taxe d’abonnement”, which is currently levied at a rate of 0.05% p.a. or 0.01% p.a. The taxe d’abonnement is payable at the end of each quarter on the reported net sub-fund assets. The absolute amount of the taxe d’abonnement is specified for each sub-fund or share class in annex 2 to the sales prospectus. If fund assets are invested in other Luxembourg investment funds that are already subject to the taxe d’abonnement, the portion of such assets is exempt from the tax.

The fund’s income derived from the investment of fund assets is not subject to taxation in the Grand Duchy of Luxembourg. However, such income may be subject to taxation at source in countries in which fund assets are invested. In such cases, neither the Custodian nor the Management Company is obliged to obtain tax certificates.

Taxation of earnings from investment fund shares held by the investor

Investors who are not resident in and/or do not maintain a business establishment in the Grand Duchy of Luxembourg are not required to pay any further income, inheritance or wealth tax in the Grand Duchy of Luxembourg in respect of their shares or of income deriving from their shares. These parties are subject to their own countries’ tax regulations.

Natural persons who are resident in the Grand Duchy of Luxembourg and are not resident in another state for tax purposes are required to pay a withholding tax of 20% on interest income accrued in Luxembourg in accordance with the Luxembourg law implementing the Directive. Under certain circumstances, investment fund interest income may also be subject to the withholding tax.

Prospective investors should inform themselves of the laws and regulations applicable to the purchase, holding and redemption of shares and, where appropriate, seek professional advice.

4.) Income utilisation

The Management Company may distribute the income generated by the fund to investors or reinvest such income in the fund. Information about this can be found in the relevant annex to the sales prospectus for the individual sub-fund.

Income is utilised in accordance with Article 12 of the management regulations. The timing, amount and composition of the distributions are determined by the Management Company in the interests of the investors.

5.) Information on fees and expenses

Details of management and custodian fees can be found in the current sales prospectus.

6.) Income and expense equalisation

The ordinary net income includes an income adjustment and an expenditure adjustment. These include, during the reporting period, accrued net income which is paid by the party acquiring the shares as part of the issue price and passed on to the party selling the shares in the redemption price.

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7.) Events in the reporting period

There were no significant changes and no other significant events during the reporting period.

8.) Events after the reporting period

There were no significant changes and no other significant events after the reporting period.

9.) Transparency of securities financing transactions and their reuse

As a management company of undertakings for collective investment in transferable securities (UCITS) and alternative investment fund manager (AIFM), Flossbach von Storch Invest S.A. falls by definition within the scope of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (SFTR).

No securities financing transactions or total return swaps as defined in this Regulation were used during the reporting period. Consequently, none of the disclosures specified in Article 13 of this Regulation must be provided in the semi-annual report for shareholders.

Detailed information on the investment fund's investment strategy and the financial instruments used is available in the current sales prospectus.

Management, distribution and advisory services

Management Company

Flossbach von Storch Invest S.A.
6, Avenue Marie-Thérèse
L-2132 Luxembourg

Supervisory Board of the Management Company

Chairman of the Supervisory Board
Kurt von Storch
Member of the Executive Board
Flossbach von Storch AG, Cologne

Deputy Chairman of the Supervisory Board
Julien Zimmer
Investment Funds Chief Representative
DZ PRIVATBANK S.A., Luxembourg

Member of the Supervisory Board
Bernd Model
Managing Director
Flossbach von Storch AG, Zürich

Executive Board of the Management Company (management body)

Michael Borelbach
(until 10. Oktober 2017)
Karl Kempen
Markus Müller
Nikolaus Rummler
(until 10. Oktober 2017)
Dirk von Velsen

Auditor of the Management Company

Deloitte Audit S.à r.l.
560, rue de Neudorf
L-2220 Luxembourg

Depository

DZ PRIVATBANK S.A.
4, rue Thomas Edison
L-1445 Strassen, Luxembourg

Central Administration Agent and Registrar and Transfer Agent

DZ PRIVATBANK S.A.
4, rue Thomas Edison
L-1445 Strassen, Luxembourg

Paying Agent

Grand Duchy of Luxembourg

DZ PRIVATBANK S.A.
4, rue Thomas Edison
L-1445 Strassen, Luxembourg

Fund Manager

Flossbach von Storch AG
Ottoplatz 1
D-50679 Cologne

Fund Auditor

PricewaterhouseCoopers, société coopérative
2, rue Gerhard Mercator, B.P. 1443
L-1014 Luxembourg

Additional information for Spain

Information centre

Allfunds Bank
Complejo Pza. de la Fuente - Edificio 3
ES-28109 Alcobendas (Madrid)

