

KITE FUND SICAV

Société d'Investissement à Capital Variable

Unaudited Semi-Annual Report

as at

June 30, 2016

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DIRECTORS AND ADMINISTRATION

BOARD OF DIRECTORS

Lidia PALUMBO (Chairman)
Pharus Management Lux S.A. - Conducting Person

Stefano FORMENTINI
Wise Consultants S.A. - Director

Roberto FACCHINI
Wise Consultants S.A. - Director

Sante JANNONI
TMF Compliance (Luxembourg) S.A.

MANAGEMENT COMPANY

Pharus Management Lux S.A.
16 Avenue de la Gare
L-1160 Luxembourg

Board of Directors of the Management Company

Davide BERRA (Chairman)
Davide PASQUALI
Sante JANNONI

Conducting Persons of the Management Company

Lidia PALUMBO
Davide PASQUALI
Denis GUOLO

CUSTODIAN AND DOMICILIARY AGENT

Edmond de Rothschild (Europe)
20, Boulevard Emmanuel Servais
L-2535 Luxembourg

ADMINISTRATIVE, REGISTRAR, TRANSFER AND PAYING AGENT

Edmond de Rothschild Asset Management (Luxembourg)
20, Boulevard Emmanuel Servais
L-2535 Luxembourg

INVESTMENT MANAGER

Pharus Management S.A.
Via Pollini 7
CH-6850 Mendrisio (Switzerland)

INVESTMENT ADVISOR

Wise Consultants S.A.
4-6, Avenue Industrielle
CH-1277 Carouge (Switzerland)

AUDITOR

PricewaterhouseCoopers, Société coopérative
2, Rue Gerhard Mercator
B.P. 1443
L-1014 Luxembourg

GENERAL INFORMATION

INFORMATION TO THE SHAREHOLDERS

Notices concerning the SICAV are published in the Mémorial, Recueil des Sociétés et Associations of the Grand-Duchy of Luxembourg, in a Luxembourg newspaper and in any newspaper that the Board of Directors deems appropriate.

The current Articles of Incorporation of the SICAV are lodged with the Registrar of the Luxembourg District Court, from whom copies may be obtained.

The issue price and the redemption price of the SICAV's shares are made public at the registered office of the SICAV, where annual and semi-annual reports may be obtained.

Subscriptions cannot be received on the basis of financial reports. Subscriptions are valid only if made on the basis of the current prospectus, supplemented by the last annual report and the most recent semi-annual report if published thereafter.

NET ASSET VALUE PER SHARE

The Net Asset Value of each Class of Shares is calculated, under the overall responsibility of the Board of Directors, on a weekly basis, every Tuesday in Luxembourg

(“Valuation day”). In case of legal or bank holiday, the Net Asset Value per Share is calculated the next following bank business day.

RISK MANAGEMENT

The Sub-Fund employs a “Commitment approach” method to calculate and monitor the global exposure of the Sub-Fund.

STATEMENT OF NET ASSETS

June 30, 2016
(in EUR)

ASSETS

Portfolio:	(see notes)	
- Cost		75,789,747.47
- Net unrealised result		1,729,162.12
		77,518,909.59
Cash:		
- Cash at sight		916,085.63
- Cash at broker	(see notes)	592,767.84
- Margin deposits		260,000.00
Other assets:		
- Interest receivable		786,939.45
- Dividend receivable		708.53
- Formation/reorganisation expenses, net	(see notes)	17,891.36
- Receivable for investments sold		1,473,944.67
- Unrealised gain on futures	(see notes)	23,000.00
		81,590,247.07

LIABILITIES

Other liabilities:		
- Taxes and expenses payable		161,189.81
- Payable for investments purchased		1,938,094.66
- Unrealised loss on futures	(see notes)	271,020.93
- Unrealised loss on forward foreign exchange contracts on currencies	(see notes)	125,725.68
- Other		19,391.75
		2,515,422.83

NET ASSETS **79,074,824.24**

Represented by:

750,030.230 Shares of category Class A with a value of EUR 105.43 per share

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Period from January 1, 2016 to June 30, 2016
(in EUR)

NET ASSETS AT THE BEGINNING OF THE PERIOD		82,266,703.26
INCOME		
Income from investments:		
- Dividends, net		9,944.75
- Bond interest, net	(see notes)	867,686.83
		877,631.58
EXPENSES		
Bank interest, net		2,760.68
Fees:		
- Management fee	(see notes)	580,895.16
- Custodian fee and safekeeping charges	(see notes)	65,615.73
Other expenses:		
- Annual tax	(see notes)	19,744.62
- Amortisation of formation/reorganisation expenses	(see notes)	6,881.15
- Audit and legal fees		11,055.21
- Transaction fees	(see notes)	58,950.52
- Administration and other expenses		42,608.48
		788,511.55
NET OPERATING RESULT		89,120.03
Net realised result on:		
- Sales of investments	(see notes)	(2,113,963.41)
- Foreign exchange		342,285.51
NET REALISED RESULT		(1,682,557.87)
Change in net unrealised appreciation/(depreciation) on:		
- Investments		(225,771.36)
- Forward foreign exchange contracts on currencies		(49,138.70)
- Futures		(211,320.79)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS		(2,168,788.72)
MOVEMENTS IN CAPITAL		
Subscriptions of shares		1,464,201.79
Redemptions of shares		(2,487,292.09)
		(1,023,090.30)
NET ASSETS AT THE END OF THE PERIOD		79,074,824.24

The notes are an integral part of these financial statements.

