

**Unaudited semi-annual report
as at 30th June 2021**

KALTCHUGA FUND

Société d'Investissement à Capital Variable
Luxembourg

R.C.S. Luxembourg B123323

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.

KALTCHUGA FUND

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KALTCHUGA FUND

Organisation

Registered office	88, Grand-Rue L-1660 LUXEMBOURG
Board of Directors	
Chairman	Bernard LOZE LOZE ET ASSOCIES 43, Avenue Marceau F-75116 PARIS
Directors	Jean-Marie BILLIOTTE Conducting Officer PROBUS CAPITAL MANAGEMENT S.A. (liquidated) 16, Rue Erasme L-1468 LUXEMBOURG
	Kim MÜLLER Analyst and Chief Investment Officer PROBUS COMPAGNIE S.A. 1, Place de St-Gervais CH-1201 GENEVA
Management Company	LEMANIK ASSET MANAGEMENT S.A. 106, Route d'Arlon L-8210 MAMER
Board of Directors of the Management Company	Gianluigi SAGRAMOSO Carlo SAGRAMOSO Philippe MELONI
Conducting officers of the Management Company	Philippe MELONI Jean Philippe CLAESSENS Alexandre DUMONT Gilles ROLAND
Investment Manager	PROBUS MIDDLE EAST LIMITED Emirates Financial Towers, South Tower, Office 1101, DIFC, Dubai United Arab Emirates
Depositary and Paying Agent	QUINTET PRIVATE BANK (EUROPE) S.A. 43, Boulevard Royal L-2955 LUXEMBOURG
Administrative, domiciliary and registrar agent	KREDIETRUST LUXEMBOURG S.A. 88, Grand-Rue L-1660 LUXEMBOURG

KALTCHUGA FUND

Organisation (continued)

Independent auditor

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

**Centralising correspondent
and agent in France**

SOCIÉTÉ GÉNÉRALE
28, Boulevard Haussman
F-75009 PARIS

Representative agent in Switzerland

CARNEGIE FUND SERVICES S.A.
11, Rue du Général-Dufour
CH-1204 GENEVA

Paying agent in Switzerland

BANQUE CANTONALE DE GENEVE
17, Quai de l'Île
CH-1204 GENEVA

KALTCHUGA FUND

Combined statement of net assets (in EUR)

as at 30th June 2021

Assets

Securities portfolio at market value	22,575,980.22
Cash at banks and term deposits	578,763.30
Income receivable on portfolio	77,150.31
Prepaid expenses	11,221.34
	<hr/>
Total assets	23,243,115.17
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Liabilities

Expenses payable	73,447.41
Prepaid subscriptions	94,331.25
	<hr/>
Total liabilities	167,778.66
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Net assets at the end of the period	23,075,336.51
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The accompanying notes are an integral part of these financial statements.

KALTCHUGA FUND - RUSSIA EQUITIES

Statement of net assets (in USD)

as at 30th June 2021

Assets

Securities portfolio at market value	26,770,597.35
Cash at banks and term deposits	686,297.52
Income receivable on portfolio	91,484.84
Prepaid expenses	13,306.26
Total assets	27,561,685.97

Liabilities

Expenses payable	87,093.94
Prepaid subscriptions	111,858.00
Total liabilities	198,951.94
Net assets at the end of the period	27,362,734.03

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 USD)
A USD	1,298.131	USD	12,169.95	15,798,186.82
B EUR	44.540	EUR	6,574.53	347,237.21
C USD	794.502	USD	12,078.90	9,596,707.77
D EUR	207.608	EUR	6,582.96	1,620,602.23
				27,362,734.03

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

KALTCHUGA FUND - RUSSIA EQUITIES

Statistical information (in USD)

as at 30th June 2021

Total net assets	Currency	31.12.2019	31.12.2020	30.06.2021
	USD	28,574,053.40	23,720,107.26	27,362,734.03

Net asset value per share class	Currency	31.12.2019	31.12.2020	30.06.2021
A USD	USD	10,781.99	10,207.24	12,169.95
B EUR	EUR	5,882.74	5,344.73	6,574.53
C USD	USD	10,653.54	10,115.94	12,078.90
D EUR	EUR	5,845.77	5,342.96	6,582.96

Number of shares	outstanding at the beginning of the period	issued	redeemed	outstanding at the end of the period
A USD	1,337.850	-	-39.719	1,298.131
B EUR	44.540	-	-	44.540
C USD	814.903	8.078	-28.479	794.502
D EUR	233.962	25.478	-51.832	207.608

