

ITI Funds UCITS ETF SICAV

Société d'Investissement à Capital Variable
Annual Report and Audited Financial
Statements as at
December 31, 2019

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DIRECTORS AND ADMINISTRATION

REGISTERED OFFICE OF THE COMPANY

20, Boulevard Emmanuel Servais
L-2535 Luxembourg
Grand Duchy of Luxembourg

BOARD OF DIRECTORS OF THE COMPANY

Vincent Decalf
Chairman of the Board, Luxembourg

Gleb Yakovlev
Director, Moscow

Nikolay Dontsov
Director, United Kingdom

MANAGEMENT COMPANY

Fuchs Asset Management S.A.
49, Boulevard Prince Henri
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Grand Duchy of Luxembourg

Board of the directors of the Management Company

Jean Fuchs
Chairman of the board of directors, Luxembourg

Timothé Fuchs
Director, Luxembourg

Christophe Pessault
Director, Luxembourg

Conducting Persons of the Management Company

Timothé Fuchs

Gilles Gabriel

Enrico Mela, (until April 30, 2019)

INVESTMENT MANAGER

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ADMINISTRATOR AND TRANSFER AGENT

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AUDITOR

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Grand Duchy of Luxembourg

LEGAL ADVISER AS TO IRISH LAW

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IFSC
Dublin 2
Ireland

IRISH STOCK EXCHANGE LISTING AGENT

Davy
49 Dawson Street
Dublin 2
Ireland

INFORMATION TO THE SHAREHOLDERS

Notices concerning ITI Funds UCITS ETF (the “Company”) are published in newspapers designated by the Board of Directors of the Company and, if prescribed by law, are published in the Mémorial, the official gazette of Luxembourg, and are lodged with the Registrar of the Luxembourg District Court.

The current Articles of Incorporation of the Company 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 Company shares are made public at the Registered Office of the

Company, where prospectus, KIIDs, Articles of Incorporation and financial 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.

During the period under review, only Audit services are provided by KPMG Luxembourg.

NET ASSET VALUE PER SHARE

The Net Asset Value per Share is calculated on the Business Day following the relevant Valuation Day and be determined by dividing the Net Asset Value of the respective Sub-Fund/Class by the number of such Shares which are in issue on such Valuation Day in the relevant Sub-Fund and/or Class (including Shares in relation to which a Shareholder has requested redemption on such Valuation Day).

The Net Asset Value per Share will in principle be calculated with four decimal places and may be rounded up or down to the nearest whole unit of the currency in which the Net Asset Value of the relevant Shares are calculated.

For all Sub-funds, a non-tradable Net Asset Value was calculated on December 31, 2019 for the purpose of these financial statements. These non-tradable Net Assets Values were based on the latest available market prices of the investments as at December 31, 2019.

RISK MANAGEMENT (UNAUDITED)

Tracking Errors

ITI Funds Russia Focused USD Eurobond UCITS ETF as at 31/12/2019: 0.382 % p.a.

Under normal market conditions, the Investment Manager anticipates a level of Tracking Error of up to 5.0 % on the annual basis.

The level of Tracking Error has been caused by different evaluation of bonds in the portfolio and in the index, and cash position which was not reinvested due to bond market limitations. If reinvested the level of Tracking Error would have been lower than the one achieved, but still Tracking Error remains within the declared limits.

ITI Funds RTS Equity UCITS ETF as at 31/12/2019: 1.528 % p.a.

Under normal market conditions, the Investment Manager anticipates a level of Tracking Error of up to 2.0 % on the annual basis

The high level of Tracking Error of ITI Funds RTS Equity UCITS ETF has been caused by dividends of holdings paid in and fund dividend paid out in accordance with dividend policy (accumulated net dividends minus fund costs, part reinvested into the benchmark), while the benchmark doesn't consider any dividends for its members.

Global Exposure

The Sub-Funds use the commitment approach to monitor their global exposure.

REPORT ON THE ACTIVITIES

Sub-Fund - ITI Funds RTS Equity UCITS ETF SICAV

Investment Objective

The Sub-Fund aims to track Russian Trade System Index (RTS Index, BBG: RTSI\$ INDEX) which includes most liquid equities of the Russian market. The Sub-Fund tracks index on the initial investment plus accumulates dividends which are paid by underlying equities. The Sub-Fund distributes accumulated dividends minus costs annually.

Sub-Fund And Benchmark Performance

The Sub-Fund inception date is 30th of January 2018 and the initial NAV was USD 25 per share.

	Fund	Benchmark*	Excess**
<i>1 month (%)</i>	+7.87%	+7.68%	0.19%
<i>3 months (%)</i>	+16.57%	+16.12%	0.45%
<i>Year 2019 (%)</i>	+53.90%	+45.28%	8.62%
<i>Since inception (%)</i>	+30.91%	+21.49%	9.42%

*The Benchmark is RTS Index official close value.