STATISTICAL INFORMATION

Period from January 1, 2016 to June 30, 2016

SHARES

	Class A
Shares outstanding at the beginning of the period	759,682.556
Subscriptions of shares	13,745.370
Redemptions of shares	(23,397.696)
Shares outstanding at the end of the period	750,030.230

NET ASSET VALUE PER SHARE

EUR

Highest	108.17 01.05.16
Lowest	104.61 02.16.16
At the end of the period	105.43

**CHANGES IN THE NUMBER OF SHARES,
IN NET ASSETS AND
IN NET ASSET VALUE PER SHARE**

Date	Share Class	Number of shares outstanding	Net Assets	Ccy	Net asset value per share
12.31.13	Class A	493,214.624	52,230,956.95	EUR	105.90
12.31.14	Class A	665,202.055	72,656,413.15	EUR	109.22
12.31.15	Class A	759,682.556	82,266,703.26	EUR	108.29
06.30.16	Class A	750,030.230	79,074,824.24	EUR	105.43

STATEMENT OF INVESTMENTS IN SECURITIES AND OTHER NET ASSETS

June 30, 2016

(in EUR)

Quantity or Face Value	Description	Ccy	Cost	Value per security	Market value	% of net assets
TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET						
EQUITIES						
GERMANY						
45,000.00	AIXTRON AG	EUR	244,108.35	5.20	233,775.00	0.30
7,500.00	DAIMLER AG REG SHS	EUR	418,046.87	53.37	400,275.00	0.50
2,250.00	KUKA AG	EUR	243,283.10	106.30	239,175.00	0.30
	TOTAL GERMANY		905,438.32		873,225.00	1.10
ISRAEL						
5,250.00	MELLANOX TECHNOLOGIES LTD	USD	216,444.76	46.00	218,255.76	0.28
	TOTAL ISRAËL		216,444.76		218,255.76	0.28
SWITZERLAND						
5,250.00	GATEGROUP HOLDING AG	CHF	246,770.18	51.00	247,687.33	0.31
	TOTAL SWITZERLAND		246,770.18		247,687.33	0.31
UNITED STATES OF AMERICA						
600.00	AMGEN INC	USD	86,056.69	144.58	78,398.55	0.10
3,000.00	APPLE INC	USD	258,733.48	92.04	249,543.61	0.31
10,500.00	BANK OF AMERICA CORP	USD	130,217.76	12.18	115,580.66	0.15
400.00	BIOPEN IDEC INC	USD	96,342.78	224.60	81,192.95	0.10
900.00	CELGENE CORP	USD	86,155.03	94.85	77,148.67	0.10
7,000.00	CITIGROUP	USD	272,833.33	38.48	243,434.25	0.31
2,250.00	CVS HEALTH	USD	186,556.62	93.24	189,597.83	0.24
1,000.00	GILEAD SCIENCES INC	USD	88,250.66	78.25	70,718.48	0.09
	TOTAL UNITED STATES OF AMERICA		1,205,146.35		1,105,615.00	1.40
	TOTAL EQUITIES		2,573,799.61		2,444,783.09	3.09
BONDS						
BELGIUM						
250,000.00	ANHEUSER-BUSCH INB 2.00 16-28 17/03A	EUR	249,395.00	107.67	269,172.50	0.34
100,000.00	BARRY CALLEBAUT SER 2.375 16-24 24/05A	EUR	99,104.00	99.83	99,825.00	0.13
	TOTAL BELGIUM		348,499.00		368,997.50	0.47
CAYMAN ISLANDS						
1,000,000.00	HUTCH WHAMPOA FIN 14 1.375 14-21 31/10A	EUR	1,002,110.37	102.60	1,025,960.00	1.30
	TOTAL CAYMAN ISLANDS		1,002,110.37		1,025,960.00	1.30
COLOMBIA						
200,000.00	COLOMBIA 3.875 16-26 22/03A	EUR	200,000.00	105.81	211,620.00	0.27
	TOTAL COLOMBIA		200,000.00		211,620.00	0.27
FINLAND						
1,000,000.00	ELENIA FINANCE 2.875 13-20 17/12A	EUR	998,422.25	108.22	1,082,150.00	1.37
2,000,000.00	FINNISH GOVT 0.875 15-25 15/09A	EUR	2,023,200.00	106.64	2,132,760.00	2.70
	TOTAL FINLAND		3,021,622.25		3,214,910.00	4.07

The notes are an integral part of these financial statements.