KALTCHUGA FUND - RUSSIA EQUITIES

Statement of investments and other net assets (in USD) as at 30th June 2021

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					
USD	448,293	Etalon Group PCL GDR repr 1 Shares Reg S	670,838.38	728,924.42	2.67
USD	10,000	Gazprom PJSC spons ADR repr 2 Shares	45,020.00	76,220.00	0.28
USD	92,000	Globaltrans Investment Plc GDR repr 1 Sh Reg S	591,114.58	659,640.00	2.41
USD	81,583	LSR Group PJSC GDR repr 1 Share Reg S	126,482.83	170,508.47	0.62
USD	90,000	Magnitogorsk Iron Stl Wks PJSC GDR repr 13 Shares	614,255.42	966,600.00	3.53
USD	33,600	Mail.RU Group Ltd spons GDR Repr 1 Sh Reg-S	636,961.77	761,376.00	2.78
USD	6,000	MMC Norilsk Nickel PJSC spons ADR repr 1 Share	100,152.70	204,420.00	0.75
USD	45,000	Mobile Telesystems PJSC ADR repr 2 Shs	456,613.55	416,700.00	1.52
USD	500	NovaTek Joint St Co spons GDR repr 10 Shares	52,567.28	109,650.00	0.40
USD	22,000	Novolipetsk Steel (NLMK) GDR repr 10 Shares	404,645.90	693,000.00	2.53
USD	3,700	Oil Co Lukoil PJSC spons ADR repr 1 Share	172,220.20	342,694.00	1.25
USD	4,000	Ozon Holdings Plc ADR DR repr spons	226,567.20	234,480.00	0.86
USD	40,000	Phosagro PJSC spons GDR repr 1/3 Reg Shares	425,250.00	809,600.00	2.96
USD	22,000	Polymetal International Plc Reg	512,541.20	478,720.00	1.75
USD	13,000	Rosneft Oil Co GDR repr 1 Share Reg	93,976.55	100,620.00	0.37
USD	10,800	TCS Group Holding Plc GDR repr 1 Share A Reg S	296,031.00	945,000.00	3.45
USD	27,500	X5 Retail Group NV spons GDR repr 1/4 Reg S	776,407.97	964,150.00	3.52
USD	9,000	Yandex NV A Reg	299,825.10	636,750.00	2.33
Total shares			6,501,471.63	9,299,052.89	33.98
Transferable securities dealt in on another regulated market					
Shares					
USD*	590,000	Alrosa PJSC	759,523.07	1,085,434.39	3.97
USD*	14,000,000	Enel Russia PJSC	197,600.00	153,256.60	0.56
USD*	110,000	Gazprom Neft PJSC	487,643.53	653,580.90	2.39
USD*	651,000	Gazprom PJSC	1,836,407.99	2,507,433.39	9.16
USD*	6,000,000	Inter Rao Ues PJSC Reg	429,240.00	384,837.60	1.41
USD*	17,851	LSR Group PJSC	248,793.79	189,400.53	0.69
USD*	25,000	M Video PJSC Bearer	235,642.50	210,832.55	0.77
USD*	4,700	MMC Norilsk Nickel PJSC	1,088,928.48	1,593,053.45	5.82
USD*	310,000	Moscow Exchange Micex-Rts PJSC	442,689.92	724,413.77	2.65
USD*	56,000	NovaTek Joint St Co	716,581.95	1,232,335.39	4.50
USD*	20,100	Oil Co Lukoil PJSC	1,280,992.15	1,859,374.65	6.80
USD*	3,701	Phosagro PJSC Reg	139,681.29	241,839.62	0.89
USD*	3,700	Polyus PJSC	778,782.35	717,522.02	2.62
USD*	124,000	Rosneft Oil Co	670,315.78	969,336.85	3.54
USD*	440,000	Sberbank of Russia PJSC	1,317,198.62	1,841,411.44	6.73
USD*	140,000	Sberbank of Russia PJSC Pref	219,136.00	539,635.49	1.97
USD*	710,000	Surgutneftegas PJSC	292,293.40	356,293.98	1.30
USD*	910,000	Surgutneftegas PJSC Pref	461,747.00	577,130.10	2.11
USD*	81,000	Tatneft PJSC	991,378.90	589,060.66	2.15
USD*	29,000	Tatneft PJSC Pref	196,583.10	198,789.08	0.73
USD*	700,000,000	VTB Bank PJSC	486,844.72	463,820.00	1.70
Total shares			13,278,004.54	17,088,792.46	62.46
Open-ended investment funds					
Tracker funds (UCITS)					
USD	2,400	iShares VII Plc MSCI Russia ADR/GDR UCITS ETF Cap	382,673.30	382,752.00	1.40
Total tracker funds (UCITS)			382,673.30	382,752.00	1.40
Total investments in securities			20,162,149.47	26,770,597.35	97.84

** Minor differences may arise due to rounding in the calculation of percentages.

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

KALTCHUGA FUND - RUSSIA EQUITIES

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

as at 30th June 2021

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets **
Cash at banks					
Current accounts at bank			686,813.11	686,297.52	2.51
Total cash at banks			<u>686,813.11</u>	<u>686,297.52</u>	<u>2.51</u>
Other net assets/(liabilities)				-94,160.84	-0.35
Total				<u>27,362,734.03</u>	<u>100.00</u>

*The reference currency of the security on the Moscow Exchange is RUB but the Sub-Fund's transactions on the security are expressed in USD.

