

EXANE FUNDS 2

Société d'Investissement à Capital Variable

R.C.S. Luxembourg n° B 114 732

Audited Annual Report as at December 31, 2018

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE

EXANE FUNDS 2 - EXANE CRISTAL FUND

EXANE FUNDS 2 - EXANE CARE FUND

EXANE FUNDS 2 - EXANE ZEPHYR FUND*

* The Sub-Fund has been merged on June 8, 2018 (see Note 1)

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Table of Contents

Organisation of the SICAV	2
Directors' Report	3
Audit Report	6
Statistics	9
Combined Statement of Net Assets as at December 31, 2018	11
Combined Statement of Operations and Changes in Net Assets for the year/period ended December 31, 2018	11
EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE	
Statement of Net Assets as at December 31, 2018	12
Statement of Operations and Changes in Net Assets for the year ended December 31, 2018	12
Statement of Changes in Number of Shares	12
Securities Portfolio as at December 31, 2018	13
Financial derivative instruments as at December 31, 2018	14
Portfolio Breakdowns	16
Top Ten Holdings	16
EXANE FUNDS 2 - EXANE CRISTAL FUND	
Statement of Net Assets as at December 31, 2018	17
Statement of Operations and Changes in Net Assets for the year ended December 31, 2018	17
Statement of Changes in Number of Shares	17
Securities Portfolio as at December 31, 2018	18
Financial derivative instruments as at December 31, 2018	18
Portfolio Breakdowns	19
Top Ten Holdings	19
EXANE FUNDS 2 - EXANE CARE FUND	
Statement of Net Assets as at December 31, 2018	20
Statement of Operations and Changes in Net Assets for the year ended December 31, 2018	20
Statement of Changes in Number of Shares	20
Securities Portfolio as at December 31, 2018	21
Financial derivative instruments as at December 31, 2018	21
Portfolio Breakdowns	23
Top Ten Holdings	23
EXANE FUNDS 2 - EXANE ZEPHYR FUND*	
Statement of Net Assets as at June 8, 2018	24
Statement of Operations and Changes in Net Assets for the period ended June 8, 2018	24
Statement of Changes in Number of Shares	24
Notes to the Financial Statements	25
Additional Information (unaudited)	34

* The Sub-Fund has been merged on June 8, 2018 (see Note 1)

Organisation of the SICAV

Registered office

60, avenue J.F. Kennedy
L-1855 Luxembourg

Board of Directors

Chairman

Mr Jihad TALEB, Almagest Wealth Management S.A.

Directors

Mr Fabrice BAGES, Administrative and Financial Manager, Exane Asset Management
Mr Pierre SEQUIER, Chief Executive Officer, Exane Asset Management
Mr Nicolaus BOCKLANDT, Independent, Certified Director

Until November 30, 2018

Management Company

Exane Asset Management Luxembourg
12-16, avenue Monterey
L-2163 Luxembourg

Chairman of the Board of Directors

Exane Asset Management
Represented by Mr Pierre SÉQUIER, Chief Executive Officer

Directors

Mr Nicolas CHANUT, Chairman of the board of directors, Exane Asset Management
Mr Charles-Henri NÈME, Manager, Exane Asset Management

Conducting Persons of the Management Company

Mr. Fabrice BAGES, Administrative and financial manager, Exane Asset Management
Mr. Eric CHINCHON, Independent, ME Business solutions

Since December 1, 2018

Management Company

Exane Asset Management
6, rue Menars
F-75002 Paris

Chairman of the Board of Directors

Mr Nicolas CHANUT, Chairman of the board of directors, Exane Asset Management

Directors

Mr. Pierre SEQUIER, Chief Executive Officer, Exane Asset Management
Mr. Benoît CATHERINE, Deputy Chief Executive Officer, Exane SA
Mr. Daniel IVANIER, Exane SA

Conducting Persons of the Management Company

Mr. Pierre SEQUIER, Chief Executive Officer, Exane Asset Management
Mr. Mr Charles-Henri NÈME, Deputy Chief Executive Officer, Exane Asset Management
Mr. Eric LAURI, Managing Director, Exane Asset Management

Investment Manager

Exane Asset Management
6, rue Menars
F-75002 Paris

Depository Bank, Paying Agent, Domiciliary and Listing Agent, Registrar and Transfer Agent, Administrative Agent

BNP Paribas Securities Services, Succursale de Luxembourg
60, avenue J.F. Kennedy
L-1855 Luxembourg

Auditor

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

Legal Advisor

Arendt & Medemach
41 A, avenue J.F. Kennedy
L-2082 Luxembourg

Directors' Report

I. ECONOMIC ENVIRONMENT AND MARKET CONDITIONS

The 2017 concerns around increasing geopolitical tensions and uncertainties concerning the Chinese economy, a global trade engine, persisted in 2018, emphasizing the risk of a recession. So, despite strong global growth and good start up, 2018 has been the worst year since 2008 in terms of performance across many asset classes. The equity markets had a sudden turnaround in the last months of 2018, impacting all major Global Exchanges. In Europe, the CAC 40 lost nearly 12%, the FTSE ended the year with a 12.5% drop. The GermanDax and the Stoxx 600 recorded decreases of 18% and 13.2%, respectively. Asia also suffered a steep decline, with the Shanghai Stock Exchange falling 24.6% and a Nikkei Index in Tokyo that lost 12.1%. On Wall Street, the three U.S. indices have not escaped the bearish tendency, although certainly less sweeping compared to European and emerging markets, but registering their strongest annual losses in 10 years. The Dow Jones posted a decrease of 6.2%, the S&P 500 12%. The Nasdaq recorded a drop of 4.1%.

II. SICAV MANAGEMENT POLICY

EXANE FUNDS 2 is a Variable Capital Investment Company (SICAV) that has appointed a management company. The Company was originally incorporated in the form of an self-managed SICAV in Luxembourg on 2 March 2006 for an unlimited period in accordance with Part II of the Law of 2010. By decision of the Extraordinary General Meeting held on 27 May 2011, the Company was converted to a self-managed SICAV governed by the provisions of Part I of the Law of 2010, as well as by the Law of 10 August 1915 on commercial companies, as amended.

As of 31 December 2018, the SICAV consisted of 3 sub-funds:

- EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE
- EXANE FUNDS 2 - EXANE CRISTAL FUND
- EXANE FUNDS 2 - EXANE CARE FUND

EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE

2018 was a disappointing year for Select. We underperformed against the benchmark in December. Our industry success rate was 53%, with an unfavourable gain/loss ratio (+22/-40).

We generated alpha in the following industries:

- In the consumption sector, we generated alpha mainly through our positions in Nestlé, Adidas, LVMH and Ricard.
- In the technology industry, the long-term position in ASML and trading on Nokia enabled us to achieve a good year.
- In the automobile industry, it was our belief in the Peugeot stock that allowed us to achieve a positive year.
- Finally, in the utilities sector, our position in Enel and the trading in Centrica at the lowest of the year helped us achieve alpha.

We have assigned alpha in the following industries:

- We experienced a bad year in equipment goods because of our position in Nexans for two-thirds of the loss. Over the year we experienced the departure of the CEO, two warnings and backorders.
- It is within the energy and raw materials sectors that we lost the most over the year. Acquisitions and sensitivity to Russia hurt the OMV stock, which lost more than 25%. We invested in CGG just before the 50% year-end collapse. Finally, we believed that the will to separate the production of steel and industrial business from Thyssen would be a positive catalyst for the stock price, which was not the case.
- Within the insurance industry, we never recovered the loss from announcing AXA's unexpected acquisition of the XL Group, and our position in Prudential hurt us despite its attractive valuation and growth in Asia, the market more focused on the group asset management and its exposure outside Asia.

Updating our model:

Late last year, we found that the risk/reward trade-off of midcaps would put our model in trouble when we were making selection mistakes, with losses being particularly heavy for this segment of the market. We have a simple rule of not exceeding 1% of the fund for securities of under 10 billion market capitalisation. This update was particularly effective in 2018. Indeed, among the worst portfolio performance, we have had Nexans, CGG, Altran, and Eurofins, i.e. four midcaps. The implementation of this rule saved us more than 100 bps in 2018.

At the end of the year, we had a research tool to evaluate companies on non-financial criteria (Sustainalytics). We have systematically integrated the screening of these parameters into our investment process. On the other hand, at the fund level we are setting for ourselves the goal of having a better "ESG Risk Rating" grade than benchmark.

Directors' Report (continued)**EXANE FUNDS 2 - EXANE CRISTAL FUND**

In 2018, the fund experienced a poor year. Some exogenous factors can explain some: on the one hand, uncertainties around Brexit and commercial war between the US and China have complicated the bottom-up analysis of companies and, on the other hand, the evolution of the market structure with more quantitative actors makes the fundamental base trading business less cost-effective. We also saw an unfavourable asymmetry on the biggest losses sustained against the largest recorded gains. We have let our losses slip away too much, and made our gains too fast this year – we need to correct this bias. Finally, our hedges have too often been exposed to the less cyclical, more defensive, but more expensive Nordic zone.

Over the year, we generated alpha in the following industries:

The bank sector positively contributed with long positions at the beginning of the year on Nordic banks such as SEB Bank and DNB, but also through income-generating hedges on some Italian and Spanish banks, particularly in the summer.

Within the base resources sector, we generated alpha on the hedge positions in Aurubis, Imerys, Salzgitter and the long position in Elkem that we put in place at the beginning of the year and have reduced drastically.

We generated alpha in the utilities sector with our long positions in Eon and Enel, two large cap securities, Eon due to the synergy with Innogy and Enel being the security offering the best mix of value and growth. We also generated alpha by trading in Centrica.

Over the year, we assigned alpha in the following sectors:

The technology industry was the worst contributor over the year with its major detractors, Atos and STMicroelectronics in long and Dassault Systems in hedge. Atos has not been rewarded for its acquisition policy and has published relatively disappointing figures over the year; STM was hit full force turnaround of sentiment regarding the semiconductor market and Dassault was a huge failure once again, until the end of summer.

Stock picking in the telecom sector continued to be costly in 2018 with our long Euro zone historical exposure, such as Vodafone, faced with Nordic securities Telenor, Elisa and Telia, the outperformance of these being on the order of 40% of the year compared with Vodafone.

Finally, the health sector was also hurt, especially because of the financial meltdown concerning Fresenius throughout the year with regard to the failed deal with respect to Akorn and its early December warning, loss on DBV due to its inability to enter, as expected, the peanut allergy market and finally, the GN Store hedging position that continued its climb despite new competitors in the business.

2018 Conclusion, Outlook 2019:

Over a very challenging year in markets and for active management, the fund showed a disappointing performance. These years are part of market cycles ; The creation of alpha is more difficult and the robustness of portfolio construction models is being tested. True to our philosophy and organisation, we are approaching 2019 with a reinforced model, reigning in some bias, to give investors the alpha generated sector by sector.