Quantity or Face Value	Description	Ccy	Cost	Value per security	Market value	% of net assets
FRANCE						
500,000.00	CARREFOUR SA 0.75 16-24 26/04A	EUR	496,070.00	100.30	501,485.00	0.63
3,000,000.00	FRANCE OAT 1.75 13-24 25/11A	EUR	3,287,370.00	113.93	3,417,900.00	4.33
500,000.00	LAGARDERE 2.00 14-19 19/09A	EUR	499,907.25	101.76	508,795.00	0.64
500,000.00	PERNOD RICARD 1.50 16-26 18/05A	EUR	499,355.00	103.52	517,595.00	0.65
500,000.00	PEUGEOT SA 2.375 16-23 14/04A	EUR	508,800.00	101.99	509,970.00	0.64
1,000,000.00	RCI BANQUE 1.00 16-23 17/05S	EUR	997,380.00	100.85	1,008,460.00	1.28
	TOTAL FRANCE		6,288,882.25		6,464,205.00	8.17
GERMANY						
300,000.00	ALSTRIA OFFICE REIT 2.125 16-23 12/04A	EUR	302,631.00	104.54	313,614.00	0.40
500,000.00	DAIMLER 0.75 16-23 11/05A	EUR	498,915.00	102.18	510,915.00	0.65
500,000.00	HEIDELBERGCEMENT 2.25 16-24 03/06A	EUR	500,146.00	99.91	499,565.00	0.63
300,000.00	HOCHTIEF 2.625 14-19 28/05A	EUR	298,321.25	103.86	311,586.00	0.39
250,000.00	HORNBACH BAUMARKT REGS3.875 13-20 15/02A	EUR	248,177.25	108.63	271,570.00	0.34
2,000,000.00	KFW 0.875 14-17 15/12S	USD	1,589,929.95	100.21	1,811,296.88	2.29
500,000.00	METRO AG 1.50 15-25 19/03A	EUR	495,185.00	102.05	510,260.00	0.65
1,000,000.00	THYSSENKRUPP AG 2.75 16-21 08/03A	EUR	990,125.00	101.08	1,010,840.00	1.28
	TOTAL GERMANY		4,923,430.45		5,239,646.88	6.63
GUERNSEY						
1,000,000.00	CREDIT SUISSE GR FDG 1.25 15-22 14/04A	EUR	964,905.00	97.32	973,160.00	1.23
	TOTAL GUERNSEY		964,905.00		973,160.00	1.23
HONG KONG						
500,000.00	LENOVO GROUP 4.70 14-19 08/05S	USD	368,351.67	105.58	477,071.85	0.60
	TOTAL HONG KONG		368,351.67		477,071.85	0.60
IRELAND						
400,000.00	SWISSCOM AG 1.75 15-25 15/09A	EUR	397,752.00	108.41	433,648.00	0.55
	TOTAL IRELAND		397,752.00		433,648.00	0.55
ITALY						
200,000.00	BUZZI UNICEM 2.125 16-23 28/04A	EUR	198,794.00	98.83	197,668.00	0.25
200,000.00	ENI REGS 1.625 16-28 17/05A	EUR	197,464.00	103.39	206,786.00	0.26
1,000,000.00	INTESA SAN PAOLO 3.928 14-26 15/09A	EUR	1,025,656.33	97.73	977,340.00	1.24
2,000,000.00	ITALY BOT 2.00 15-25 01/12S	EUR	2,120,280.00	105.14	2,102,740.00	2.65
500,000.00	TELECOM ITALIA EMTN 3.75 15-23 16/01A	EUR	507,425.00	105.25	526,260.00	0.67
	TOTAL ITALY		4,049,619.33		4,010,794.00	5.07
LUXEMBOURG						
1,000,000.00	BEI 1.625 16-21 15/06S	USD	917,380.49	101.38	916,177.13	1.17
200,000.00	CIRSA FUNDING 5.875 15-23 15/05S	EUR	200,750.00	99.63	199,250.00	0.25
500,000.00	GLENCORE FINANCE 2.75 14-21 01/04A	EUR	493,750.00	95.48	477,410.00	0.60
500,000.00	TYCO INTL FIN 1.375 15-25 25/02A	EUR	484,401.00	98.72	493,575.00	0.62
500,000.00	WIND ACQUI.FIN 4.00 14-20 15/07S	EUR	496,875.00	96.25	481,255.00	0.61
	TOTAL LUXEMBOURG		2,593,156.49		2,567,667.13	3.25
PORTUGAL						
1,000,000.00	PORTUGAL 2.20 15-22 17/10A	EUR	1,004,690.00	98.13	981,330.00	1.24
	TOTAL PORTUGAL		1,004,690.00		981,330.00	1.24
SINGAPORE						
625,000.00	ADJA INV CO 4.85 14-20 31/01S	USD	464,822.20	99.36	561,240.40	0.71
	TOTAL SINGAPORE		464,822.20		561,240.40	0.71
SOUTH KOREA						
1,000,000.00	KOREA DEVELOPMENT BAN 2.50 14-20 11/03S	USD	761,749.81	102.78	928,829.65	1.17
	TOTAL SOUTH KOREA		761,749.81		928,829.65	1.17