** Minor differences may arise due to rounding in the calculation of percentages.

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

KALTCHUGA FUND - RUSSIA EQUITIES

Industrial and geographical classification of investments as at 30th June 2021

Industrial classification

(in percentage of net assets)

Energy	34.98 %
Raw materials	24.82 %
Financials	16.50 %
Cyclical consumer goods	4.41 %
Real estate	3.98 %
Non-cyclical consumer goods	3.52 %
Industrials	2.41 %
Technologies	2.33 %
Utilities	1.97 %
Telecommunications services	1.52 %
Investment funds	1.40 %
Total	<u>97.84 %</u>

Geographical classification **

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

Russia	80.19 %
Cyprus	9.39 %
British Virgin Islands	2.78 %
The Netherlands	2.33 %
Jersey	1.75 %
Ireland	1.40 %
Total	<u>97.84 %</u>

**All companies conduct their business activities in Russia and CIS

KALTCHUGA FUND

Notes to the financial statements

as at 30th June 2021

Note 1 - General information

KALTCHUGA FUND (the "Fund") is organised as a "Société d'Investissement à Capital Variable" ("SICAV") with multiple Sub-Funds organised under Luxembourg law. The Fund is governed under the Council Directive 2009/65/EC as amended and the provisions of Part I of the law of 17th December 2010 as amended.

The Net Asset Value per Share is determined each Bank Business Day in Luxembourg and Moscow (referred to as the "Valuation Day").

The Net Asset Value as well as the issue and redemption prices are available to the interested persons as of each Valuation Day at the registered office of the Fund.

A copy of the articles of incorporation, the full prospectus and the KIID, the most recent unaudited semi-annual report and the most recent annual report including audited financial statements are made available free of charge at the registered office of the Fund, 88, Grand-Rue, L-1660 LUXEMBOURG.

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. The financial statements of the Fund have been prepared on a going concern basis.

b) Valuation of assets

The value of any cash in hand or on deposit, discount notes, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received, is deemed the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as the Board of the Fund may consider appropriate in such case to reflect the true value thereof.

The value of all portfolio securities which are listed on an official Stock Exchange or traded on any other regulated market is valued at the last available price in Luxembourg on the principal market on which such securities are traded, as furnished by a pricing service approved by the Board. If such prices are not representative of the fair value, such securities as well as other permitted assets, including securities which are listed on a Stock Exchange or traded on a regulated market, are valued at a fair value at which it is expected that they may be resold, as determined in good faith by and under the direction of the Board.

The value of securities which are not quoted or dealt in on any regulated market is valued at the last available price in Luxembourg, unless such price is not representative of their true value; in this case, they are valued at a fair value at which it is expected that they may be resold, as determined in good faith by and under the direction of the Board.

The value of other assets is determined prudently and in good faith by and under the direction of the Board in accordance with generally accepted valuation principles and procedures.

c) Acquisition cost of securities in the portfolio

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

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Notes to the financial statements (continued)

as at 30th June 2021

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

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

e) Investment income

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

Interest income accrued and overdue are disclosed net of any withholding tax.

f) Valuation of forward foreign exchange contracts

Open forward foreign exchange contracts are valued at forward market rates for the remaining period from valuation date to the maturity of the contracts. Net unrealised gains or losses of open contracts are disclosed in the statement of net assets.

g) Formation expenses

Formation expenses were amortised on a straight line basis over a period of 5 years.

h) 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.

i) Combined financial statements

The combined financial statements of the Fund are expressed in EUR and are equal to the corresponding items in the financial statements of the Sub-Fund converted into this currency at the exchange rate prevailing at the date of the financial statements.

At the date of the financial statements, the exchange rate used for the combined statements is the following:

1	EUR	=	1.1858000	USD	US Dollar
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Note 3 - Management fees

The Board of Directors of the Fund has decided to appoint LEMANIK ASSET MANAGEMENT S.A., a public limited liability company incorporated under the laws of the Grand Duchy of Luxembourg, authorised and regulated by the Chapter 15 of the amended Law of 17th December 2010 relating to Undertakings for Collective Investment as management company of the Fund in replacement of PROBUS CAPITAL MANAGEMENT S.A..