EXANE FUNDS 2 - EXANE CARE FUND

Over the year, EXANE CARE FUND was down 3.96% for Class A. A year marked by a very challenging December (-6.71%) for Class A while the fund had gone through the year well. Performance was in contrast with the stock picking, with both records that have performed very well, such as Innate Pharma and Avexis, but also securities that have lost significant value, such as DBV or Fresenius SE and Medical Care. Innate Pharma benefitted from a strategic agreement with AstraZeneca that validated its immunotherapy platform, while Avexis was acquired by Novartis for nearly \$8 billion. With respect to securities that have weighed on fund performance: 1/DBV has unexpectedly experienced a regulatory delay in the United States for registering its patch against peanut allergies. We remain convinced of the therapeutic potential of the product and the strong medical need. In addition, the first contacts with management of the company seem to indicate a delay of a few months. So we decided to maintain our position (3% of the fund) while remaining extremely attentive to developments in the next weeks/months. 2/Fresenius SE/Medical Care: Both companies have published early 2019 guidelines below consensus expectations (about 6% on EPS for Fresenius SE and 3% for Medical Care). Furthermore, Fresenius SE also indicated that its 2020 guideline would not be reached. These announcements resulted in an 18% decrease in Fresenius SE (highest decrease in 17 years) and 12% for Medical Care. Throughout the year, both securities were down by more than 35%. 2019 will be a year of investment in China, home dialysis for Medical Care, hospitals in Germany at Helios and several production plants at Kabi to increase capacity. Looking ahead to the coming year, but more broadly the next five years, we consider the current valuations for both securities to be very attractive entry points.

At the end of December the portfolio had a net exposure of 30% and gross exposure was 138%. We are beginning 2019 with a portfolio construction that is unchanged, including conviction management and a strong concentration that maintains a rebound potential for the medium term. We should expect an M&A business improvement in healthcare as demonstrated by Bristol-Cellgene's first operations of the year for \$74 billion and Lilly-Loxo for \$8 billion. We continue to invest in companies with real power of innovation and prefer to stay away from sectors subject to disruption.

Directors' Report (continued)**INFORMATION ON THE AGGREGATE RISK CALCULATION METHOD OF THE SUB-FUNDS**

SUB-FUNDS	GLOBAL RISK CALCULATION METHOD INFORMATION
EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE	Commitment approach
EXANE FUNDS 2 - EXANE CRISTAL FUND	Commitment approach
EXANE FUNDS 2 - EXANE CARE FUND	Commitment approach

INFORMATION ON BREXIT

The Management Company has closely monitored the political environment with regards to Brexit, in order to properly anticipate and implement the necessary actions to be taken to protect Shareholders from the consequences of such event, including in a "no deal" Brexit scenario.

The Board of Directors

Luxembourg, 26 March 2019

Note: The information presented in this report is based on historical data and is not an indication of future results.



Audit report

To the Shareholders of
Exane Funds 2

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Exane Funds 2 and of each of its sub-funds (the "Fund") as at 31 December 2018, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund's financial statements comprise:

- the statement of net assets as at 31 December 2018;
- the securities portfolio as at 31 December 2018;
- the statement of operations and changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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T : +352 494848 1, F : +352 494848 2900, www.pwc.lu*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*

Responsibilities of the Board of Directors of the Fund and those charged with governance for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;



- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 4 April 2019

A handwritten signature in black ink, appearing to read 'C. Crépin'.

Christelle Crépin

EXANE FUNDS 2

Statistics

		December 31, 2018	December 31, 2017	December 31, 2016
EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE				
Net Asset Value	EUR	790,897,468.51	880,097,086.44	470,342,101.09
Net asset value per share				
Class A	EUR	17,883.60	20,187.05	18,460.29
Class B	EUR	148.39	169.09	156.35
Class C	EUR	178.33	200.17	182.54
Class D	EUR	8,709.01	9,910.13	-
Class F	EUR	15,582.41	17,517.14	15,934.99
Class S	EUR	10,342.32	11,668.43	10,694.75
Number of shares				
Class A		9,232.34	11,448.45	11,184.23
Class B		231,293.86	112,783.82	46,951.80
Class C		1,293.00	783.00	748.00
Class D		1,140.30	20.00	-
Class F		6,443.00	6,443.00	6,443.00
Class S		46,499.17	44,281.76	14,374.48
EXANE FUNDS 2 - EXANE CRISTAL FUND				
Net Asset Value	EUR	133,868,482.48	221,879,758.06	300,870,241.87
Net asset value per share				
Class A	EUR	11,082.65	11,386.84	11,433.49
Class A-USD	USD	11,090.21	11,104.07	10,927.87
Class B	EUR	105.76	109.34	110.45
Number of shares				
Class A		7,347.12	9,770.78	9,943.86
Class A-USD		689.96	1,551.15	1,703.32
Class B		432,562.82	880,574.22	1,534,892.79
EXANE FUNDS 2 - EXANE CARE FUND				
Net Asset Value	EUR	26,853,786.00	10,274,161.64	-
Net asset value per share				
Class A	EUR	9,869.42	10,276.46	-
Class B	EUR	97.82	102.53	-
Class C	EUR	9,527.17	-	-
Class F	EUR	9,471.77	-	-
Number of shares				
Class A		1,055.50	900.00	-
Class B		13,077.06	10,000.00	-
Class C		6.99	-	-
Class F		1,593.24	-	-
EXANE FUNDS 2 - EXANE ZEPHYR FUND*				
Net Asset Value	EUR	-	240,726,645.56	87,921,040.15

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

EXANE FUNDS 2

Statistics

			December 31, 2018	December 31, 2017	December 31, 2016
Net asset value per share					
Class A	EUR	-	10,204.55	10,138.45	
Class B	EUR	-	100.11	100.29	
Class C	EUR	-	10,049.84	-	
Class F	EUR	-	10,422.93	10,314.73	
Number of shares					
Class A		-	15,147.57	4,250.37	
Class B		-	6,465.19	36,959.25	
Class C		-	4,376.00	-	
Class F		-	3,984.21	3,986.75	

* The Sub-Fund has been merged on June 8, 2018 (see Note 1)

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

EXANE FUNDS 2

Combined Statement

Statement of Net Assets as at December 31, 2018

Statement of Operations and Changes in Net Assets for the year/period ended December 31, 2018

	Notes	EUR		Notes	EUR
Assets			Income		
Investment in securities at cost		1,007,450,410.06	Net dividends on securities	2.4	23,915,069.20
Unrealised appreciation / (depreciation) on securities	2.3	(71,468,108.05)	Net dividends received on Contracts for Difference	2.9	2,206,447.69
Investment in securities at market value	2.3	935,982,302.01	Other income	16	907,155.76
Cash at bank		17,558,850.00	Total income		27,028,672.65
Receivable for investment sold		130,962.11	Expenses		
Receivable on subscriptions		50,110.40	Fixed management fees	4	8,688,731.25
Receivable on withholding tax reclaim	16	505,076.23	Depository fees	5	251,136.53
Net unrealised appreciation on forward foreign exchange contracts	2.11, 12	41,570.18	Variable management fees	4	351,782.53
Net unrealised appreciation on Contracts for Difference	2.6, 6	641,436.55	Administration fees	5	304,070.24
Dividends and interest receivable		281.07	Professional fees	15	143,325.33
Total assets		954,910,588.55	Transaction costs	10	4,211,776.54
Liabilities			Taxe d'abonnement	3	113,562.29
Accrued expenses		2,011,099.13	Bank charges	2.7	249,120.21
Payable on redemptions		32,504.52	Net dividends paid on Contracts for Difference	2.9	2,222,783.93
Net payable on Contracts for Difference	2.8, 6	281,570.01	Net interests paid on Contracts for Difference	2.10	914,439.57
Net unrealised depreciation on forward foreign exchange contracts	2.11, 12	366,165.78	Other expenses	16	226,607.25
Net unrealised depreciation on swaps	2.12, 11	83,773.69	Total expenses		17,677,335.67
Net unrealised depreciation on Contracts for Difference	2.6, 6	515,738.43	Net investment income / (loss)		9,351,336.98
Total liabilities		3,290,851.56	Net realised gain / (loss) on:		
Net assets at the end of the year/period		951,619,736.99	Investments		(30,370,449.64)
			Foreign currencies transactions	2.2	1,243,829.92
			Futures contracts	2.13	753,271.38
			Forward foreign exchange contracts	2.11	(2,116,335.09)
			Swap contracts	2.12	(554,168.95)
			Contracts for Difference	2.6	3,119,809.41
			Net realised gain / (loss) for the year/period		(18,572,705.99)
			Net change in unrealised appreciation / (depreciation) on:		
			Investments		(84,230,495.49)
			Futures contracts	2.13	(43,907.38)
			Forward foreign exchange contracts	2.11	(417,020.21)
			Swap contracts	2.12	21,077.34
			Contracts for Difference	2.6	(1,933,750.14)
			Increase / (Decrease) in net assets as a result of operations		(105,176,801.87)
			Proceeds received on subscription of shares		385,759,307.63
			Net amount paid on redemption of shares		(681,923,883.64)
			Dividend distribution	14	(16,536.83)
			Net assets at the beginning of the year/period		1,352,977,651.70
			Net assets at the end of the year/period		951,619,736.99

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

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE (in EUR)

Statement of Net Assets as at December 31, 2018

	Notes	EUR
Assets		
Investment in securities at cost		849,528,938.74
Unrealised appreciation / (depreciation) on securities	2.3	(67,231,299.22)
Investment in securities at market value	2.3	782,297,639.52
Cash at bank		10,872,392.37
Receivable for investment sold		130,962.11
Receivable on subscriptions		50,110.40
Receivable on withholding tax reclaim	16	502,260.92
Total assets		793,853,365.32
Liabilities		
Accrued expenses		1,868,842.83
Payable on redemptions		32,297.21
Net payable on Contracts for Difference	2.8, 6	202,911.25
Net unrealised depreciation on forward foreign exchange contracts	2.11, 12	336,107.09
Net unrealised depreciation on Contracts for Difference	2.6, 6	515,738.43
Total liabilities		2,955,896.81
Net assets at the end of the year		790,897,468.51

Statement of Operations and Changes in Net Assets for the year ended December 31, 2018