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Quantity or Face Value	Description	Ccy	Cost	Value per security	Market value	% of net assets
SPAIN						
500,000.00	MERLIN PROP SOCIMI 2.225 16-23 25/04A	EUR	500,000.00	102.70	513,515.00	0.65
2,000,000.00	SPAIN 1.60 15-25 30/04A	EUR	2,023,420.00	102.70	2,053,900.00	2.60
	TOTAL SPAIN		2,523,420.00		2,567,415.00	3.25
SWEDEN						
200,000.00	ORLEN CAPITAL 2.50 16-23 07/06A	EUR	197,454.00	100.16	200,326.00	0.25
	TOTAL SWEDEN		197,454.00		200,326.00	0.25
SWITZERLAND						
300,000.00	UBS AG SUB 5.125 14-24 15/05A	USD	280,692.93	101.25	274,508.81	0.35
	TOTAL SWITZERLAND		280,692.93		274,508.81	0.35
THE NETHERLANDS						
500,000.00	AKZO NOBEL REGS 1.125 16-26 08/04A	EUR	498,600.00	102.17	510,835.00	0.65
1,000,000.00	BMW FINANCE REGS 0.75 16-24 15/04A	EUR	1,000,415.00	101.67	1,016,690.00	1.28
500,000.00	FIAT CHRYSLER A 3.75 16-24 29/03A	EUR	502,250.00	100.43	502,170.00	0.64
1,000,000.00	NOMURA EUROPE FIN 1.50 14-21 12/05A	EUR	1,009,222.83	102.50	1,025,000.00	1.29
250,000.00	SCHAEFFLER FINANCE 2.75 14-19 15/05S	EUR	252,727.50	101.04	252,590.00	0.32
	TOTAL THE NETHERLANDS		3,263,215.33		3,307,285.00	4.18
UNITED KINGDOM						
500,000.00	CREDIT AGRICOLE 1.25 16-26 14/04A	EUR	499,395.00	101.79	508,955.00	0.64
750,000.00	FCE BANK EMTN 1.134 15-22 10/02A	EUR	745,762.50	100.25	751,852.50	0.96
200,000.00	PRUDENTIAL FINANCIAL 5.25 16-XX 20/07Q	USD	179,629.96	101.90	184,182.55	0.23
500,000.00	TESCO CORP 1.375 14-19 01/07A	EUR	486,527.00	98.60	492,980.00	0.62
500,000.00	VODAFONE GROUP 2.20 16-26 25/08A	EUR	495,050.00	106.13	530,635.00	0.67
	TOTAL UNITED KINGDOM		2,406,364.46		2,468,605.05	3.12
UNITED STATES OF AMERICA						
500,000.00	ANHEUSER BUSCH COS 2.65 16-21 01/02S	USD	463,820.23	103.38	467,157.70	0.59
2,000,000.00	APPLE 2.40 13-23 03/05S	USD	1,441,476.80	101.88	1,841,500.23	2.32
750,000.00	BERKSHIRE HATHAWAY 1.30 16-24 15/03A	EUR	748,095.00	103.29	774,705.00	0.98
250,000.00	CEMEX FINANCE LLC 4.625 16-24 15/06S	EUR	245,867.50	97.18	242,947.50	0.31
1,000,000.00	CNH INDUSTRIAL 4.875 16-21 01/04S	USD	891,981.35	101.14	914,008.13	1.16
500,000.00	IBRD 1.375 16-21 24/05S	USD	440,586.62	100.85	455,711.71	0.58
200,000.00	INTL FLAVOR & FRAG 1.75 16-24 14/03A	EUR	199,644.00	105.02	210,036.00	0.27
500,000.00	MC DONALD S 1.125 15-22 26/05A	EUR	507,930.00	103.28	516,395.00	0.65
250,000.00	PRICELINE GROUP IN 2.15 15-22 25/11A	EUR	249,262.50	105.33	263,322.50	0.33
3,000,000.00	USA T NOTES 1.625 16-26 15/02S	USD	2,716,516.96	101.62	2,755,097.73	3.47
1,000,000.00	USA T NOTES 1.75 16-23 31/01S	USD	911,646.49	103.41	934,534.57	1.18
300,000.00	ZF NA CAPITAL 2.75 15-23 27/04A	EUR	305,250.00	101.71	305,121.00	0.39
	TOTAL UNITED STATES OF AMERICA		9,122,077.45		9,680,537.07	12.23
	TOTAL BONDS		44,182,814.99		45,957,757.34	58.11
FLOATING RATES BONDS						
AUSTRIA						
500,000.00	UNIQA INSURANCE GR 6.00 15-46 27/07A	EUR	504,470.00	101.83	509,155.00	0.64
	TOTAL AUSTRIA		504,470.00		509,155.00	0.64
DENMARK						
1,000,000.00	DANSKE BANK EMTN FL.R 15-XX 06/04S	EUR	1,004,061.33	96.77	967,740.00	1.22
	TOTAL DENMARK		1,004,061.33		967,740.00	1.22
FRANCE						
500,000.00	AIR FRANCE KLM FL.R 15-XX 01/10A	EUR	495,034.79	96.06	480,295.00	0.61
500,000.00	ARKEMA SA FL.R 14-XX 29/10A	EUR	514,900.00	102.54	512,695.00	0.65
500,000.00	AXA SA FL.R 07-XX 05/10A	EUR	534,850.00	106.14	530,700.00	0.67
500,000.00	BNP PAR FL.R 16-XX 30/09S	USD	447,115.35	98.08	443,190.24	0.56
500,000.00	BNP PARIBAS SUB FL.R 07-XX 13/04A	EUR	515,750.00	102.54	512,680.00	0.65

The notes are an integral part of these financial statements.