For the services rendered by LEMANIK ASSET MANAGEMENT S.A., the Sub-Fund pays an annual Management fee of a maximum of 0.30% of the total net assets.

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Notes to the financial statements (continued)

as at 30th June 2021

The portfolio management of the currently existing Sub-Fund RUSSIA EQUITIES is delegated to PROBUS MIDDLE EAST LIMITED, a private company incorporated under the laws of the United Arab Emirates, authorised and regulated by the Dubai International Financial Authority. The portfolio manager is entitled to the annual Investment Management fee payable monthly in arrears of the average Net Asset Value of the Sub-Fund as follows:

- for the Classes A and B Shares: 2% per annum;
- for the Classes C and D Shares: 1.7% per annum.

Note 4 - 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.

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 5 - Forward foreign exchange contracts

As at 30th June 2021, the Sub-Fund is not committed in any forward foreign exchange contracts.

Note 6 - Change in investment

The statement of change in investment for the reporting period is available free of charge at the registered office of the Fund.

Note 7 - Events

Global market sentiment remains fragile as worries subsist over the spread of the Delta variant of Covid and inflation. There have been steady outflows of funds from the emerging to the developed markets in anticipation of a two-tiered economic recovery between those countries with high levels of vaccination and those lagging behind, but Russia appears to have decoupled from the emerging market underperformance in recent weeks. The RTS index has posted monthly gains in eight out of the last ten months and we expect that trend to continue supported by the easing of geopolitical tensions and the reflation trade, which is providing a boost to cyclical stocks. Russia's economy is quite covid-resilient, because it is not consumer-based but based on export revenues. The Russian economy is also well protected against Fed tapering risks thanks to its low external debt. Russia is all about value thanks to its strong balance sheet, strong budget control, cheap costs and high export margins. Central Bank of Russia's FX reserves (591.5 bln\$ as of 30 Jun 2021) are higher than Russia's total external debt (sovereign + corporate + banks) of 468 bln\$ (as of end 2020). We expect the commodity producers in the metals & mining and oil & gas sectors to remain well supported. A stronger rouble is supportive of retailers and banks, with the latter category also supported by the recent rate hikes. Russian tech stocks are likely to be hostage to trends on the global market though. Russian stocks are priced on average 2022E P/E of 7.4x (MSCI Russia) and 2022E Dividend Yield of 7.7%. This compares favorably to emerging (MSCI EM P/E of 13.2x and DY of 2.7%) and developed peers (MSCI World P/E of 18.8x and DY of 1.9%).

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Notes to the financial statements (continued)

as at 30th June 2021

Note 8 - Subsequent events

There are no significant subsequent events.

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Additional information

as at 30th June 2021

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

During the reporting period, the 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.

2 - Remuneration

Remuneration policies and practices

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, the Prospectus or the Articles of Incorporation nor impair compliance with the Management Company's obligation to act in the best interest of the Fund ("the Remuneration Policy").

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company, the Fund or the Sub-Funds. Within the Management Company, these categories of staff represent 24 persons.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Fund and the Shareholders and includes measures to avoid conflicts of interest.

In particular, the Remuneration Policy will ensure that:

- a) the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
- b) the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
- c) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks.

The following table shows the fixed and variable remuneration in 2020 for the Identified Staff (24 persons), who is fully or partly involved in the activities of all the funds managed by the Management Company. For the purposes of the below disclosures, where portfolio management activities have been formally delegated to another entity, the remuneration of the relevant identified staff of the delegate has been excluded, as it is not paid out by the Management Company or by the Fund.

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Additional information (continued)

as at 30th June 2021

Staff expenses split into fixed and variable remuneration

Wages and salaries

- a. Fixed
- b. Variable

Staff expenses broken down by categories of staff subject to UCITS V pay rules (in EUR)

Staff code	Fixed remuneration	Variable Remuneration	Total
S	1,713,062.72	266,000.00	1,979,062.72
R	1,244,301.59	61,500.00	1,305,801.59
C	470,797.86	35,000.00	505,797.86
O	0	0	0

S = Senior Management

R = Risk takers, which includes staff members whose professional activities can exert material influence on UCITS or AIFs managed by Lemanik Asset Management S.A. ("LAM").

C = Staff engaged in control functions (other than senior management) responsible for risk management, compliance, internal audit and similar functions.

O = Any other staff member 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 LAM's risk profile.

A paper copy of the summarised Remuneration Policy is available free of charge to the Shareholders upon request.

No material changes have been made to the Remuneration Policy.