	Notes	EUR
Income		
Net dividends on securities	2.4	20,848,200.29
Net dividends received on Contracts for Difference	2.9	2,206,447.69
Other income	16	822,924.78
Total income		23,877,572.76
Expenses		
Fixed management fees	4	7,016,416.03
Depository fees	5	146,537.69
Variable management fees	4	56.93
Administration fees	5	143,753.39
Professional fees	15	73,679.87
Transaction costs	10	3,999,917.17
Taxe d'abonnement	3	91,676.30
Bank charges	2.7	155,063.18
Net interests paid on Contracts for Difference	2.10	344,163.08
Other expenses	16	99,123.34
Total expenses		12,070,386.98
Net investment income / (loss)		11,807,185.78
Net realised gain / (loss) on:		
Investments		(36,434,792.38)
Foreign currencies transactions	2.2	1,259,163.64
Forward foreign exchange contracts	2.11	(1,227,912.43)
Contracts for Difference	2.6	(2,504,114.49)
Net realised gain / (loss) for the year		(27,100,469.88)
Net change in unrealised appreciation / (depreciation) on:		
Investments		(74,726,653.19)
Forward foreign exchange contracts	2.11	(558,805.21)
Contracts for Difference	2.6	(1,223,063.70)
Increase / (Decrease) in net assets as a result of operations		(103,608,991.98)
Proceeds received on subscription of shares		315,104,574.63
Net amount paid on redemption of shares		(300,678,663.75)
Dividend distribution	14	(16,536.83)
Net assets at the beginning of the year		880,097,086.44
Net assets at the end of the year		790,897,468.51

Statement of Changes in Number of Shares

	Number of shares in issue at the beginning of the year	Number of shares subscribed	Number of shares redeemed	Number of shares in issue at the end of the year
Class A	11,448.45	3,097.14	(5,313.25)	9,232.34
Class B	112,783.82	193,146.57	(74,636.53)	231,293.86
Class C	783.00	510.00	-	1,293.00
Class D	20.00	1,168.49	(48.19)	1,140.30
Class F	6,443.00	-	-	6,443.00
Class S	44,281.76	18,156.71	(15,939.30)	46,499.17

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

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE (in EUR)

Securities Portfolio as at December 31, 2018

Quantity/ Nominal	Name	Currency	Market value in EUR	% NAV
Transferable securities admitted to an official exchange listing				
Shares				
Cosmetics				
304,794.00	ASTRAZENECA PLC	GBP	19,943,793.24	2.52
24,359.00	EUROFINS SCIENTIFIC	EUR	7,941,034.00	1.00
145,629.00	FRESENIUS MEDICAL CARE AG &	EUR	8,248,426.56	1.04
343,060.00	FRESENIUS SE & CO KGAA	EUR	14,538,882.80	1.84
50,346.00	GALAPAGOS NV	EUR	4,055,873.76	0.51
168,270.00	ROCHE HOLDING AG-GENUSSCHEIN	CHF	36,344,767.06	4.60
328,647.00	SANOFI	EUR	24,865,432.02	3.14
			115,938,209.44	14.65
Banks				
5,446,333.00	BANCO SANTANDER SA	EUR	21,638,281.01	2.73
472,305.00	BNP PARIBAS	EUR	18,644,239.88	2.35
3,569,055.00	CAIXABANK	EUR	11,292,490.02	1.43
421,509.00	ERSTE GROUP BANK AG	EUR	12,244,836.45	1.55
3,286,847.00	HSBC HOLDINGS PLC	GBP	23,689,614.22	2.99
1,430,843.00	UNICREDIT SPA	EUR	14,156,760.64	1.79
			101,666,222.22	12.84
Energy				
5,228,798.00	BP PLC	GBP	28,892,232.95	3.66
3,893,293.00	ENEL SPA	EUR	19,637,769.89	2.48
934,231.00	ENI SPA	EUR	12,843,807.79	1.62
1,555,313.00	E.ON SE	EUR	13,417,685.25	1.70
427,830.00	OMV AG	EUR	16,364,497.50	2.07
			91,155,993.38	11.53
Food services				
703,729.00	NESTLE SA-REG	CHF	49,833,680.18	6.30
149,863.00	PERNOD RICARD SA	EUR	21,475,367.90	2.72
			71,309,048.08	9.02
Textile				
76,225.00	ADIDAS AG	EUR	13,903,440.00	1.76
121,419.00	LVMH MOET HENNESSY LOUIS VUI	EUR	31,350,385.80	3.96
			45,253,825.80	5.72
Telecommunication				
3,861,602.00	KONINKLIJKE KPN NV	EUR	9,885,701.12	1.25
2,857,762.00	NOKIA OYJ	EUR	14,374,542.86	1.82
671,350.00	ORANGE	EUR	9,502,959.25	1.20
5,820,585.00	VODAFONE GROUP PLC	GBP	9,915,519.44	1.25
			43,678,722.67	5.52
Insurance				
86,718.00	ALLIANZ AG REG	EUR	15,187,790.52	1.92
471,370.00	AXA SA	EUR	8,889,095.46	1.12
946,961.00	PRUDENTIAL PLC	GBP	14,791,814.63	1.87
			38,868,700.61	4.91
Chemical				
118,851.00	AIR LIQUIDE SA	EUR	12,889,390.95	1.63
121,301.00	AKZO NOBEL	EUR	8,539,590.40	1.08
193,620.00	BASF SE	EUR	11,694,648.00	1.48
1,833,428.00	CGG SA	EUR	2,119,442.77	0.27
			35,243,072.12	4.46
Electric & Electronic				
106,712.00	ASML HOLDING NV	EUR	14,636,617.92	1.86
676,549.00	PRYSMIAN SPA	EUR	11,413,381.63	1.44
692,726.00	STMICROELECTRONICS NV	EUR	8,648,684.11	1.09
			34,698,683.66	4.39
Building materials				
413,615.00	ALTRAN TECHNOLOGIES SA	EUR	2,897,373.08	0.37
831,552.00	FERROVIAL SA	EUR	14,714,312.64	1.86
360,910.00	LAFARGEHOLCIM LTD-REG	CHF	12,970,853.67	1.64
			30,582,539.39	3.87
Metal				
2,999,480.00	GLENCORE PLC	GBP	9,736,488.20	1.23

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

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE (in EUR)

Securities Portfolio as at December 31, 2018

Quantity/ Nominal	Name	Currency	Market value in EUR	% NAV
3,290,824.00	SOUTH32 LTD-W/I	GBP	6,746,271.70	0.85
403,965.00	THYSENKRUPP AG	EUR	6,051,395.70	0.77
			22,534,155.60	2.85
	Auto Parts & Equipment			
55,358.00	CONTINENTAL AG	EUR	6,684,478.50	0.85
360,344.00	PEUGEOT SA	EUR	6,718,613.88	0.85
64,155.00	VOLKSWAGEN AG-PREF	EUR	8,912,412.60	1.12
			22,315,504.98	2.82
	Engineering & Construction			
184,242.00	AIRBUS SE	EUR	15,468,958.32	1.96
46,566.00	THALES SA	EUR	4,749,732.00	0.60
			20,218,690.32	2.56
	Diversified machinery			
195,361.00	SIEMENS AG-REG	EUR	19,024,254.18	2.41
			19,024,254.18	2.41
	Diversified services			
9,165.00	SGS SA-REG	CHF	17,973,777.62	2.27
			17,973,777.62	2.27
	Real estate			
441,402.00	VONOVIA SE	EUR	17,475,105.18	2.21
			17,475,105.18	2.21
	Distribution & Wholesale			
196,756.00	RECKITT BENCKISER GROUP PLC	GBP	13,181,369.60	1.67
			13,181,369.60	1.67
	Transportation			
1,000,290.00	EASYJET PLC	GBP	12,314,862.12	1.56
			12,314,862.12	1.56
	Media			
1,470,560.00	INFORMA PLC	GBP	10,325,295.66	1.31
			10,325,295.66	1.31
			763,758,032.63	96.57
	Funds			
	Undertakings for collective investment			
	Open-ended Funds			
991.00	AMUNDI TRESO COURT TERME C FCP	EUR	18,539,606.89	2.34
			18,539,606.89	2.34
			18,539,606.89	2.34
Total securities portfolio			782,297,639.52	98.91

Financial derivative instruments as at December 31, 2018

Purchase	Sale	Maturity Date	Commitment in EUR	Unrealised appreciation / (depreciation) in EUR
Forward foreign exchange contracts				
5,729,635.04 EUR	6,468,000.00 CHF	11/01/19	5,729,635.04	(10,665.66)
1,830,535.20 CHF	1,620,000.00 EUR	11/01/19	1,620,000.00	4,586.38
165,234,000.00 DKK	22,146,592.61 EUR	11/01/19	22,146,592.61	(2,947.18)
58,358,415.98 GBP	65,140,700.03 EUR	11/01/19	65,140,700.03	(143,683.81)
105,798,000.00 NOK	10,939,410.14 EUR	11/01/19	10,939,410.14	(255,693.91)
346,011,000.00 SEK	33,965,639.57 EUR	11/01/19	33,965,639.57	185,515.55
34,622,535.33 EUR	31,187,912.66 GBP	11/01/19	34,622,535.33	(113,218.46)
				(336,107.09)
Total Forward foreign exchange contracts				(336,107.09)

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

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE (in EUR)

Financial derivative instruments as at December 31, 2018

Quantity	Name	Currency	Commitment in EUR	Unrealised appreciation / (depreciation) in EUR
Contracts for Difference				
21,649.00	RECKITT BENCKISER GROUP PLC	GBP	1,450,341.90	(38,465.85)
5,730,419.00	TESCO PLC	GBP	12,136,957.85	(477,272.58)
				(515,738.43)
Total Contracts for Difference				(515,738.43)
Total financial derivative instruments				(851,845.52)

Summary of net assets

		% NAV
Total securities portfolio	782,297,639.52	98.91
Total financial derivative instruments	(851,845.52)	(0.11)
Cash at bank	10,872,392.37	1.37
Other assets and liabilities	(1,420,717.86)	(0.17)
Total net assets	790,897,468.51	100.00

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

EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE (in EUR)

Portfolio Breakdowns

Nature allocation	% of portfolio	% of net assets
Shares	97.63	96.57
Undertakings for collective investment	2.37	2.34
	100.00	98.91

Country allocation	% of portfolio	% of net assets
France	20.79	20.55
Germany	17.27	17.10
United Kingdom	17.01	16.83
Switzerland	14.97	14.81
Italy	7.42	7.33
Netherlands	7.31	7.24
Spain	6.09	6.02
Austria	3.66	3.62
Other	5.48	5.41
	100.00	98.91