Quantity or Face Value	Description	Ccy	Cost	Value per security	Market value	% of net assets
500,000.00	CASINO GUICHARD FL.R 13-XX 31/01A	EUR	450,400.00	90.73	453,630.00	0.57
200,000.00	ELECT.DE FRANCE FL.R 13-XX 29/01A	EUR	194,000.00	98.03	196,058.00	0.25
500,000.00	ENGIE FL.R 13-18 10/07A	EUR	517,500.00	103.91	519,535.00	0.66
500,000.00	ORANGE SA SUB FL.R 14-XX 07/02A	EUR	521,250.00	103.92	519,595.00	0.66
500,000.00	SOCIETE GEN SUB FL.R 14-26 16/09A	EUR	494,980.50	99.39	496,960.00	0.63
500,000.00	TOTAL SA FL.R 16-49 18/05A	EUR	500,000.00	102.93	514,670.00	0.65
1,000,000.00	VEOLIA ENVIRONNEMENT FL.R 13-49 16/04A	GBP	1,264,318.73	102.02	1,226,385.38	1.54
	TOTAL FRANCE		6,450,099.37		6,406,393.62	8.10
	GERMANY					
1,000,000.00	BAYER SUB FL.R 15-75 02/04A	EUR	964,900.12	93.58	935,790.00	1.19
700,000.00	DEUTSCHE BOERSE AG FL.R 15-41 05/02A	EUR	702,950.00	102.15	715,050.00	0.90
500,000.00	RWE AG FL.R 15-75 30/07A	USD	422,650.55	92.38	417,419.80	0.53
	TOTAL GERMANY		2,090,500.67		2,068,259.80	2.62
	IRELAND					
700,000.00	CLOVERIE PLC (SWISS R FL.R 14-44 11/09A	USD	563,998.50	97.26	615,304.11	0.78
	TOTAL IRELAND		563,998.50		615,304.11	0.78
	ITALY					
500,000.00	ASSICURAZIONI GENERAL FL.R 16-48 08/06A	EUR	496,385.00	97.14	485,695.00	0.61
500,000.00	INTESA SANPAOLO SUB 7.00 16-XX 19/01S	EUR	490,906.25	89.07	445,330.00	0.56
500,000.00	SACE FL.R 15-XX 10/02A	EUR	502,242.25	93.54	467,680.00	0.59
1,000,000.00	UNICREDIT FL.R 13-23 02/05S	USD	848,801.36	100.58	908,947.13	1.16
	TOTAL ITALY		2,338,334.86		2,307,652.13	2.92
	LUXEMBOURG					
500,000.00	SES FL.R 16-XX 02/01A	EUR	500,598.00	98.60	493,000.00	0.62
	TOTAL LUXEMBOURG		500,598.00		493,000.00	0.62
	SWEDEN					
500,000.00	SHB SUB FL.R 15-XX 01/03A	USD	424,822.07	93.36	421,848.17	0.53
500,000.00	VOLVO TREASURY SUB FL.R 14-78 10/03A	EUR	513,755.87	100.00	499,975.00	0.64
	TOTAL SWEDEN		938,577.94		921,823.17	1.17
	THE NETHERLANDS					
500,000.00	ALLIANZ FIN SUB -XW- FL.R 05-XX 28/02A	EUR	516,750.00	101.24	506,210.00	0.64
500,000.00	ASR NEDERLAND FL.R 15-45 29/09A	EUR	508,412.50	101.17	505,835.00	0.64
1,000,000.00	COOP RABOBANK UA 6.625 16-49 26/04A	EUR	1,010,850.00	97.81	978,100.00	1.24
200,000.00	DEMETER (SWISS RE) FL.R 15-50 15/08A	USD	184,365.78	102.80	185,814.73	0.23
750,000.00	GENERALI FIN SUB FL.R 14-XX 21/11A	EUR	756,891.30	91.15	683,647.50	0.86
500,000.00	KPN FL.R 13-XX 14/09A	EUR	513,500.00	105.49	527,460.00	0.67
1,000,000.00	VW INTL FIN FL.R 14-26 24/03A	EUR	997,425.75	100.16	1,001,620.00	1.27
	TOTAL THE NETHERLANDS		4,488,195.33		4,388,687.23	5.55
	UNITED KINGDOM					
1,000,000.00	HBOS PLC FL.R 06-16 30/09Q	USD	802,052.55	99.79	901,879.80	1.14
2,000,000.00	ROYAL BK OF SCOT.SUB FL.R 04-21 22/09A	EUR	2,034,979.50	98.86	1,977,160.00	2.50
	TOTAL UNITED KINGDOM		2,837,032.05		2,879,039.80	3.64
	UNITED STATES OF AMERICA					
2,000,000.00	GOLDMAN SACH GROUP FL.R 13-18 15/11Q	USD	1,610,049.75	100.24	1,811,802.98	2.29
1,000,000.00	MORGAN STANLEY FL.R 14-19 24/01Q	USD	904,696.76	99.81	902,051.51	1.14
400,000.00	UBS AG STAMFORD FL.R 14-19 14/08Q	USD	367,952.31	99.53	359,815.81	0.46
	TOTAL UNITED STATES OF AMERICA		2,882,698.82		3,073,670.30	3.89
	TOTAL FLOATING RATES BONDS		24,598,566.87		24,630,725.16	31.15
	TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET		71,355,181.47		73,033,265.59	92.35

The notes are an integral part of these financial statements.