**The excess includes received dividends minus all the fees.

Top Holdings

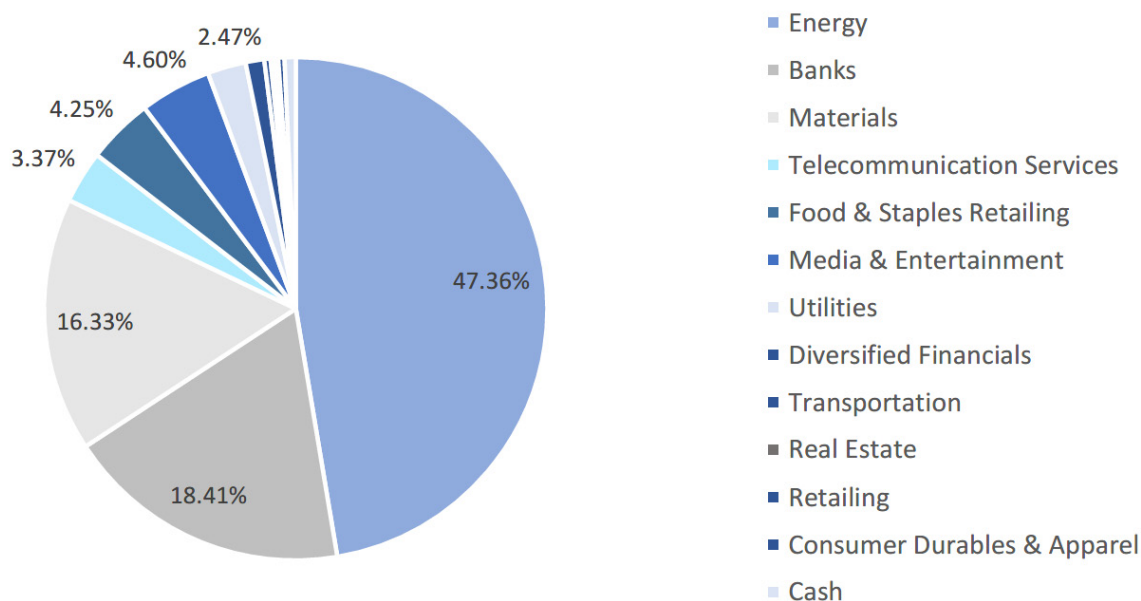
Top 10 holdings* are presented below:

#	ISIN	Security Name	Weight
1	RU0009029540	Sberbank of Russia PJSC	14.36%
2	RU0007661625	Gazprom PJSC	14.27%
3	RU0009024277	LUKOIL PJSC	13.54%
4	RU0007288411	MMC Norilsk Nickel PJSC	6.53%
5	NL0009805522	Yandex NV	4.60%
6	RU000A0DKVS5	Novatek PJSC	4.57%
7	RU000A0J2Q06	Rosneft Oil Co PJSC	4.41%
8	RU0009033591	Tatneft PJSC	3.94%
9	RU0008926258	Surgutneftegas PJSC	3.47%
10	RU0007775219	Mobile TeleSystems PJSC	2.42%

*As of 30.12.2019

Sector Breakdown

Here is an investments breakdown according to Global Industry Classification Standard (GICS) industry groups:



Fund Highlights

During the first half of the year 2019, the Fund increased the AUM from USD 6.1m at the beginning of the year to USD 7.1m in March 2019. Lifting of sanctions for Rusal made it possible to return to the full reference index physical replication strategy.

The redemption in March 2019 decreased the Fund AUM to USD 6.2m value, however then the AUM had reached its USD 7.4m historical maximum value in July 2019 due to the growth of the reference index and dividends received by the Fund. As the result of the reference index drop in August 2019 and due to the redemption in September 2019 the AUM of the Fund decreased to USD 5.5m value. The further growth of the reference index let the Fund reach AUM USD 6m at the mid of November 2019.

We continue to keep eye on sanctions regime and to avoid investments into equities under sanctions, so Fund shareholders are safe in that area.

As of December 2019, the Fund replicates reference index in its portfolio in full and holding dividends are to be paid- out in cash. The most part of accumulated dividends had been reinvested into the reference index on low levels in March 2019 and were divested in September 2019. The additional income was received by the Fund as the result.

It must be kept in mind that accumulated holding dividends are to be included into daily NAV of the Fund while the reference index is price-return index, which doesn't consider any dividends. Such an accounting is necessary to provide the same dividend for all the investors regardless the time subscribe for / redeem shares of the Fund. However, it also causes additional tracking error in comparison with the reference price-return index. At the same time the Fund dividend pay-out, which is necessary for the reference index tracking on long periods (several years), also causes additional tracking error in comparison with both of reference price-return and corresponding total- return indices. Due to these facts ***it is recommended to consider an increase of normal TER threshold and by that to take current dividend accumulation-distribution policy of the fund into control account.***

Portfolio Changes

In accordance with December 2018 reference index rebalance changes United Wagon Company equity was excluded from the portfolio, while Lenta equity was included. In February 2019 the Rusal equity was included into the portfolio. The investment was based on the fact of equity participation in the reference index and Management company, Administrator and Depository Bank advises, as sanctions against the reference company had been lifted. According to March 2019 rebalance changes Mechel PAO equity was excluded from the portfolio. TMK equity was excluded from the portfolio in accordance with the June 2019 rebalance changes. In accordance with the most recent September 2019 rebalance changes LSR Group equity was included into the portfolio. According to December 2019 rebalance Tinkoff Bank equity was included into the portfolio, while M.video, Rousneft and Safmar Finansovye Investitsii PAO equities were excluded from the portfolio.

Market Review

In December 2018 the FED rate was raised on 0.25% with the three further hikes forecast for the year 2019. In the context of low PMI values, bad China real sector data and other signs of the global economy cooling such an action caused low investor interest in risk. The sentiment became worse on the news of US government shutdown at the end of December 2018. As the result, Russian equity market as well as other emerging markets fell in December. At the end of December, the news regarding postponement of new pack of US sanctions against Russia as well as the information from US Ministry of Finance regarding considered lifting of sanctions against En+ and Rusal companies provided some support for the Russian equity market. Freezing of new tariff implementation in US-China trade conflict as well as new negotiations announcement also provided support for global equity markets.

The year 2019 began with the growth of equity markets. Softened FED rhetoric with the two hikes forecast for the year 2019 instead of three expected in December 2018, as well as the end of US government shutdown increased demand for EM equities. Russian market was also supported by En+ and Rusal sanctions lifting and by the absence of new US sanctions against Russia announcements in January 2019.

In February emerging markets were supported by FED announcement of the considered cancellation of any rate changes in the nearest future. Optimistic rhetoric on expected deal between US and China also created good context for equities. However Russia was put under pressure of new considered US sanctions for Kerch Strait incident and new DASKA bill version, which was presented in US Congress. Raising crude oil prices provided support for the Russian market.

In March 2019 FED and other central banks had reviewed their monetary policy. In particular FED kept the rate unchanged and provided no changes forecast for the rest of the year. Such an action supported investor interest for risk and emerging market equities. Russian market was also supported by growing oil prices. The same dynamics also kept in April 2019 on the growth of US equity market and good economic data for China.