Top Ten Holdings

Top Ten Holdings	Sector	Market value EUR	% of net assets
NESTLE SA-REG	Food services	49,833,680.18	6.30
ROCHE HOLDING AG-GENUSSCHEIN	Cosmetics	36,344,767.06	4.60
LVMH MOET HENNESSY LOUIS VUI	Textile	31,350,385.80	3.96
BP PLC	Energy	28,892,232.95	3.66
SANOFI	Cosmetics	24,865,432.02	3.14
HSBC HOLDINGS PLC	Banks	23,689,614.22	2.99
BANCO SANTANDER SA	Banks	21,638,281.01	2.73
PERNOD RICARD SA	Food services	21,475,367.90	2.72
ASTRAZENECA PLC	Cosmetics	19,943,793.24	2.52
ENEL SPA	Energy	19,637,769.89	2.48

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

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE CRISTAL FUND (in EUR)

Statement of Net Assets as at December 31, 2018

Statement of Operations and Changes in Net Assets for the year ended December 31, 2018

	Notes	EUR
Assets		
Investment in securities at cost		129,172,213.92
Unrealised appreciation / (depreciation) on securities	2.3	(1,559,462.84)
Investment in securities at market value	2.3	127,612,751.08
Cash at bank		6,493,798.29
Total assets		134,106,549.37
Liabilities		
Accrued expenses		124,234.51
Net unrealised depreciation on forward foreign exchange contracts	2.11, 12	30,058.69
Net unrealised depreciation on swaps	2.12, 11	83,773.69
Total liabilities		238,066.89
Net assets at the end of the year		133,868,482.48

	Notes	EUR
Income		
Expenses		
Fixed management fees	4	461,139.83
Depositary fees	5	46,985.92
Administration fees	5	85,234.57
Professional fees	15	46,235.46
Transaction costs	10	7,630.67
Taxe d'abonnement	3	9,971.43
Bank charges	2.7	51,330.00
Other expenses	16	76,433.49
Total expenses		784,961.37
Net investment income / (loss)		(784,961.37)
Net realised gain / (loss) on:		
Investments		3,839,311.30
Foreign currencies transactions	2.2	189.65
Swap contracts	2.12	(554,168.95)
Net realised gain / (loss) for the year		2,500,370.63
Net change in unrealised appreciation / (depreciation) on:		
Investments		(6,600,464.94)
Forward foreign exchange contracts	2.11, 12	146,335.70
Swap contracts	2.12	21,077.34
Increase / (Decrease) in net assets as a result of operations		(3,932,681.27)
Proceeds received on subscription of shares		16,389,211.99
Net amount paid on redemption of shares		(100,467,806.30)
Net assets at the beginning of the year		221,879,758.06
Net assets at the end of the year		133,868,482.48

Statement of Changes in Number of Shares

	Number of shares in issue at the beginning of the year	Number of shares subscribed	Number of shares redeemed	Number of shares in issue at the end of the year
Class A	9,770.78	1,382.61	(3,806.27)	7,347.12
Class A-USD	1,551.15	74.60	(935.79)	689.96
Class B	880,574.22	692.21	(448,703.61)	432,562.82

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

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE CRISTAL FUND (in EUR)

Securities Portfolio as at December 31, 2018

Quantity/ Nominal	Name	Currency	Market value in EUR	% NAV
Funds				
Undertakings for collective investment				
Open-ended Funds				
565.00	EXANE FUNDS 1 ARCHIMEDES FUND Class A	EUR	9,453,455.70	7.06
190.80	EXANE FUNDS 1 ARCHIMEDES FUND Class C	EUR	2,711,697.06	2.03
1,135.75	EXANE FUNDS 1 CERES Class A	EUR	19,280,392.89	14.40
929.00	EXANE FUNDS 1 EXANE ZEPHYR FUND Class A	EUR	8,771,618.00	6.55
1,418.00	EXANE FUNDS 1 MERCURY Class A	EUR	16,073,894.98	12.01
168.00	EXANE FUNDS 1 MERCURY Class C	EUR	2,020,831.68	1.51
1,359.00	EXANE FUNDS 1 MULTI-SECTOR FUND - Class C	EUR	14,777,467.02	11.04
837.00	EXANE FUNDS 1 PANGAEA Class A	EUR	8,022,494.34	5.99
76.00	EXANE FUNDS 1 PANGAEA Class C	EUR	749,234.60	0.56
1,040.00	EXANE FUNDS 1 PHENIX Class AAC	EUR	10,043,581.60	7.50
76.00	EXANE FUNDS 1 PHENIX Class CCC	EUR	743,121.92	0.56
1,115.00	EXANE FUNDS 1 VOLTA FUND ACEUR	EUR	11,461,720.55	8.56
70.00	EXANE FUNDS 1 VOLTA FUND CCEUR	EUR	734,867.70	0.55
546.00	EXANE VAUBAN FUND Part C	EUR	6,701,893.38	5.01
1,073.00	EXANE VAUBAN FUND Part I	EUR	16,066,479.66	12.00
			127,612,751.08	95.33
Total securities portfolio			127,612,751.08	95.33

Financial derivative instruments as at December 31, 2018

Purchase	Sale	Maturity Date	Commitment in EUR	Unrealised appreciation / (depreciation) in EUR
Forward foreign exchange contracts				
7,962,500.00 USD	6,991,051.45 EUR	11/01/19	6,991,051.45	(32,198.92)
348,223.69 EUR	396,000.00 USD	11/01/19	348,223.69	2,140.23
				(30,058.69)
Total Forward foreign exchange contracts				(30,058.69)
Name	Maturity Date	Currency	Notional	Unrealised appreciation / (depreciation) in EUR
Total Return Swaps (Note 11)				
EXANE FUNDS 1 - EXANE CERES FUND	12/04/19	EUR	4,901,431.68	(12,756.47)
EXANE FUNDS 1 - EXANE MERCURY FUND	11/01/19	EUR	8,230,797.45	(241,924.81)
EXANE FUNDS 1 - EXANE ZEPHYR FUND	11/01/19	EUR	5,057,485.00	(338,163.95)
MSCI INDEX	28/06/19	EUR	4,532,226.09	509,071.54
				(83,773.69)
Total Total Return Swaps				(83,773.69)
Total financial derivative instruments				(113,832.38)

Summary of net assets

	% NAV
Total securities portfolio	127,612,751.08 95.33
Total financial derivative instruments	(113,832.38) (0.08)
Cash at bank	6,493,798.29 4.85
Other assets and liabilities	(124,234.51) (0.10)
Total net assets	133,868,482.48 100.00

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

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE CRISTAL FUND (in EUR)

Portfolio Breakdowns

Nature allocation	% of portfolio	% of net assets
Undertakings for collective investment	100.00	95.33
	100.00	95.33

Country allocation	% of portfolio	% of net assets
Luxembourg	82.16	78.32
France	17.84	17.01
	100.00	95.33

Top Ten Holdings

Top Ten Holdings	Sector	Market value EUR	% of net assets
EXANE FUNDS 1 CERES Class A	Open-ended Funds	19,280,392.89	14.40
EXANE FUNDS 1 MERCURY Class A	Open-ended Funds	16,073,894.98	12.01
EXANE VAUBAN FUND Part I	Open-ended Funds	16,066,479.66	12.00
EXANE FUNDS 1 MULTI-SECTOR FUND - Class C	Open-ended Funds	14,777,467.02	11.04
EXANE FUNDS 1 VOLTA FUND ACEUR	Open-ended Funds	11,461,720.55	8.56
EXANE FUNDS 1 PHENIX Class AAC	Open-ended Funds	10,043,581.60	7.50
EXANE FUNDS 1 ARCHIMEDES FUND Class A	Open-ended Funds	9,453,455.70	7.06
EXANE FUNDS 1 EXANE ZEPHYR FUND Class A	Open-ended Funds	8,771,618.00	6.55
EXANE FUNDS 1 PANGEA Class A	Open-ended Funds	8,022,494.34	5.99
EXANE VAUBAN FUND Part C	Open-ended Funds	6,701,893.38	5.01

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

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE CARE FUND (in EUR)

Statement of Net Assets as at December 31, 2018

	Notes	EUR
Assets		
Investment in securities at cost		28,749,257.40
Unrealised appreciation / (depreciation) on securities	2.3	(2,677,345.99)
Investment in securities at market value	2.3	26,071,911.41
Cash at bank		192,659.34
Receivable on withholding tax reclaim	16	2,815.31
Net unrealised appreciation on forward foreign exchange contracts	2.11, 12	41,570.18
Net unrealised appreciation on Contracts for Difference	2.6, 6	641,436.55
Dividends and interest receivable		281.07
Total assets		26,950,673.86
Liabilities		
Accrued expenses		18,021.79
Payable on redemptions		207.31
Net payable on Contracts for Difference	2.8, 6	78,658.76
Total liabilities		96,887.86
Net assets at the end of the year		26,853,786.00

Statement of Operations and Changes in Net Assets for the year ended December 31, 2018

	Notes	EUR
Income		
Net dividends on securities	2.4	149,532.60
Other income	16	84,230.98
Total income		233,763.58
Expenses		
Fixed management fees	4	206,290.09
Depositary fees	5	37,299.79
Variable management fees	4	242.13
Administration fees	5	41,988.24
Professional fees	15	16,768.79
Transaction costs	10	20,251.21
Taxe d'abonnement	3	3,080.04
Bank charges		14,352.43
Net dividends paid on Contracts for Difference	2.9	264,837.31
Net interests paid on Contracts for Difference	2.10	25,664.85
Other expenses	16	32,224.01
Total expenses		662,998.89
Net investment income / (loss)		(429,235.31)
Net realised gain / (loss) on:		
Investments		1,240,993.16
Foreign currencies transactions	2.2	(32,235.03)
Forward foreign exchange contracts	2.11	(996,527.38)
Contracts for Difference	2.6	429,616.72
Net realised gain / (loss) for the year		212,612.16
Net change in unrealised appreciation / (depreciation) on:		
Investments		(2,240,285.32)
Forward foreign exchange contracts	2.11, 12	3,171.33
Contracts for Difference	2.6	620,546.32
Increase / (Decrease) in net assets as a result of operations		(1,403,955.51)
Proceeds received on subscription of shares		18,562,808.74
Net amount paid on redemption of shares		(579,228.87)
Net assets at the beginning of the year		10,274,161.64
Net assets at the end of the year		26,853,786.00

Statement of Changes in Number of Shares

	Number of shares in issue at the beginning of the year	Number of shares subscribed	Number of shares redeemed	Number of shares in issue at the end of the year
Class A	900.00	180.50	(25.00)	1,055.50
Class B	10,000.00	3,077.06	-	13,077.06
Class C	-	6.99	-	6.99
Class F	-	1,626.56	(33.32)	1,593.24

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

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE CARE FUND (in EUR)