Quantity or Face Value	Description	Ccy	Cost	Value per security	Market value	% of net assets
OTHER TRANSFERABLE SECURITIES						
BONDS						
BULGARIA						
750,000.00	BULGARIA 1.875 16-23 21/03A	EUR	736,440.00	99.38	745,312.50	0.94
	TOTAL BULGARIA		736,440.00		745,312.50	0.94
FRANCE						
500,000.00	IMERYSA 1.875 16-28 31/03A	EUR	507,533.00	103.83	519,150.00	0.66
150,000.00	LOXAM SAS 3.50 16-23 03/05S	EUR	151,275.00	99.98	149,964.00	0.19
	TOTAL FRANCE		658,808.00		669,114.00	0.85
THE NETHERLANDS						
500,000.00	GAS NAT FENOSA FIN 1.25 16-26 19/04A	EUR	499,007.00	101.07	505,350.00	0.64
	TOTAL THE NETHERLANDS		499,007.00		505,350.00	0.64
UNITED STATES OF AMERICA						
250,000.00	ARDAGH PCK REGS 4.125 16-23 15/05S	EUR	252,575.00	99.89	249,727.50	0.32
500,000.00	FEDEX CORP 1.625 16-27 11/01A	EUR	497,340.00	101.45	507,260.00	0.64
500,000.00	IBM 1.125 16-24 06/09A	EUR	497,450.00	103.19	515,965.00	0.65
	TOTAL UNITED STATES OF AMERICA		1,247,365.00		1,272,952.50	1.61
	TOTAL BONDS		3,141,620.00		3,192,729.00	4.04
	TOTAL OTHER TRANSFERABLE SECURITIES		3,141,620.00		3,192,729.00	4.04
INVESTMENT FUNDS						
OPEN-ENDED INVESTMENT FUNDS						
IRELAND						
8,000.00	ISHARES III PLC BARCLAYS EUR CORP BD	EUR	1,032,196.00	129.63	1,037,040.00	1.32
2,500.00	ISHARES PLC MARKIT IBOXX EUR HY BD DIS	EUR	260,750.00	102.35	255,875.00	0.32
	TOTAL IRELAND		1,292,946.00		1,292,915.00	1.64
	TOTAL OPEN-ENDED INVESTMENT FUNDS		1,292,946.00		1,292,915.00	1.64
	TOTAL INVESTMENT FUNDS		1,292,946.00		1,292,915.00	1.64
	TOTAL INVESTMENTS IN SECURITIES		75,789,747.47		77,518,909.59	98.03
	Cash/(bank overdraft)				1,768,853.47	2.24
	Other assets and liabilities				(212,938.82)	(0.27)
	TOTAL NET ASSETS				79,074,824.24	100.00

The notes are an integral part of these financial statements.

**GEOGRAPHICAL CLASSIFICATION
OF THE INVESTMENTS IN SECURITIES**
June 30, 2016
(in %)

COUNTRIES	% of net assets
United States of America	19.13
France	17.12
The Netherlands	10.37
Germany	10.35
Italy	7.99
United Kingdom	6.76
Finland	4.07
Luxembourg	3.87
Spain	3.25
Ireland	2.97
Sweden	1.42
Cayman Islands	1.30
Portugal	1.24
Guernsey	1.23
Denmark	1.22
South Korea	1.17
Bulgaria	0.94
Singapore	0.71
Switzerland	0.66
Austria	0.64
Hong Kong	0.60
Belgium	0.47
Israel	0.28
Colombia	0.27
TOTAL INVESTMENTS IN SECURITIES	98.03
Other assets/(liabilities) and liquid assets	1.97
NET ASSETS	100.00

**ECONOMIC CLASSIFICATION
OF THE INVESTMENTS IN SECURITIES**
June 30, 2016
(in %)

ECONOMIC SECTORS	% of net assets
Banks and other credit institutions	22.20
Holding and finance companies	19.50
Countries and central governments	19.38
Office supplies and computers	4.16
Insurance	4.02
Data transmission	3.29
Energy and water supply	2.98
Chemicals	2.49
Road vehicles	2.43
Retail trade	2.19
Mining industry	1.99
Building and building materials	1.93
Supranational organisations	1.75
Investment funds	1.64
Transportation	1.25
Real estate	1.05
Tobacco and alcohol	0.99
Hotels, restaurants and leisure	0.96
Oil	0.91
Graphic industry and publishing houses	0.64
Pharmaceutical and cosmetics industry	0.51
Biotechnology	0.39
Internet and software services	0.33
Packaging industries	0.32
Mechanical engineering and industrial equipment	0.30
Electronics and semiconductors	0.30
Foodstuffs and non-alcoholic drinks	0.13
TOTAL INVESTMENTS IN SECURITIES	98.03
Other assets/(liabilities) and liquid assets	1.97
NET ASSETS	100.00

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

GENERAL

KITE FUND SICAV (the “Fund”) is a “société d’investissement à capital variable” with an umbrella structure, organized under Part I of the Law of December 17, 2010, as amended relating to Undertakings for Collective Investment (“Law of 2010”) and the Law of August 10, 1915 on the Commercial Companies (“Law of 1915”).

The Fund was created on September 11, 2012 for an unlimited period and is registered with the Luxembourg trade and companies register under number B 171354. Its original Articles have been published in the Mémorial on September 18, 2012.

As at June 30, 2016, the following Sub-Fund is available to investors:

KITE FUND SICAV - TOTAL RETURN

The Board of Directors of the Fund may, at any time, decide to create further Sub-Funds.