In May 2019 the sentiment became worse because the expected trade between US and China fell through, causing tariff hikes and trade restrictions from both of US and China sides. The beginning of the dividend payment period for the most part of large Russian companies supported Russian equity market despite oil prices drop at the end of month.

Despite the bad news regarding expected China and US trading restrictions and Hong Kong protests, which influenced Asian equity markets, Russian equity market kept growing in June 2019. Keeping the rate unchanged FED also updated the forecast, considering a possible rate cut in the future. This action and soft rhetoric from other central banks made investors confident in ability of monetary regulators to support markets in cases of economy cooling and trade conflict escalation. As the result, investor interest for risk grew, supporting Russian equity market. Dividend payouts in local currency by largest Russian companies also supported the market.

FED eased rate on 0.25% as was expected in July 2019, however also informing that no further rate cuts program is under consideration. Such a decision in the context of new tariff hike announcements by US president decreased investor interest in risk. Russian market also fell at the end of the dividend period for the largest companies and on news regarding new possible US sanctions against Russia under consideration.

In August 2019 trade conflict between US and China was escalated. In the context of global economy cooling signals the escalation caused emerging markets and oil prices drops. Some contribution to negative expectations of investors regarding the global economy was made by strike in Hong Kong, which had influenced Asian equity indices. Negative news regarding new tariffs hikes implementation and start of the president impeachment procedure in US continued to appear in September 2019. Only at the end of the month new negotiations between China and US were announced. Some support to market was also provided by FED, which had eased the rate on 0.25% in September 2019. Russian equity market was under additional pressure of implementation of the new pack of US sanctions in August 2019.

ITI Funds UCITS ETF SICAV

In October 2019 the further cut of FED rate on 0.25% and absence of negative news regarding US-China trade conflict and any new US sanctions against Russia supported oil prices and Russian equity market. In the context of no considered rate cuts forecast by FED for the rest of the year 2019 the dynamics wasn't changed significantly at the beginning of November 2019. During the December 2019 the Russian market was supported by increasing oil price.

Recommended Dividend

The Fund dividend amount recommended to be distributed in 2019 includes received net dividends (considering withholdings and transaction fees) minus maintenance fees. Half of the received dividends had been reinvested to index portfolio at low prices, which made the additional dividend reinvestment income. Fees consist of transaction fees (due to index rebalances), safekeeping fees, fund fees (administration, reporting, maintenance etc.) and reserved distribution fee. As all the received / reinvested dividends of fund holdings are considered in NAV each subscription increases total dividend amount, while each redemption decreases the total dividend amount.

Title	Amount USD
Net dividends	403,374.63
Dividends reinvestment	12,889.65
Transaction fees	-8,117.57
Safekeeping fees	-8,308.24
Fund fees	-34,958.42
Received due to subscriptions	0.00
Withdrawn due to redemptions	-75,682.74
Distribution fees (reserved)	-5,000.00
Total	284,197.31

Based on the total recommended distribution amount, *the dividend distributed in 2019 was:*

- *USD 1.40 per A-class share.*

Sub-Fund Details as at 31 December 2019

Inception date	30.01.2018
Fund currency	USD
Fund size	USD 6,218,609.57
Outstanding shares Class A (USD)	203,000
Outstanding shares Class P (USD)	185
Total Expense Ratio	0.65%
Distribution frequency	Annually
Minimal direct investment piece	USD 445,000
Subscription Fee	0.10% + USD 2,250
Redemption Fee	0.10% + USD 2,250

ITI Funds UCITS ETF SICAV

Sub-Fund ITI Funds Russia-Focused USD Eurobond UCITS ETF SICAV

Investment Objective

The Sub-Fund aims to track ITI Sub-Funds Russia-Focused USD Eurobond Index (BBG: ITIEURBD INDEX). The index is provided by Solactive index provider and includes Russian top-rated eurobonds. An eurobond should meet several restrictions on outstanding amount, credit rating, coupon type and maturity date to be included into the index. The index considers coupons accumulation and reinvestment (total return index). The Sub-Fund (as well as the index) applies accumulated coupons reinvesting.

Sub-Fund And Benchmark Performance

The Sub-Fund inception date is 30th of January 2018 and the initial NAV was USD 25 per share.

	Fund	Benchmark*	Lack/Excess**
<i>1 month (%)</i>	+1.23%	+1.21%	0.05%
<i>3 months (%)</i>	+2.65%	+2.89%	-0.24%
<i>Year 2019 (%)</i>	+13.72%	+15.27%	-1.55%
<i>Since inception (%)</i>	+11.99%	+15.08%	-3.09%

*The Benchmark is ITI Funds Russia-Focused USD Eurobond Index value.