Securities Portfolio as at December 31, 2018

Quantity/ Nominal	Name	Currency	Market value in EUR	% NAV
Transferable securities admitted to an official exchange listing				
Shares				
Cosmetics				
12,200.00	ALEXION PHARMACEUTICALS INC	USD	1,039,051.74	3.87
58,393.00	BRISTOL-MYERS SQUIBB CO	USD	2,655,179.23	9.88
50,000.00	CYTOMX THERAPEUTICS INC	USD	660,455.76	2.46
140,000.00	DBV TECHNOLOGIES SA-SPON ADR	USD	786,248.52	2.93
27,000.00	FORTY SEVEN INC	USD	371,289.86	1.38
20,748.00	FRESENIUS MEDICAL CARE AG &	EUR	1,175,166.72	4.38
64,500.00	FRESENIUS SE & CO KGAA	EUR	2,733,510.00	10.17
14,375.00	GALAPAGOS NV	EUR	1,158,050.00	4.31
21,831.00	GILEAD SCIENCES INC	USD	1,194,531.82	4.45
177,500.00	INNATE PHARMA SA	EUR	1,319,712.50	4.91
30,171.00	NOVO NORDISK A/S-B	DKK	1,204,422.26	4.49
12,258.00	ROCHE HOLDING AG-GENUSSCHEIN	CHF	2,647,614.87	9.86
16,400.00	SHIRE PLC-ADR	USD	2,496,834.19	9.30
89,916.00	TAKEDA PHARMACEUTIC-SP ADR	USD	1,322,999.71	4.93
2,700.00	THERMO FISHER SCIENTIFIC INC	USD	528,568.43	1.97
			21,293,635.61	79.29
			21,293,635.61	79.29
Other transferable securities				
Money market instruments				
Banks				
1,000,000.00	BRED BANQUE POPULAIRE 0% 18/03/2019 NEUCP	EUR	1,000,718.40	3.74
1,000,000.00	NORD EUROPE (CAISSE 0% 28/01/2019 NEUCP	EUR	1,000,270.23	3.72
1,000,000.00	PARIS(CREDIT MUNICIPAL 0% 04/01/2019 NEUCP	EUR	1,000,029.19	3.72
			3,001,017.82	11.18
			3,001,017.82	11.18
Funds				
Undertakings for collective investment				
Open-ended Funds				
95.00	AMUNDI TRESOR COURT TERME C FCP	EUR	1,777,257.98	6.62
			1,777,257.98	6.62
			1,777,257.98	6.62
Total securities portfolio			26,071,911.41	97.09

Financial derivative instruments as at December 31, 2018

Purchase	Sale	Maturity Date	Commitment in EUR	Unrealised appreciation / (depreciation) in EUR
Forward foreign exchange contracts				
2,937,223.71 EUR	3,324,289.75 CHF	11/01/19	2,937,223.71	(13,057.23)
1,669,427.31 EUR	12,459,517.45 DKK	11/01/19	1,669,427.31	(320.64)
60,000.00 CHF	53,153.02 EUR	11/01/19	53,153.02	96.53
2,545,637.71 DKK	341,147.92 EUR	11/01/19	341,147.92	2.80
91,000.00 GBP	102,033.38 EUR	11/01/19	102,033.38	(681.61)
3,066,507.33 USD	2,682,001.45 EUR	11/01/19	2,682,001.45	(2,017.50)
225,107.55 EUR	202,454.38 GBP	11/01/19	225,107.55	(377.30)
13,750,230.18 EUR	15,667,153.74 USD	11/01/19	13,750,230.18	57,925.13
				41,570.18
Total Forward foreign exchange contracts				41,570.18
Quantity	Name	Currency	Commitment in EUR	Unrealised appreciation / (depreciation) in EUR
Contracts for Difference				
(7,200.00)	AMGEN INC	USD	(1,226,106.81)	85,532.08
(11,000.00)	BIOMERIEUX SA	EUR	(632,500.00)	52,800.00

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

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE CARE FUND (in EUR)

Financial derivative instruments as at December 31, 2018

(15,536.00)	COLOPLAST-B	DKK	(1,259,543.45)	49,132.60
(12,985.00)	ELI LILLY & CO	USD	(1,314,459.34)	33,168.17
(80,000.00)	GLAXOSMITHKLINE PLC	GBP	(1,329,129.30)	116,227.50
(38,696.00)	GN STORE NORD A/S	DKK	(1,261,614.72)	(67,410.58)
(10,000.00)	IPSEN	EUR	(1,128,500.00)	8,500.00
(2,800.00)	LONZA AG	CHF	(632,851.18)	169,456.03
(13,000.00)	MERCK KGAA	EUR	(1,169,740.00)	95,940.00
(17,069.00)	NOVARTIS AG	CHF	(1,272,942.37)	104,816.30
(2,122.00)	REGENERON PHARMACEUTICALS	USD	(693,318.46)	(14,571.76)
17,012.00	SANOFI-AVENTIS SA	EUR	1,287,127.92	(70,599.80)
(33,905.00)	SIEMENS HEALTHINEERS AG	EUR	(1,239,058.23)	57,299.44
(3,997.00)	SONOVA HOLDING AG	CHF	(569,631.91)	(13,480.12)
(34,000.00)	WILLIAM DEMANT HOLDING A/S	DKK	(842,431.11)	34,626.69
				641,436.55

Total Contracts for Difference	641,436.55
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Total financial derivative instruments	683,006.73
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Summary of net assets

		% NAV
Total securities portfolio	26,071,911.41	97.09
Total financial derivative instruments	683,006.73	2.54
Cash at bank	192,659.34	0.72
Other assets and liabilities	(93,791.48)	(0.35)
Total net assets	26,853,786.00	100.00

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

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE CARE FUND (in EUR)

Portfolio Breakdowns

Nature allocation	% of portfolio	% of net assets
Shares	81.67	79.29
Money market instruments	11.51	11.18
Undertakings for collective investment	6.82	6.62
	100.00	97.09

Country allocation	% of portfolio	% of net assets
France	26.40	25.64
United States	24.74	24.01
Germany	14.99	14.55
Switzerland	10.16	9.86
Jersey	9.58	9.30
Japan	5.07	4.93
Denmark	4.62	4.49
Belgium	4.44	4.31
	100.00	97.09

Top Ten Holdings

Top Ten Holdings	Sector	Market value EUR	% of net assets
FRESENIUS SE & CO KGAA	Cosmetics	2,733,510.00	10.17
BRISTOL-MYERS SQUIBB CO	Cosmetics	2,655,179.23	9.88
ROCHE HOLDING AG-GENUSSCHEIN	Cosmetics	2,647,614.87	9.86
SHIRE PLC-ADR	Cosmetics	2,496,834.19	9.30
AMUNDI TRESO COURT TERME C FCP	Open-ended Funds	1,777,257.98	6.62
TAKEDA PHARMACEUTIC-SP ADR	Cosmetics	1,322,999.71	4.93
INNATE PHARMA SA	Cosmetics	1,319,712.50	4.91
NOVO NORDISK A/S-B	Cosmetics	1,204,422.26	4.49
GILEAD SCIENCES INC	Cosmetics	1,194,531.82	4.45
FRESENIUS MEDICAL CARE AG &	Cosmetics	1,175,166.72	4.38

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

EXANE FUNDS 2

EXANE FUNDS 2 - EXANE ZEPHYR FUND* (in EUR)

Statement of Net Assets as at June 8, 2018

	Notes	EUR
Assets		
Liabilities		
Net assets at the end of the period		-

* The Sub-Fund has been merged on June 8, 2018 (see Note 1)

Statement of Operations and Changes in Net Assets for the period ended June 8, 2018

	Notes	EUR
Income		
Net dividends on securities	2.4	2,917,336.31
Total income		2,917,336.31
Expenses		
Fixed management fees	4	1,004,885.30
Depository fees	5	20,313.13
Variable management fees	4	351,483.47
Administration fees	5	33,094.04
Professional fees	15	6,641.21
Transaction costs	10	183,977.49
Taxe d'abonnement	3	8,834.52
Bank charges	2.7	28,374.60
Net dividends paid on Contracts for Difference	2.9	1,957,946.62
Net interests paid on Contracts for Difference	2.10	544,611.64
Other expenses	16	18,826.41
Total expenses		4,158,988.43
Net investment income / (loss)		(1,241,652.12)
Net realised gain / (loss) on:		
Investments		984,038.28
Foreign currencies transactions	2.2	16,711.66
Futures contracts	2.13	753,271.38
Forward foreign exchange contracts	2.11	108,104.72
Contracts for Difference	2.6	5,194,307.18
Net realised gain / (loss) for the period		5,814,781.10
Net change in unrealised appreciation / (depreciation) on:		
Investments		(663,092.04)
Futures contracts	2.13	(43,907.38)
Forward foreign exchange contracts	2.11	(7,722.03)
Contracts for Difference	2.6	(1,331,232.76)
Increase / (Decrease) in net assets as a result of operations		3,768,826.89
Proceeds received on subscription of shares		35,702,712.27
Net amount paid on redemption of shares		(280,198,184.72)
Net assets at the beginning of the period		240,726,645.56
Net assets at the end of the period		-

Statement of Changes in Number of Shares

	Number of shares in issue at the beginning of the period	Number of shares subscribed	Number of shares redeemed	Number of shares in issue at the end of the period
Class A	15,147.57	3,537.50	(18,685.07)	-
Class B	6,465.19	72.82	(6,538.01)	-
Class C	4,376.00	-	(4,376.00)	-
Class F	3,984.21	-	(3,984.21)	-

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

Notes to the Financial Statements as at December 31, 2018

Note 1. General information

EXANE FUNDS 2 was established in the Grand Duchy of Luxembourg under the aegis of EXANE S.A. (the "Promoter") on March 2, 2006, for an indefinite term, in the form of a Luxembourg Open-Ended Investment Company (Société d'Investissement à Capital Variable - "SICAV"). The SICAV was established in accordance with Part II of the law of December 17, 2010 as amended on Undertakings for Collective Investment. By decision of the Extraordinary General Meeting held on May 27, 2011 and until June 30, 2014, the SICAV was converted into a self-managed SICAV governed by the provisions of Part I of the Law of 2010 as amended and by the Law of 10 August 1915 on commercial companies, as amended. On July 1, 2014, the Company has appointed Exane Asset Management Luxembourg (until November 30, 2018) and on December 1, 2018 Exane Asset Management has been appointed in substitution to serve as it designated management company (the "Management Company") in accordance with the Law of 2010.

The minimum capital is EUR 1,250,000.

Its Articles of Association were published in *Le Mémorial, Recueil des Sociétés et Associations* on March 23, 2006, after being filed with the office of the Registrar of the District Court of Luxembourg (*Greffé du Tribunal d'Arrondissement de Luxembourg*), where they may be consulted.