The Fund issues Shares of different classes. As at June 30, 2016, the following share class is available to investors:

Class A Share is denominated in EUR.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) *Presentation of financial statements*

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

The semi-annual report as at June 30, 2016 is prepared based on the last official NAV of the Sub-Fund as at June 28, 2016.

b) *Valuation of the investments in securities*

The valuation of securities and/or financial derivative instruments listed on an official stock exchange or dealt in on another regulated market which operates regularly, is recognised and open to the public, is based on the last available price and, if such security and/or financial derivative instrument is traded on several markets, on the basis of the last available price known on the market considered to be the main market for trading this security and/or financial derivative instrument. If the last available price is not representative, the valuation shall be based on

the probable sales value estimated by the Board of Directors with prudence and in good faith;

Securities not listed on a stock exchange or dealt in on another regulated market which operates regularly, is recognised and open to the public shall be assessed on the basis of the probable sales value estimated with prudence and in good faith;

c) *Valuation of futures and options*

Futures and options, if any, are valued by reference to the last available day at closing price on the relevant market.

The realised and unrealised, if any, results on futures and on options are included in the statement of changes in net assets, respectively under “Net realised result on sales of investments” or “Change in net unrealised appreciation/(depreciation) on futures” or “Change in net unrealised appreciation/(depreciation) on options”.

d) *Forward foreign exchange contracts*

Forward foreign exchange contracts are valued at the forward rate applicable at the statement of net assets date for the remaining period until maturity.

The realised result, if any, on forward foreign exchange contracts is included in the statement of changes in net assets of each Sub-Fund under “Net realised result on foreign exchange”.

e) *Net realised gain or loss on sales of investments*

Realised gains or losses on sales of investments are calculated on the basis of average cost of the investments sold.

f) *Conversion of foreign currencies for each Sub-Fund*

Cash at bank, other net assets as well as the market value of the investment portfolio in currencies other than the reference currency of the Sub-Fund are converted into the reference currency of the Sub-Fund at the exchange rate prevailing at the period end.

Income and expenses in currencies other than the currency of the Sub-Fund are converted into the currency of the Sub-Fund at the exchange rate prevailing at the payment date.

Resulting realised and unrealised foreign exchange gains and losses are included in the statement of operations of each Sub-Fund.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) *Cost of investments in securities*

Cost of investments in securities in currencies other than the reference currency of the Sub-Fund is converted into the reference currency of the Sub-Fund at the exchange rate applicable at the purchase date.

h) *Formation expenses*

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

i) *Dividends and interest*

Dividends are recorded at ex-date. Interest is accounted for on a prorata basis.

j) *Abbreviations*

XX: Perpetual Bonds

EXCHANGE RATES AS AT JUNE 30, 2016

1	EUR	=	1.0810	CHF
		=	0.8319	GBP
		=	1.1065	USD

COMMISSIONS ON ISSUE AND REPURCHASE OF SICAV'S SHARES

Shares are issued and redeemed at net asset value, subject to the subscription and redemption fees here above:

- up to 3%, the Subscription Fee is payable at the discretion of the Board of Directors;
- up to 3%, the Redemption Fee is payable at the discretion of the Board of Directors.

MANAGEMENT COMPANY FEE, INVESTMENT MANAGER FEE

Management Company

The Board of Directors is responsible for all commitments of the Fund and for the overall management and control of the Fund. It may carry out all acts of management of the assets of each Sub-Fund and in particular it may purchase, sell, subscribe or exchange any transferable securities and

exercise all rights directly or indirectly attached to the Fund's assets. The Board of Directors shall be in charge of determining the investment policy of each Sub-Fund.

The Board of Directors has appointed Pharus Management Lux S.A. (the "Management Company"), having its registered office at 32-36 Boulevard d'Avranches L-1160 Luxembourg as its management company registered under Chapter 15 of the Law of 2010, according to a "Management Company Services Agreement".

The Management Company is a company incorporated in Luxembourg as a "société anonyme" on July 3, 2012 for an indefinite duration and registered in the Luxembourg Commercial Register under Number B169798.

The Management Company is entitled to receive a management company fee of 0.07 % per year, based on the net assets of the Sub-Fund, with a minimum of EUR 25,000 per year. This fee will be calculated on the quarterly average of the total net assets under management of the previous quarter. It will be payable quarterly in arrears.

In addition, for the service of risk management of the Sub-Fund, the Management Company is entitled to receive a fee of EUR 10,000 per year, payable quarterly in arrears.

Investment Manager

The Management Company has appointed Pharus Management S.A., a Swiss based asset management company with registered office at Via Pollini 7, CH 6850 Mendrisio (Switzerland), duly enrolled at the Register of the Management Company held by FINMA, to act as Investment Manager of the Sub-Fund. Pharus Management S.A. is in its turn authorised to appoint sub-investment managers or advisory companies, at its own expenses.

The Investment Manager is entitled to receive from the Sub-Fund an investment management fee of 1.4% per year (with a minimum fee of EUR 50,000 per year) calculated and accrued every Valuation Day on the total net value of the Sub-Fund and drawn from the availability of the latter the first trading day of the following month.

Part of these fees will serve as remuneration for the Investment Advisor.

MANAGEMENT COMPANY FEE, INVESTMENT MANAGER FEE (continued)

Investment Advisor

The Investment Manager has appointed Wise Consultants SA, a Swiss company with registered office at avenue Industrielle 4-6, CH1227 Carouge (Switzerland), as Investment Advisor to give recommendations to the Investment Manager for the manner in which the cash raised by the Sub-Fund might be invested or divested and provide information and documentation relating to the market contemplated by the investment policy of the Sub-Fund.