**The lack includes fund and other fees.

Top Holdings

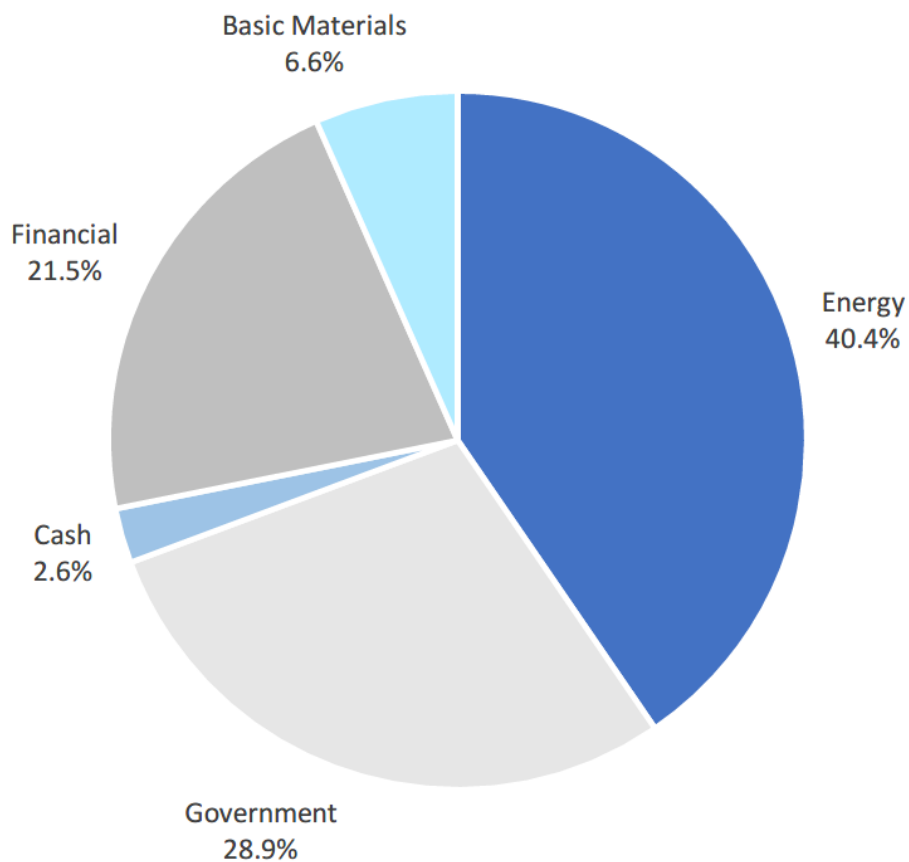
Top 10 holdings* are presented below:

#	ISIN	Security Name	Weight
1	XS0316524130	GAZPROM REGS 7.288 08/16/37	8.40%
2	XS0559915961	VEB FINANCE REGS 6.80 11/22/25	8.38%
3	XS0971721963	RUSSIA 5 7/8 09/16/43	8.11%
4	XS0767473852	RUSSIA 5 5/8 04/04/42	7.87%
5	XS0997544860	GPN CAPITAL REGS 6 11/27/23	6.72%
6	XS0993162683	VEB FINANCE REGS 5.942 11/21/23	6.68%
7	XS1298447019	MMC NORILSK 6 5/8 10/14/22	6.64%
8	XS0971721450	RUSSIA 4 7/8 09/16/23	6.57%
9	XS0290580595	GAZ CAPITAL 6.51 03/07/22	6.54%
10	XS0743596040	SBERBANK REGS 6 1/8 02/07/22	6.44%

*As of 31.12.2019

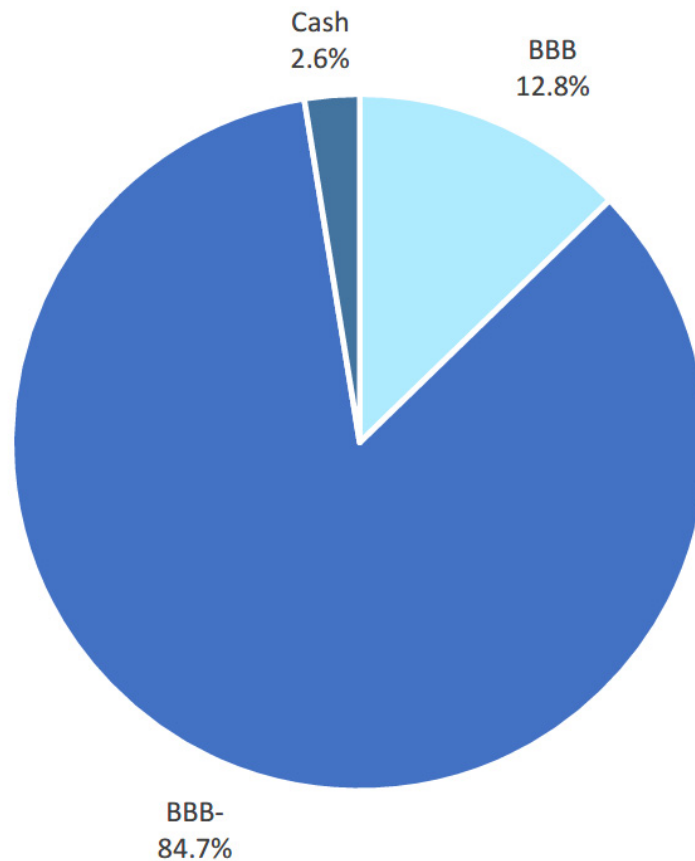
Industry Breakdown

Here is a breakdown of investments in accordance with Bloomberg Industry Classification System (BICS):



Debt Rating Breakdown

Here is an investments breakdown according to S&P credit rating (in the case of absence, corresponding Moody's rating is considered):



Fund Highlights

As the result of redemption, the AUM of the Fund was decreased from USD 5.06m to USD 4.67m in January 2019. Then it was being increasing due to the reference index growth and reached USD 4.8m value at the beginning of May 2019. As the result of the subscription in May 2019 the Fund reached USD 8.7m AUM. The Fund was growing during 2 following months and reached USD 8.9m AUM in July. As the result of the redemption in July 2019 the AUM was decreased to USD 8.07m value and then was growing till the end of August 2019. Due to two subscriptions and a further growth the Fund reached historical AUM maximum USD 13m in the mid November 2019. Due to redemption in December 2019 the AUM decreased to USD 10m.

As the buy-back programs were not useful in the market context, investment strategy focus was changed to the accurate index tracking. Such a tracking was not a trivial problem because 8 bonds had been excluded from the reference index as the result of December 2018 – June 2019 quarterly rebalances, while only 1 bond had been included. As the result, it was not possible to replicate index precisely in accordance to its weights – because of high price of the index composition basket in relation to current AUM of the Fund.

As the result of the March 2019 reference index rebalance all the Eurobonds which had rating lesser than S&P BBB- have been excluded from the composition.

Strategy of the keeping of divested assets in cash had shown no good performance on the growing Russian Eurobonds market, so it was decided to reinvest cash into a part of index composition. The Eurobonds had been chosen by their historical performance relatively to the reference index composition. Such a decision had shown the best tracking precision among all the options considered before.