EXANE FUNDS 2 was incorporated in the form of a SICAV with multiple sub-funds. On December 31, 2018, three sub-funds were available for subscription:

- EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE
- EXANE FUNDS 2 - EXANE CRISTAL FUND
- EXANE FUNDS 2 - EXANE CARE FUND

By a decision taken on April 10, 2018, the Board of Directors of the EXANE FUNDS 2 approved the proposed merger by absorption of the EXANE ZEPHYR FUND Sub-Fund of the EXANE FUNDS 2 (absorbed Sub-Fund) by the EXANE ZEPHYR FUND Sub-Fund of the Luxembourg EXANE FUNDS 1 (Absorbing Sub-Fund).

Exchange ratio: 1 share in the absorbed Sub-Fund = 1 share in the absorbing Sub-Fund.

The SICAV was entered on the Luxembourg Trade and Companies register (*Registre de commerce et des sociétés de Luxembourg*) under number B 114 732.

For the EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE sub-fund, six Classes of Shares are offered in the Sub-Fund, with the following characteristics:

- Class A is intended exclusively for Institutional Investors. In particular, Institutional Investors include legal entities subscribing on their own account or on behalf of individuals pursuant to a discretionary investment agreement or a unit-linked endowment policy (*contrat d'assurance-vie*), pension funds and UCIs.
- Class B is intended for all investors.
- Class C is reserved for the Management Company's employees and its affiliates (managing directors included).
- Class D is intended to Institutional Investors, opened to subscription upon specific resolution of the Board of directors of the Company and distribute its income.
- Class F is intended exclusively for Institutional Investors. Holding of Class F is restricted to investors who subscribed until March 31, 2013 and defined as seeding investors ("Seeding Investors"). Class F is closed to new subscriptions from Seeding Investors unless specific resolution from the Board of Directors.
- Class S is intended for Institutional Investors.

For the EXANE FUNDS 2 - EXANE CRISTAL FUND sub-fund, three share classes are available:

- Class A intended exclusively for Institutional investors. In particular, Institutional Investors include legal entities subscribing on their own account or on behalf of individuals pursuant to a discretionary investment agreement or a unit-linked endowment policy (*contrat d'assurance-vie*), pension funds and UCIs.
 - Class A USD is intended exclusively for Institutional Investors and is hedged against USD-EUR exchange risk.
 - Class B is intended for all investors.
- Three (3) Classes of B Shares are offered, in currencies other than the Reference Currency of the Sub-Fund: Class B USD, Class B CHF, Class B GBP. These Classes are intended for all investors and are hedged respectively against USD-EUR, CHF-EUR and GBP-EUR exchange risk.

For the EXANE FUNDS 2 - EXANE CARE FUND sub-fund, four share classes are available:

- Class A is intended exclusively for Institutional Investors. In particular, Institutional Investors include legal entities subscribing on their own account or on behalf of individuals pursuant to a discretionary investment agreement or a unit-linked endowment policy (*contrat d'assurance-vie*), pension funds and UCIs.
- Class B is intended for all investors.
- Class C is reserved for the Management Company's employees and its affiliates (managing directors included)
- Class F is intended exclusively for Institutional Investors. Holding of Class F is restricted to investors who subscribed before or on December 29, 2018 and defined as seeding investors ("Seeding Investors").

Notes to the Financial Statements as at December 31, 2018 (continued)**Note 1. General information (continued)**

For the EXANE FUNDS 2 - EXANE ZEPHYR FUND (sub-fund merged on June 8, 2018), four share classes were available:

- Class A is intended exclusively for Institutional Investors.

In particular, Institutional Investors include legal entities subscribing on their own account or on behalf of individuals pursuant to a discretionary investment agreement or a unit-linked endowment policy (contrat d'assurance-vie), pension funds and UCIs.

- Class B is intended for all investors.

- Class C is reserved for the Management Company's employees and its affiliates (managing directors included), investments from funds of funds managed by the Management Company and discretionary management portfolio managed by the Management Company.

- Class F is intended exclusively for Institutional Investors. Holding of Class F is restricted to investors who subscribed before September 30, 2016 and defined as seeding investors ("Seeding Investors").

Note 2. Significant accounting principles

The SICAV's financial statements are prepared in accordance with the regulations in force in Luxembourg relating to Undertakings for Collective Investment.

2.1 Combined statements of the different sub-funds

The combined financial statements for EXANE FUNDS 2 are expressed in euro (EUR) by converting the financial statements of the sub-funds denominated in currencies other than the euro at the exchange rate prevailing at the end of the financial year.

2.2 Conversion of foreign currencies

The sub-funds' accounts are kept in the currency of their net asset value and the financial statements are expressed in the same currency.

The acquisition cost of securities purchased in a currency other than that of the sub-funds is converted into the currency of the sub-funds on the basis of the exchange rates prevailing on the date on which the securities are acquired.

Income and expenses denominated in a currency other than that of the sub-funds are converted into the currency of the sub-funds on the basis of the exchange rates prevailing on the transaction date.

At the end of the financial year, the securities valuations (determined as described below), receivables, bank deposits and debts denominated in a currency other than that of the sub-funds are converted into the currency of the sub-funds on the basis of the exchange rates prevailing on that date; the foreign exchange differences resulting from the conversion of receivables, bank deposits and debts are included in "net realised gain/loss on foreign currencies transactions" for the financial year.

2.3 Valuation of investments

The value of the assets is determined as follows:

(a) The value of cash in hand or on deposit, sight drafts and bills and receivables, prepaid expenses, and accrued dividends and interest shall consist of the nominal value of these assets, except where it appears unlikely that this value will be paid or received in full. In the latter case, the value shall be calculated by deducting an amount the Company estimates is appropriate to reflect the true value of these assets;

(b) The valuation of Transferable Securities and Money Market Instruments listed or traded on a Regulated Market or traded on Another Regulated Market or listed on a stock exchange of Another State or traded on Another Regulated Market of Another State, is based on the last known closing price on the Valuation Day and if these Transferable Securities are traded on several markets, on the basis of the last known closing price on the main market for these securities on the Valuation Day. If the last known closing price of a given Valuation Day is not representative, the valuation shall be based on the probable market value estimated prudently and in good faith;

(c) Transferable Securities that are not listed or traded on a Regulated Market or on Another Regulated Market shall be valued on the basis of their probable market value, estimated prudently and in good faith;

(d) Practice permitting, liquid assets, Money Market Instruments and all other instruments may be valued at the last known closing prices on the Valuation Day or using the straight-line depreciation method. In the case of straight-line depreciation, the portfolio's positions shall be reviewed regularly by the Board of Directors in order to determine whether there is a discrepancy between valuations using the last known closing prices and valuations using straight line depreciation. If there is a difference likely to result in a dilution or to be detrimental to Shareholders, the appropriate corrective measures may be taken, including, if necessary, the calculation of the Net Asset Value using the last known closing prices;

(e) All other assets are valued on the basis of the probable market value, which must be estimated prudently and in good faith;

(f) Open-ended target UCIs are valued on the basis of their last Net Asset Value available in Luxembourg;

Notes to the Financial Statements as at December 31, 2018 (continued)

Note 2. Significant accounting principles (continued)

2.3 Valuation of investments (continued)

(g) The value of contracts for difference shall be determined by reference to the market value of the underlying asset, taking into account the costs inherent in the transaction (i.e. borrowing costs, interest on collateral or cost of funding for the counterparty, as applicable);

(h) The Board of Directors may, at its discretion, permit the use of another valuation method, if it believes that such a valuation would better reflect the true value of one of the Company's assets.

2.4 Income

Interest on bonds are recorded *pro rata temporis*. Dividends are recognised on the date on which the shares go ex-dividend for the first time.

2.5 Reverse Repurchase agreements

Reverse repurchase agreements are classed as lending transactions secured by underlying securities. These are transactions in which the seller transfers ownership of securities to another person (the buyer), and in which the seller and the buyer respectively and irrevocably undertake to repurchase and return the securities at a specified price and date. The SICAV acts as the buyer in these transactions.

2.6 Contracts for Difference

Contracts for Difference (CFDs) are over-the-counter financial contracts used to gain exposure to fluctuations (positive or negative depending on the direction of the transaction) in financial instruments, baskets of financial instruments or indices without having to own or borrow the underlying financial instruments.

CFDs are valued by reference to the market value of the underlying asset, taking into account the costs inherent in the transaction. Realised profits or losses and the change in unrealised profits or losses are included in the Statement of Operations and Changes in Net Assets.

2.7 Bank charges

This item consists of interest paid on bank overdrafts, net interest on cash at bank and other bank charges.

2.8 Receivable/payable on Contracts for Difference

The item "Receivable/payable on Contracts for Difference" consists of the net sum of dividends and interest receivable and payable on CFDs.

2.9 Net dividends received/paid on Contracts for Difference

The item "Net dividends received/paid on Contracts for Difference" consists of the net sum of dividends paid and received on CFDs.

2.10 Net interests received/paid on Contracts for Difference

The item "Net Interests received/paid on Contracts for Difference" consists of the net sum of interest paid and received on CFDs.

2.11 Forward foreign exchange contracts and options contracts

The liquidation value of forward foreign exchange contracts and options contracts that are not traded on Regulated Markets or on Other Regulated Markets shall be equivalent to their net liquidation value determined in accordance with the policies established by the Board of Directors, on a basis applied consistently to each type of contract. The liquidation value of forward foreign exchange contracts or options contracts traded on Regulated Markets or on Other Regulated Markets shall be based on the last available settlement price for these contracts on the Regulated Markets or on Other Regulated Markets on which these forward foreign exchange contracts or options contracts are traded by the Company. However, if a forward contract or options contract cannot be liquidated on the day the net assets are valued, the basis used to determine the liquidation value of this contract shall be determined by the Board of Directors in a fair and reasonable manner. The profits or losses realised and change in unrealised gains and losses are included in the Statement of Operations and Changes in Net Assets.

2.12 Valuation of swap contracts

Interest rate swaps shall be valued at their market value determined by reference to the applicable rate curves. Index swaps or swaps on financial instruments shall be valued at their market value determined by reference to the index or financial instrument in question. The valuation of swap contracts relating to these indices or financial instruments shall be based on the market value of these swap transactions, in accordance with the procedures established by the Board of Directors.

A swap is a contract whereby the SICAV and a counterparty enter into an agreement to exchange one stream of income (linked to securities, instruments, an index, or a basket of equities or bonds) for another stream of income (linked to other securities or instruments, a different index or another basket of equities or bonds). Swaps shall only be entered into with first-rate financial institutions specialising in this type of transaction.

Swaps are valued using the discounted future cash flow method. The profits or losses realised and change in unrealised gains and losses are included in the Statement of Operations and Changes in Net Assets.