PERFORMANCE FEE

Performance fee

In addition to the investment management fee, the Investment Manager shall be entitled to receive from the Sub-Fund a performance fee which is calculated as follows:

The Investment Manager will receive a performance fee, paid annually, based on the net asset value (NAV), equivalent to:

- 10% of the performance of the NAV per share exceeding the Reference NAV (as defined hereafter) with a hurdle rate equal to 2% p.a. (and lower than 7% p.a.)
- 15% of the performance of the NAV per share exceeding the Reference NAV (as defined hereafter) with a hurdle rate equal to 7% p.a..

The above mentioned percentages will be calculated “per tranche”.

For example:

if the NAV performance is 6%, the Performance Fee will be 10% of the NAV Performance exceeding 2% i.e. $(6\% - 2\%) * 10\% = 0.4\%$;

if the NAV Performance is 9%, the Performance Fee will be 10% of the NAV Performance between 2% and 7% plus 15% of the NAV Performance exceeding 7%, i.e. $[(7\% - 2\%) * 10\%] + [(9\% - 7\%) * 15\%] = 0.5\% + 0.3\% = 0.8\%$.

The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is equal to the out performance of the NAV per share multiplied by the number of shares in circulation during the calculation period. No performance fee will be due if the NAV per share before performance

fee turns out to be below the Reference NAV for the calculation period in question.

The Reference NAV is defined as the greater of the following two figures:

The latest NAV per share after deduction of performance fee during the previous calculation period; and

- The latest Reference NAV.
- The Reference NAV for the first period is the initial NAV per share.

Provision will be made for this performance fee on each Valuation Day. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable. If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realised may be taken into account in the calculation and payment of performance fees.

In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per share against the Reference NAV until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the Reference NAV adjusted by the hurdle at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.

The performance fee calculation period shall correspond to the accounting year of the Fund.

Performance fees are payable within 10 business days following the end of the calculation period.

CUSTODIAN FEES

Edmond de Rothschild (Europe) has been appointed as Depositary Bank for the Fund. The Depositary Bank is entitled to receive out of the assets of each Sub-Fund fees calculated, in accordance with customary banking practice in Luxembourg, as an annual percentage of the average total net assets and are payable quarterly in arrears. They are also determined partly on a transaction basis and partly as a fixed sum. In addition, the Depositary Bank is entitled to be reimbursed by the Fund for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

TRANSACTIONS FEE

The total amount of transaction fees is included in the statement of operations and changes in net assets and includes Custodian and Sub-Custodian fees, Correspondent's expenses and Brokerage fees.

COLLATERAL HELD AT BROKERS

The total amount of cash collateral as at June 30, 2016 is disclosed in the statement of net assets under:

- "Cash at broker" for the collateral relating to the outstanding Future contracts;
- "Margin deposits" for the collateral relating to the outstanding Forward foreign exchange contracts.

ANNUAL TAX

The Fund is subject to an annual tax in Luxembourg corresponding to 0.05% of the value of the net assets. This tax is payable quarterly on the basis of the Fund's net assets calculated at the end of the relevant quarter.

CHANGES IN THE SECURITIES PORTFOLIO

A copy of the list of changes in the portfolio of each Sub-Fund may be obtained free of charge at the registered office of the Fund for the period ended June 30, 2016.

FUTURES

As at June 30, 2016, the following futures contract(s) was (were) outstanding :

KITE FUND SICAV - TOTAL RETURN

Sale / Purchase	Quantity	Contract(s)	Size	Price as at 06.30.16	Commitment EUR	Unrealised result EUR	Counterparties
FUTURES ON INDEX							
Sale	50	EURO STOXX BANK IDX 09/16	50	78.40 EUR	196,000.00	23,000.00 23,000.00	JP Morgan Londres
FUTURES ON INTEREST RATES							
Sale	34	EURO BTP FUTURE -EUX 09/16	100,000	140.28 EUR	4,769,520.00	(22,140.00)	JP Morgan Londres
Sale	50	EURO BUND FUTURE 09/16	100,000	166.69 EUR	8,334,500.00	(134,500.00)	JP Morgan Londres
Sale	50	US 10 YEARS NOTE 09/16	100,000	133.09 USD	6,022,650.25	(114,380.93) (271,020.93)	JP Morgan Londres

The unrealised gain/(loss) result on the outstanding futures contract(s) as at June 30, 2016 for KITE FUND SICAV - TOTAL RETURN is included in the statement of net assets of the Sub-Fund.

FORWARD FOREIGN EXCHANGE CONTRACTS ON CURRENCIES

As at June 30, 2016, the following forward foreign exchange contract(s) on currencies was (were) outstanding:

KITE FUND SICAV - TOTAL RETURN

	Sale		Purchase	Maturity	Unrealised in EUR	Counterparties
USD	15,000,000.00	EUR	13,430,532.79	06.30.16	(125,725.68)	EDMOND DE ROTHSCHILD (EUROPE)
					<u>(125,725.68)</u>	

The unrealised gain/(loss) result on the outstanding forward foreign exchange contract(s) on currencies as at June 30, 2016 for KITE FUND SICAV - TOTAL RETURN is included in the statement of net assets of the Sub-Fund.