Portfolio Changes

In accordance with December 2018 reference index rebalance changes the sovereign (RUSSIA 5 04/29/20) Eurobond was excluded from the composition. According to the rebalance changes in March 2019 the Vnesheconombank (VEBBNK 6.902 07/09/20) and the Alfabank (ALFARU 7 3/4 04/28/21) Eurobonds had been excluded from the portfolio, while more recent Vnesheconombank (VEBBNK 6.8 11/22/25) had been included. In April 2019 in order to reduce tracking error on the growing market the Gazprom (GAZPRU 6.51 03/07/22) and Sberbank (SBERRU 6 1/8 02/07/22) Eurobonds had been used for the cash reinvestment.

The subscription in May 2019 allowed to replicate the reference index composition in full. As the result of June 2019 rebalance changes, 2 bonds had been excluded from the composition: the Lukoil (LUKOIL 6 1/8 11/09/20) and the Nor Nickel (GMKNRM 5.55 10/28/20) Eurobonds. Received cash and coupons were reinvested into a part of the reference index composition in accordance to their historical performance relatively to the reference index. The rest 2 excluded bonds (considering their low duration): the Vneshtorgbank (VTB 6.551 10/13/20) and the Alrosa (ALRSRU 7 3/4 11/03/20) Eurobonds were held in portfolio until the redemption in July 2019 to reduce tracking error.

In September accumulated cash was reinvested into the Sberbank (SBERRU 5.717 06/16/21) Eurobond to reduce tracking error. In October the accumulated cash was reinvested into part of reference index composition to reduce tracking error. As the result of December 2019 redemption and index rebalance Sberbank (SBERRU 5.717 06/16/21) and Russian Railways (RURAIL 5.7 04/05/22) were excluded from the portfolio.

Market Review

Despite the FED rate hike on 0.25% in December 2018 with three further hikes forecast for the year 2019, Russian Eurobonds didn't fall significantly. The market was supported by the news regarding new US sanctions pack against Russia implementation postponement as well as by the information from US Ministry of Finance regarding considered lifting of sanctions against En+ and Rusal companies.

In January 2019 Russia had successfully settled Eurobonds issue in total amount of USD 1.05b. Good financial stability, relatively low external debt to GDP ratio of Russia and soft rhetoric regarding further FED rate hikes attracted interest of investors to Russian USD nominated Eurobonds. Another factor which had provided growth to the market was the expected US sanctions lifting against Rusal and En+ companies.

Sanction bills presentation in the US Congress in February 2019 hadn't influenced the Russian Eurobonds market significantly. The high interest of investors in Russian sovereign and corporate debts was supported by signals from FED and other central banks regarding further rate changes and by the decision of Moody's to improve the Russian sovereign credit rating. In particular FED kept the rate unchanged in March and provided no changes forecast for the rest of the year 2019. The most part of March 2019 new sovereign Eurobonds issue and the subscription for existing issues in total amount of USD 3b was purchased by foreign investors. The yields spread between Russian Eurobonds and US Treasuries continued to decrease in April 2019.

In May and June 2019 the market was growing on signals from world central banks regarding monetary policy. As the result of high interest of investors, the new issues of Russian USD nominated Eurobonds in total amount of USD 2.5b were purchased by foreign investors in June 2019.

In July 2019 the further growth of the market was supported by FED rate cut on 0.25%. The discussion of new US sanctions against Russia as well as forbiddance for US investors to purchase Russian sovereign Eurobonds on the primary market had a little influence to the growing market of Russian Eurobonds in August. In August the growth of Russian Eurobonds was significantly supported by signals from FED on further rate cuts and by the Russian sovereign credit rating improvement by Fitch.

The growth slowed down in September 2019 because of the restored narrow yield spread between Russian Eurobonds and US Treasuries, which had widened on sanctions in 2018. However, FED rate cuts in September on 0.25% and October on 0.25% supported Russian USD nominated Eurobonds market. Russian Eurobonds continued to grow in December 2019 due to US treasuries growth.

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Sub-Fund Details as at 31 December 2019

Inception date	30.01.2018
Fund currency	USD
Fund size	USD 9,960,190.56
Outstanding shares Class A (USD)	355,000
Outstanding shares Class P (USD)	185
Total Expense Ratio	0.50%
Distribution frequency	Reinvesting
Minimal direct investment piece	USD 3,250,000
Subscription Fee	0.70% + USD 300
Redemption Fee	0.25% + USD 300

The Board of Directors acknowledge the existence of the current outbreak of the coronavirus COVID-19 and its potential to adversely impact the markets in which the Sub-Funds are invested. The ultimate impacts on the different Sub-Funds remain uncertain and can be expected to vary according to country, asset class, industry sector and individual securities in which they are invested.

ITI Funds UCITS ETF SICAV

March 17, 2020

The information contained in this report is historical and is not necessarily an indication of future performance



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Grand duchy of Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of ITI Funds UCITS ETF SICAV and each of its sub-funds ("the Fund"), which comprise the statement of net assets and the statement of investments in securities and other net assets as at 31 December 2019 and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ITI Funds UCITS ETF SICAV and each of its sub-funds as at 31 December 2019, 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.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, 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 EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the Audit of the Financial Statements » section of our report. We are also 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, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Valuation of investments in securities (Refer to note summary of significant accounting policies, c) valuation of assets)

Why the matter was considered to be one of the most significant in the audit?

Investments in securities represent 99.31% of total net assets (by value) for ITI Funds RTS Equity UCITS ETF SICAV and 97.45% of total net assets (by value) for ITI Funds Russia-Focused USD Eurobond UCITS ETF SICAV, as at 31 December 2019 and are considered to be the key driver of the Fund's performance. The market value of the majority of the Fund's investments in securities is based on quoted prices in active markets. Accordingly, the valuation of investments in securities is considered to be a key audit matter due to the significance of the balance to the financial statements as a whole.