Notes to the Financial Statements as at December 31, 2018 (continued)**Note 2. Significant accounting principles (continued)****2.13 Futures contracts**

Futures contracts are valued at the last known market price. The profits or losses realized and change in unrealized gains or losses are included in the Statement of Operations and Changes in Net Assets.

Note 3. Taxation

The SICAV is governed by the tax laws of Luxembourg. Pursuant to the legislation and regulations currently in force, the SICAV is subject to an annual *taxe d'abonnement* (subscription tax) of 0.01% for Classes A, A-USD, F, D and S and 0.05% for Classes B and C, calculated on the basis of the net assets at the end of the quarter in question and payable quarterly.

Note 4. Fixed management fees and variable management fees**EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE**

At the end of each quarter, the Management Company receives a fixed management fee, charged to the assets of the Sub-Fund and calculated as follows:

- Class A: a maximum annual rate and effective rate of 0.90% of the average net assets of the Sub-Fund attributable to Class A.
- Class B: a maximum annual rate and effective rate of 1.80% of the average net assets of the Sub-Fund attributable to Class B.
- Class C: a maximum annual rate and effective rate of 0.30% of the average net assets of the Sub-Fund attributable to Class C.
- Class D: a maximum annual rate and effective rate of 0.90% of the average net assets of the Sub-Fund attributable to Class D.
- Class F: a maximum annual rate and effective rate of 0.50% of the average net assets of the Sub-Fund attributable to Class F.
- Class S: a maximum annual rate and effective rate of 0.85% of the average net assets of the Sub-Fund attributable to Class S.

The Management Company may also receive a variable management fee of 15% of the positive difference between the performance of the Sub-Fund and "the Performance Margin subject to High Water Mark" on the proportion of the assets attributable to Class A, B, D and F Shares. This fee is calculated for each reference period (a "Reference Period") using the method described below:

Reference Periods are annual and correspond to the Sub-Fund's financial years.

The Net Asset Value applicable to each Reference Period is the latest Net Asset Value for the previous year. Calculations are validated once a year, at the end of the financial year.

The variable management fees is calculated as follows:

The variable management fee is only activated and accrued when:

- (1) The YTD Performance is positive,
- (2) The Performance Margin is above the Performance Margin High Water Mark; and when,
- (3) The Performance Margin is positive.

The Performance Margin High Water Mark means the highest one of the Performance Margins noticed at the end of each Reference Period, over the three previous Reference Periods.

The Management Company provides investors, upon request, with the calculation methodology of the foregoing variable management fee.

In the event of a redemption during a Reference Period, the proportion of the Variable Management Fee in respect of the shares concerned is crystallised and therefore remains irrevocably due to the Management Company. This crystallised share of the Variable Management Fee is paid to the Management Company at the end of the relevant quarter.

For the year ended December 31, 2018, the variable management fees amount to EUR 56.93 for EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE.

Notes to the Financial Statements as at December 31, 2018 (continued)**Note 4. Fixed management fees and variable management fees (continued)****EXANE FUNDS 2 - EXANE CRISTAL FUND**

At the end of each quarter, the Management Company receives a fixed management fee, charged to the assets of the Sub-Fund and calculated as follows:

- Class A: a maximum annual rate and effective rate of 0.30% of the average net assets of the Sub-Fund attributable to each Share Class.
- Class A USD: a maximum annual rate and effective rate of 0.30% of the average net assets of the Sub-Fund attributable to each Share Class.
- Class B: a maximum annual rate and effective rate of 0.90% of the average net assets of the Sub-Fund attributable to each Share Class.

No variable management fees foreseen by the Prospectus for the Sub-Fund EXANE FUNDS 2 - EXANE CRISTAL FUND.

EXANE FUNDS 2 - EXANE CARE FUND

At the end of each quarter, the Management Company receives a fixed management fee, charged to the assets of the Sub-Fund and calculated as follows:

- Class A: a maximum annual rate of 1.50% of the average net assets of the Sub-Fund attributable to Class A
- Class B: a maximum annual rate of 2% of the average net assets of the Sub-Fund attributable to Class B.
- Class C: a maximum annual rate of 0.30% of the average net assets of the Sub-Fund attributable to Class C.
- Class F: a maximum annual rate of 0.90% of the average net assets of the Sub-Fund attributable to Class F.

The Management Company may also receive a variable management fee of 20% of the positive difference between the performance of the Sub-Fund and "the Performance Margin subject to High Water Mark" on the proportion of the assets attributable to Class A, Class B and F Shares. This fee is calculated for each reference period (a "Reference Period") using the method described below:

Reference Periods are annual and correspond to the Sub-Fund's financial years.

The Net Asset Value applicable to each Reference Period is the latest Net Asset Value for the previous period. Calculations are validated once a year, at the end of the financial year.

The variable management fee is calculated as follows:

The variable management fee is only activated and accrued when:

- (1) The YTD Performance is positive,
- (2) The Performance Margin is above the Performance Margin High Water Mark; and when,
- (3) The Performance Margin is positive.

The Performance Margin High Water Mark means the highest one of the Performance Margins noticed at the end of each Reference Period, over the three previous Reference Periods.

The Management Company provides investors, upon request, with the calculation methodology of the foregoing variable management fee.

In the event of a redemption during a Reference Period, the proportion of the Variable Management Fee in respect of the shares concerned is crystallised and therefore remains irrevocably due to the Management Company. This crystallised share of the Variable Management Fee is paid to the Management Company at the end of the relevant quarter.

For the year ended December 31, 2018, the variable management fees amount to EUR 242.13 for the Sub-Fund EXANE FUNDS 2 - EXANE CARE FUND.

Notes to the Financial Statements as at December 31, 2018 (continued)**Note 4. Fixed management fees and variable management fees (continued)****EXANE FUNDS 2 - EXANE ZEPHYR FUND** (has been merged on June 8, 2018)

At the end of each quarter, the Management Company received a fixed management fee, charged to the assets of the Sub-Fund and calculated as follows:

- Class A: a maximum annual rate of 1.20% of the average net assets of the Sub-Fund attributable to Class A.
- Class B: a maximum annual rate of 2% of the average net assets of the Sub-Fund attributable to Class B.
- Class C: a maximum annual rate of 0.30% of the average net assets of the Sub-Fund attributable to Class C.
- Class F: a maximum annual rate of 0.80% of the average net assets of the Sub-Fund attributable to Class F.

The Management Company may also receive a variable management fee of 15% of the positive difference between the performance of the Sub-Fund and "the Performance Margin subject to High Water Mark" on the proportion of the assets attributable to Class A, Class B and F Shares. This fee was calculated for each reference period (a "Reference Period") using the method described below:

Reference Periods were annual and correspond to the Sub-Fund's financial years.

The Net Asset Value applicable to each Reference Period is the latest Net Asset Value for the previous period. Calculations were validated once a year, at the end of the financial year.

The variable management fee was calculated as follows:

The variable management fee was only activated and accrued when:

- (1) The YTD Performance was positive,
- (2) The Performance Margin was above the Performance Margin High Water Mark; and when,
- (3) The Performance Margin was positive.

The Performance Margin High Water Mark means the highest one of the Performance Margins noticed at the end of each Reference Period, over the three previous Reference Periods.

The Management Company provides investors, upon request, with the calculation methodology of the foregoing variable management fee.

In the event of a redemption during a Reference Period, the proportion of the Variable Management Fee in respect of the shares concerned is crystallised and therefore remains irrevocably due to the Management Company. This crystallised share of the Variable Management Fee is paid to the Management Company at the end of the relevant quarter.

For the period ended June 8, 2018, the variable management fees amount to EUR 351,483.47 for the Sub-Fund EXANE FUNDS 2 - EXANE ZEPHYR FUND.

Note 5. Administrative Agent, Depositary Bank, Domiciliary and Listing Agent, Registrar and Transfer Agent

The costs directly payable by the Sub-Fund and invoiced by all the Sub-Fund's service providers (Depositary, Administrative Agent, Domiciliary, Registrar, Auditor, Legal Advisor) shall be subject to an annual maximum of 0.2% of the Sub-Fund's net assets. Any costs in excess of the aforementioned limit shall be payable by the Management Company by deduction from its fixed management fee and recorded in "Other income".

Brokerage fees and/or securities borrowing fees paid to the Sub-Fund's financial intermediaries and counterparties are not included in this 0.2% limit. The same shall apply to any stock market taxes and stamp duty the Sub-Fund may have to pay on certain financial markets.

For the year ended December 31, 2018, the effective annualised rates were the followings:

EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE	0.07%
EXANE FUNDS 2 - EXANE CRISTAL FUND	0.16%
EXANE FUNDS 2 - EXANE CARE FUND	0.20%
EXANE FUNDS 2 - EXANE ZEPHYR FUND (has been merged on June 8, 2018)	0.05%

EXANE FUNDS 2

Notes to the Financial Statements as at December 31, 2018 (continued)

Note 6. Contracts for Difference ("CFDs") and Receivable/payable on Contracts for Difference

Sub-Funds	Counterparties	Unrealised Gain/(Loss) (EUR)	Collateral given in EUR	Collateral received in EUR
EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE	BNP Paribas London	(515,738.43)	550,000.00	-
EXANE FUNDS 2 - EXANE CARE FUND	Crédit Suisse	592,303.95	-	700,000.00
	Morgan Stanley	49,132.60	-	-

The caption "Receivable/payable on Contracts for Difference" is composed as follows:

EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE		
	Receivable in EUR	Payable in EUR
Interest on CFDs	-	9,644.06
Dividends on CFDs	-	-
Amounts realised on CFDs	-	193,267.19
Total	-	202,911.25

EXANE FUNDS 2 - EXANE CARE FUND		
	Receivable in EUR	Payable in EUR
Interest on CFDs	-	6,318.39
Dividends on CFDs	-	56,729.56
Amounts realised on CFDs	-	15,610.81
Total	-	78,658.76

Note 7. Changes in the composition of the securities portfolio

A list of the changes made to the composition of the portfolio is made available to Shareholders free of charge at branches of the Depositary bank and at the SICAV's registered office.