How the matter was addressed in our audit

Our procedures over the valuation of investments in securities included, but were not limited to:

- comparing the valuation of investments in securities in the portfolio as at the year-end to the valuation recalculated using externally sourced prices; and
- agreeing holdings in the investment portfolio as at 31 December 2019 to independently received depositary confirmations.

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 report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these 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 and each of its sub-funds' 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 any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

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 a report of “Réviseur d’Entreprises agréé” 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 EU Regulation N° 537/2014, 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 EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism 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 or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “Réviseur d’Entreprises agréé” 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 report of the “Réviseur d’Entreprises agréé”. However, future events or conditions may cause the Fund or any of its sub-funds 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “Réviseur d’Entreprises agréé” by the General Meeting of the shareholders on 10 April 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Fund in conducting the audit.

Luxembourg, 7 May 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

A handwritten signature in black ink, appearing to read 'L. Aktan', written over a horizontal line.

L. Aktan
Partner

COMBINED STATEMENT OF NET ASSETS

December 31, 2019

(in EUR)

ASSETS

Portfolio:	(see notes)	
- Cost		12,820,661.30
- Net unrealised result		1,327,848.33
		14,148,509.63
Cash:		
- Cash at sight		135,166.96
Other assets:		
- Interest receivable		101,073.28
- Dividend receivable		37,998.32
		14,422,748.19

LIABILITIES

Bank overdraft:		
- Cash at sight		2,437.80
Other liabilities:		
- Taxes and expenses payable		7,125.37
		9,563.17

NET ASSETS **14,413,185.02**

COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31, 2019

(in EUR)

NET ASSETS AT THE BEGINNING OF THE YEAR		9,779,305.46
INCOME		
Income from investments:		
- Dividends, net	(see notes)	375,712.58
- Bond interest, net		374,247.59
Other income		44,365.55
		794,325.72
EXPENSES		
Fees:		
- Global fee	(see notes)	75,152.72
Other expenses:		
- Transaction fees	(see notes)	22,758.33
		97,911.05
NET OPERATING RESULT		696,414.67
Net realised result on:		
- Sales of investments		143,487.69
- Foreign exchange		(14,682.99)
NET REALISED RESULT		825,219.37
Change in net unrealised appreciation/(depreciation) on:		
- Investments		2,406,094.36
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS		3,231,313.73
MOVEMENTS IN CAPITAL		
Subscriptions of shares		7,514,844.61
Redemptions of shares		(6,038,998.77)
		1,475,845.84
DIVIDEND PAID	(see notes)	(253,184.86)
EXCHANGE DIFFERENCE FROM SUB-FUNDS		179,904.85
NET ASSETS AT THE END OF THE YEAR		14,413,185.02

The notes are an integral part of these financial statements.

STATEMENT OF NET ASSETSDecember 31, 2019
(in USD)**ASSETS**

Portfolio:	(see notes)	
- Cost		5,067,202.65
- Net unrealised result		1,108,304.35
		6,175,507.00

Cash:		
- Cash at sight		5,841.79

Other assets:		
- Dividend receivable		42,653.11
		6,224,001.90

LIABILITIES

Bank overdraft:		
- Cash at sight		2,010.12

Other liabilities:		
- Taxes and expenses payable		3,382.21
		5,392.33

NET ASSETS		6,218,609.57
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Class A (USD)

Net asset value per share		30.4990
Shares outstanding		203,000.0000

Class P (USD)

Net asset value per share		147.6344
Shares outstanding		185.0000

The notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31, 2019

(in USD)

NET ASSETS AT THE BEGINNING OF THE YEAR		6,162,754.05
INCOME		
Income from investments:		
- Dividends, net	(see notes)	421,737.36
Other income		5,895.63
		427,632.99
EXPENSES		
Fees:		
- Global fee	(see notes)	42,305.83
Other expenses:		
- Transaction fees	(see notes)	22,097.59
		64,403.42
NET OPERATING RESULT		363,229.57
Net realised result on:		
- Sales of investments		201,061.34
- Foreign exchange		(16,492.34)
NET REALISED RESULT		547,798.57
Change in net unrealised appreciation/(depreciation) on:		
- Investments		2,050,493.51
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS		2,598,292.08
MOVEMENTS IN CAPITAL		
Redemptions of shares		(2,258,236.56)
		(2,258,236.56)
DIVIDEND PAID	(see notes)	(284,200.00)
NET ASSETS AT THE END OF THE YEAR		6,218,609.57

The notes are an integral part of these financial statements.

STATISTICAL INFORMATION

Year ended December 31, 2019

SHARES

	Class A (USD)	Class P (USD)
Shares outstanding at the beginning of the year	290,000.0000	185.0000
Subscriptions of shares	0.0000	0.0000
Redemptions of shares	(87,000.0000)	(0.0000)
Shares outstanding at the end of the year	203,000.0000	185.0000

NET ASSET VALUE PER SHARE

	USD	USD
Highest	30.6175 07/11/2019	147.9685 30/12/2019
Lowest	21.4237 03/01/2019	98.9891 03/01/2019
At the end of the year	30.4990	147.6344

**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
* 30/01/2018	Class A (USD)	14,500.0000	362,500.00	USD	25.0000
* 20/12/2018	Class P (USD)	185.0000	18,258.05	USD	98.6922
31/12/2018	Class A (USD)	290,000.0000	6,144,642.15	USD	21.1884
	Class P (USD)	185.0000	18,111.90	USD	97.9022
31/12/2019	Class A (USD)	203,000.0000	6,191,297.20	USD	30.4990
	Class P (USD)	185.0000	27,312.37	USD	147.6344

* first valuation

**STATEMENT OF INVESTMENTS IN SECURITIES
AND OTHER NET ASSETS**

December 31, 2019

(in USD)

Quantity	Description	Ccy	Cost	Value per security	Market value (see notes)	% of net assets
TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET						
EQUITIES						
BRITISH VIRGIN ISLANDS						
3,333.00	LENTA GDR REPR 1/5 SHS REG-S	RUB	10,260.29	192.00	10,303.06	0.17
	TOTAL BRITISH VIRGIN ISLANDS		10,260.29		10,303.06	0.17
CYPRUS						
3,454.00	TCS GROUP HOLDINGS GDR REPR 1 SH A REGS	RUB	74,225.96	1,311.20	72,915.67	1.17
	TOTAL CYPRUS		74,225.96		72,915.67	1.17
JERSEY						
6,883.00	POLYMETAL INTERNATIONAL PLC	RUB	73,757.08	971.00	107,603.55	1.73
79,080.00	UNITED CO RUS --- REGISTERED SHS	RUB	36,162.96	30.80	39,214.53	0.63
	TOTAL JERSEY		109,920.04		146,818.08	2.36
RUSSIA						
14,810.00	AEROFLOT	RUB	35,830.80	103.50	24,678.85	0.40
81,460.00	ALROSA CJSC	RUB	126,618.04	84.32	110,587.13	1.78
20,020.00	AO TATNEFT	RUB	215,980.80	759.70	244,870.12	3.94
194,100.00	CREDIT BANK MOS - REGISTERED SHS	RUB	16,505.01	5.88	18,372.09	0.30
8,170.00	DETSKY MIR PJSC	RUB	13,127.94	100.00	13,153.81	0.21
7,460,000.00	FEDERAL GRID	RUB	22,449.55	0.20	24,098.27	0.39
214,980.00	GAZPROM	RUB	543,574.12	256.40	887,453.63	14.27
3,870.00	GK PIK RU	RUB	21,579.06	400.40	24,947.94	0.40
1,408.00	GROUP LSR OJSC	RUB	16,796.27	764.00	17,319.11	0.28
1,121,000.00	INTER RAO UES	RUB	72,296.18	5.04	90,999.30	1.46
103,600.00	JSFC SISTEMA	RUB	20,778.12	15.24	25,413.26	0.41
8,477.00	LUKOIL HOLDING	RUB	573,525.13	6,169.00	841,950.48	13.54
2,354.00	MAGNIT JSC	RUB	186,839.39	3,425.00	129,806.56	2.09
58,200.00	MAGNITOGORSK IRON	RUB	46,482.78	41.95	39,308.33	0.63
1,320.00	MMC NORILSK NIC	RUB	259,821.05	19,102.00	405,959.18	6.53
29,250.00	MOBILE TELESYSTEMS	RUB	151,383.96	319.95	150,673.74	2.42
42,950.00	MOSCOW EXCHANGE	RUB	82,718.83	107.75	74,509.22	1.20
13,999.00	NOVATEK	RUB	186,837.22	1,262.00	284,436.92	4.57
37,040.00	NOVOLIPETSK STEEL	RUB	93,402.65	143.72	85,707.29	1.38
1,053.00	PHOSAGRO - REGISTERED SHS	RUB	43,380.08	2,408.00	40,823.90	0.66
912.00	POLYUS GOLD CO ZAO	RUB	78,755.45	7,103.50	104,303.00	1.68
37,920.00	ROSNEFT OIL COMPANY OJSC	RUB	222,715.36	449.70	274,549.60	4.41
26,800.00	ROSTELECOM	RUB	31,139.40	78.36	33,811.06	0.54
2,635,000.00	RUSHYDRO	RUB	33,029.51	0.56	23,557.97	0.38
217,560.00	SBERBANK	RUB	852,498.59	254.75	892,324.54	14.36
21,000.00	SBERBANK PREF.	RUB	69,794.39	228.30	77,188.89	1.24
5,450.00	SEVERSTAL JSC CHEREPOVETS METAL FACTORY	RUB	86,793.66	937.60	82,270.42	1.32
265,600.00	SURGUTNEFTEGAZ	RUB	131,101.69	50.47	215,819.64	3.47
167,200.00	SURGUTNEFTEGAZ PREF.SHS	RUB	89,022.78	37.73	101,553.55	1.63
4,236.00	TATNEFT PREF.SHS	RUB	31,887.39	734.00	50,058.93	0.80
16.00	TRANSNEFT PREF.SHS	RUB	48,381.02	176,750.00	45,531.19	0.73
328,000.00	UNIPRO	RUB	15,400.66	2.78	14,680.75	0.24

The notes are an integral part of these financial statements.

Quantity	Description	Ccy	Cost	Value per security	Market value (see notes)	% of net assets
113,840,000.00	VTB BANK	RUB	103,694.86	0.05	84,127.34	1.35
	TOTAL RUSSIA		4,524,141.74		5,534,846.01	89.01
	THE NETHERLANDS					
3,622.00	X5 RETAIL GROUP GDR REPR SHS REG-S	RUB	108,365.14	2,134.50	124,472.73	2.00
6,590.00	YANDEX N.V.	RUB	240,289.48	2,697.00	286,151.45	4.60
	TOTAL THE NETHERLANDS		348,654.62		410,624.18	6.60
	TOTAL EQUITIES		5,067,202.65		6,175,507.00	99.31
	TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET		5,067,202.65		6,175,507.00	99.31
	TOTAL INVESTMENTS IN SECURITIES		5,067,202.65		6,175,507.00	99.31
	Cash/(bank overdraft)				3,831.67	0.06
	Other assets and liabilities				39,270.90	0.63
	TOTAL NET ASSETS				6,218,609.57	100.00

The notes are an integral part of these financial statements.