Note 8. Fixed management fees of underlying funds as at December 31, 2018

EXANE FUNDS 2 - EXANE CRISTAL FUND

Investment Funds	% Max p.a.
EXANE FUNDS 1 ARCHIMÉDES FUND Class A	1.50%
EXANE FUNDS 1 ARCHIMÉDES FUND Class C	0.30%
EXANE FUNDS 1 CERES FUND Class A	1.50%
EXANE FUNDS 1 MERCURY FUND Class A	1.50%
EXANE FUNDS 1 MERCURY FUND Class C	0.30%
EXANE FUNDS 1 MULTI-SECTOR FUND Class C	0.30%
EXANE FUNDS 1 PHENIX FUND Class A	1.50%
EXANE FUNDS 1 PHENIX FUND Class C	0.30%
EXANE FUNDS 1 VOLTA FUND A EUR	1.50%
EXANE FUNDS 1 VOLTA FUND C EUR	0.30%
EXANE FUNDS 1 PANGAEA FUND Class A	1.50%
EXANE FUNDS 1 PANGAEA FUND Class C	0.30%
EXANE FUNDS 1 ZEPHYR FUND Class A	1.20%
EXANE VAUBAN FUND Part C	0.30%
EXANE VAUBAN FUND Part I	1.20%

Note 9. Exchange rates as at December 31, 2018

1 EUR=	1.126900 CHF	1 EUR =	9.898750 NOK
1 EUR=	7.462450 DKK	1 EUR =	10.135000 SEK
1 EUR=	0.897550 GBP		
1 EUR=	1.143150 USD		

Notes to the Financial Statements as at December 31, 2018 (continued)

Note 10. Transaction costs

The SICAV bears transaction costs (costs included in the cost of acquisition of the securities or in the profits / losses realised on the portfolio are not included in the item transaction costs but presented below) which consist of brokerage fees, taxes, depositary fees relating to purchases and sales of transferable securities, money market instruments and other eligible assets.

Transaction costs included in the acquisition cost of the securities or in the gains/losses realised on portfolio are:

	EUR
- EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE	1,592,294*
- EXANE FUNDS 2 - EXANE CRISTAL FUND	-
- EXANE FUNDS 2 - EXANE CARE FUND	39,574*
- EXANE FUNDS 2 - EXANE ZEPHYR FUND**	414,741*

* The displayed amount includes transaction fees and search fees.

**The Sub-Fund has been merged on June 8, 2018 (see Note 1)

Note 11. Swaps contracts

Sub-Fund	Contreparties	Unrealised Gain/(Loss) (EUR)	Collateral given in EUR	Collateral received in EUR
EXANE FUNDS 2 - EXANE CRISTAL FUND	Exane Dérivative	(580,088.76)	550,000.00	-
	Société Générale	496,315.07	-	520,000.00

Note 12. Forward foreign exchange contracts

As at December 31, 2018, the sub-fund EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE held positions in forward foreign exchange contracts. The counterparties for these positions were:

Counterparties	Collateral Received (given) in EUR
Barclays Bank PLC	(670,000.00)
Goldman Sachs International London	-
Crédit Agricole	-
BNP Paribas Paris	-
Société Générale	-

As at December 31, 2018, the sub-fund EXANE FUNDS 2 - EXANE CRISTAL FUND held positions in forward foreign exchange contracts. The counterparty for these positions was Crédit Agricole. There is no collateral for these positions.

As at December 31, 2018, the sub-fund EXANE FUNDS 2 - EXANE CARE FUND held positions in forward foreign exchange contracts. The counterparties for these positions were Goldman Sachs International London, Crédit Agricole, Barclays Bank PLC, BNP Paribas Paris and Société Générale. There is no collateral for these positions.

Note 13. Reverse Repurchase agreements

Reverse repurchase agreements are classed as lending transactions secured by underlying securities. These are transactions in which the seller transfers ownership of securities to another person (the buyer), and in which the seller and the buyer respectively and irrevocably undertake to repurchase and return the securities at a specified price and date.

As at December 31, 2018, there were no more reverse repurchase transactions involving transferable securities.

Note 14. Dividends

The Sub-Fund EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE has distributed the following dividends during the year under review:

	Currency	Ex-date	Payment date	Unitary dividend in EUR
Class D	EUR	May 23, 2018	June 6, 2018	83.67

Notes to the Financial Statements as at December 31, 2018 (continued)**Note 15. Professional fees**

The caption "Professional fees" mainly include Audit fees and Professional fees.

Note 16. Reimbursement of amounts withheld at source on foreign securities / Information to holders in the accounts**1. Information on lawyers' fees paid by the sub-funds**

EXANE FUNDS 2 bore exceptional expenses in an amount of 58,007.33 EUR in connection with the recovery of receivables relating to amounts withheld at source from dividends received from foreign companies.

For the year ended December 31, 2018 the expenses incurred were as follows:

Sub-fund	amount paid in EUR
EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE	58,007.33 €

These amounts are included in the Statement of Operations and Changes in Net Assets in Professional Fees, Audit Fees and Retention fees.

2. Information on claims in progress

In several European Union member states, dividends paid by companies are taxed differently depending on whether they are paid to domestic or foreign entities. Thus, when dividends are paid to a foreign entity, sometimes tax is withheld at source, leading to a divergence in tax treatment which hinders the free movement of capital and is therefore contrary to European Union law. Several rulings of the Court of Justice of the European Union and the Council of State having been given in favour of foreign residents, the Management Company envisages demanding reimbursement of the tax withheld on the dividends received from foreign companies for the funds domiciled in Luxembourg when the prospects of reimbursement can be considered favourable for the funds concerned. The final outcome of the procedures for claiming from the tax authorities concerned, and the timing, are uncertain. As regards EXANE FUNDS 2 claims have already been lodged. The reimbursement likely to be obtained in the end is uncertain as to both its amount in principal and any interest that might apply and in terms of its timing.

The following is the sub-fund concerned:

- EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE

3. Information on refund amount actually received

Following the claim by the management company for reimbursement of withholding tax on dividends received from foreign companies for Luxembourg-domiciled funds, EXANE FUNDS 2 (the "SICAV"), was effectively reimbursed for € 799,053 in 2018.

The relevant Sub-fund and amount received are the following:

Sub-fund	amount paid in EUR
EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE	799,053€

These amounts are included in Statement of Operations in Net Assets in the caption "Other Income".

Additional Information (unaudited)**Information of the remuneration policy of the Management Company**

Exane Asset Management's remuneration policy complies with the provisions on remuneration set out in Directive 2011/61/EU of the European Parliament and of the Council of the European Union of 8 June 2011 regarding Alternative Investment Fund Managers (known as the "AIFM Directive"), and in Directive 2014/91/EU of 23 July 2014 regarding UCITS (Undertakings for the Collective Investment in Transferable Securities) (known as the "UCITS V Directive")

In terms of governance, the Board of Directors has set up a Remunerations Committee entrusted with implementing the necessary actions to fulfil its obligations regarding its Remuneration Policy. A dedicated Board of Directors meeting endorsed the annual remunerations statement proposed by Senior Management, based on the basis of a report by the Remunerations Committee.

The decision to grant or not to grant individual variable remuneration must align employees' interests with those of clients on the one hand, and those of the management company on the other hand. Thus, beyond financial performance, observed in accordance with management constraints, as drawn up and monitored by the risk-control department, a set of additional qualitative criteria is taken into account: sensitivity to operational risks, compliance with regulations and portfolio-building skills, as well as the assessment of each contributor's expertise in terms of cross-functional input. Taking into account all of these criteria enables us to both fine-tune final individual amounts on a discretionary basis and to adjust the conditions precedent for deferred payments relating to variable remuneration.

Exane Asset Management's 2018 financial year led to the following results (the amounts presented herein are expressed in euros, and calculated at the management company level):

2018 financial year	All the employees
Head count in question	53
Fixed remuneration	4,581,840
Variable remuneration	2,298,000
Total	6,879,840

Data related to identified staff

2018 financial year	Senior Executives	Members of staff with significant impact on risks	Total
	3,040,722	3,127,805	6,168,527

Regulation securities financing transactions.**1. General information:**

- a) Market Value amounts and amounts as a percentage of the sub-funds' NAV by transaction type :

Contracts for Difference:

Sub-Funds	Market Value in EUR	NAV 31/12/2018 in EUR	Market Value %
EXANE EQUITY SELECT EUROPE FUND	(515,738.43)	790,897,468.51	(0.07)%
EXANE CARE FUND	641,436.55	26,853,786.00	2.39%

Securities lending and borrowing transactions

There were no securities and borrowing transactions outstanding at December 31, 2018.

Reverse Repurchase Agreements:

There were no reverse repurchase agreements relating to EXANE FUNDS 2 at December 31, 2018.

Total Return Swaps (excluding CFD):

Sub-Fund	Market Value in EUR	NAV 31/12/2018 in EUR	Market Value %
EXANE CRISTAL FUND	(83,773.69)	133,868,482.48	(0.06)%

2. Concentration data

- a) Top 10 issuers of listed equities used as collateral relating to financial transactions:

There were no equity collateral transactions relating to the EXANE FUNDS 2 at December 31, 2018.

- b) Top 10 counterparties in securities lending-borrowing and swap transactions:

- Securities financing transactions: There were no securities financing transactions at December 31, 2018.
- CFDs: see Note 6 "Contracts for Difference ("CFDs") and receivable/payable on "Contracts for Difference" of the financial statements

Additional Information (Unaudited) (Continued)**Regulation securities financing transactions (continued)****3. Aggregate transaction data:**

	CFDs	Securities Financing Transactions	Total Return Swaps (excluding CFD)
Type and quality of collateral			
cash	YES	N/A	YES
securities	N/A	N/A	N/A
Currency of the collateral			
cash*	EUR	N/A	EUR
securities	N/A	N/A	N/A
Collateral Maturity Tenor			
cash	N/A	N/A	N/A
securities	N/A	N/A	N/A
Country in which the counterparty are established	France and the UK	N/A	France and the UK
Settlement and clearing	bilateral settlement	N/A	bilateral settlement

The maturity of the transactions outstanding on 31 December 2018 is between 1 year and 5 years.

4. Data on reuse of collateral:

- a) Listed equities: no securities financing transactions with listed equities received as collateral is outstanding on 31 December 2018
- b) Cash collateral may be*:
 - i. deposited
 - ii. invested in high-quality government bonds
 - iii. used in reverse repurchase agreements with delivery of securities
 - iv. invested in short-term money market undertakings for collective investment (UCI)

*the threshold of the reuse is not disclosed in the prospectus

5. Safekeeping of collateral received:

All the assets received as collateral are deposited with our custodian BNP Securities Services, Luxembourg branch, 60 avenue JF Kennedy L -1855 Luxembourg, Luxembourg.

Cash is managed as a whole. The investment management process does not specifically distinguish cash received as collateral from other sources of cash.

6. Safekeeping of collateral provided:

The cash provided as collateral to the counterparties of the sub-funds is held by these entities with no segregation.

7. Cost and return data:

- a) The costs and returns relating to the securities financing transactions and total return swaps (including contracts for difference (CFDs)), are fully payable to each relevant sub-fund as disclosed in the financial statement, section "Statement of Operations and Changes in Net Assets" under caption "transaction costs".
- b) Any operating fees related to such transactions are included in the fees charged by the sub-funds' investment service providers, as stipulated in section 9 "Fees borne by the sub-fund", sub-section "Investment service providers" of the supplement for each sub-fund

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