**GEOGRAPHICAL CLASSIFICATION
OF THE INVESTMENTS IN SECURITIES**

December 31, 2019

(in %)

COUNTRIES	% of net assets
Russia	89.01
The Netherlands	6.60
Jersey	2.36
Cyprus	1.17
British Virgin Islands	0.17
TOTAL INVESTMENTS IN SECURITIES	99.31
Other assets/(liabilities) and liquid assets	0.69
NET ASSETS	100.00

**ECONOMIC CLASSIFICATION
OF THE INVESTMENTS IN SECURITIES**
December 31, 2019
(in %)

ECONOMIC SECTORS	% of net assets
Oil	42.06
Banks and other credit institutions	16.95
Non-ferrous metals	8.89
Holding and finance companies	7.64
Mining industry	5.11
Internet and software services	4.60
Data transmission	3.37
Energy and water supply	2.47
Retail trade	2.17
Foodstuffs and non-alcoholic drinks	2.09
Precious stones and metals	1.68
Transportation	1.13
Chemicals	0.66
Real estate	0.28
Miscellaneous consumer goods	0.21
TOTAL INVESTMENTS IN SECURITIES	99.31
Other assets/(liabilities) and liquid assets	0.69
NET ASSETS	100.00

STATEMENT OF NET ASSETSDecember 31, 2019
(in USD)**ASSETS**

Portfolio:	(see notes)	
- Cost		9,323,989.60
- Net unrealised result		382,205.40
		9,706,195.00
Cash:		
- Cash at sight		145,883.12
Other assets:		
- Interest receivable		113,454.77
		9,965,532.89

LIABILITIES

Bank overdraft:		
- Cash at sight		726.31
Other liabilities:		
- Taxes and expenses payable		4,616.02
		5,342.33

NET ASSETS **9,960,190.56****Class A (USD)**

Net asset value per share	27.9975
Shares outstanding	355,000.0000

Class P (USD)

Net asset value per share	113.8766
Shares outstanding	185.0000

The notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETSYear ended December 31, 2019
(in USD)

NET ASSETS AT THE BEGINNING OF THE YEAR		5,016,459.48
INCOME		
Income from investments:		
- Bond interest, net		420,092.92
Other income		43,904.70
		463,997.62
EXPENSES		
Fees:		
- Global fee	(see notes)	42,053.10
Other expenses:		
- Transaction fees	(see notes)	3,448.63
		45,501.73
NET OPERATING RESULT		418,495.89
Net realised result on:		
- Sales of investments		(39,996.40)
- Foreign exchange		10.68
NET REALISED RESULT		378,510.17
Change in net unrealised appreciation/(depreciation) on:		
- Investments		650,347.40
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS		1,028,857.57
MOVEMENTS IN CAPITAL		
Subscriptions of shares		8,435,413.05
Redemptions of shares		(4,520,539.54)
		3,914,873.51
NET ASSETS AT THE END OF THE YEAR		9,960,190.56

The notes are an integral part of these financial statements.

STATISTICAL INFORMATION

Year ended December 31, 2019

SHARES

	Class A (USD)	Class P (USD)
Shares outstanding at the beginning of the year	203,000.0000	185.0000
Subscriptions of shares	318,000.0000	0.0000
Redemptions of shares	(166,000.0000)	(0.0000)
Shares outstanding at the end of the year	355,000.0000	185.0000

NET ASSET VALUE PER SHARE

	USD	USD
Highest	28.0117 27/12/2019	113.9344 27/12/2019
Lowest	24.6293 02/01/2019	100.1764 02/01/2019
At the end of the year	27.9975	113.8766

**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
* 30/01/2018	Class A (USD)	192,600.0000	4,815,000.00	USD	25.0000
* 20/12/2018	Class P (USD)	185.0000	18,521.31	USD	100.1152
31/12/2018	Class A (USD)	203,000.0000	4,997,933.56	USD	24.6204
	Class P (USD)	185.0000	18,525.92	USD	100.1401
31/12/2019	Class A (USD)	355,000.0000	9,939,123.39	USD	27.9975
	Class P (USD)	185.0000	21,067.17	USD	113.8766

* first valuation

**STATEMENT OF INVESTMENTS IN SECURITIES
AND OTHER NET ASSETS**

December 31, 2019

(in USD)

Quantity	Description	Ccy	Cost	Value per security	Market value (see notes)	% of net assets
TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET						
BONDS						
IRELAND						
600,000.00	MMC NORILSK 6.625 15-22 14/10S	USD	662,775.00	110.20	661,188.00	6.64
600,000.00	NOVATEK FIN REGS 4.422 12-22 13/12S	USD	621,382.20	104.72	628,308.00	6.31
600,000.00	ROSNEFT INTL REGS 4.199 12-22 06/03S	USD	611,175.00	102.96	617,766.00	6.20
700,000.00	VEB FINANCE REG S 6.80 10-25 22/11S	USD	774,210.00	119.22	834,547.00	8.38
600,000.00	VEB FINANCE REGS 5.942 13-23 21/11S	USD	646,830.00	110.88	665,280.00	6.68
	TOTAL IRELAND		3,316,372.20		3,407,089.00	34.21
LUXEMBOURG						
600,000.00	GAZ CAPITAL 6.51 07-22 07/03S	USD	654,225.00	108.50	650,982.00	6.54
600,000.00	GAZPROM REGS 7.288 07-37 16/08S	USD	752,329.60	139.69	838,116.00	8.40
600,000.00	GPN CAPITAL REGS 6.00 13-23 27/11S	USD	655,755.00	111.48	668,874.00	6.72
600,000.00	GPN CAPITAL SA 4.375 12-22 19/09S	USD	616,575.00	104.02	624,096.00	6.27
600,000.00	SBERBANK REGS 6.125 12-22 07/02S	USD	643,702.50	106.93	641,562.00	6.44
	TOTAL LUXEMBOURG		3,322,587.10		3,423,630.00	34.37
RUSSIA						
600,000.00	MIN. OF FIN. OF THE RUSSIAN FED. 4.50 12-22 04/04S	USD	630,800.00	104.88	629,274.00	6.32
600,000.00	MIN. OF FIN. OF THE RUSSIAN FED. 4.875 13-23 16/09A	USD	645,127.50	109.03	654,180.00	6.57
600,000.00	MIN. OF FIN. OF THE RUSSIAN FED. 5.625 12-42 04/04S	USD	692,742.80	130.61	783,678.00	7.87
600,000.00	MIN. OF FIN. OF THE RUSSIAN FED. 5.875 13-43 16/09S	USD	716,360.00	134.72	808,344.00	8.11
	TOTAL RUSSIA		2,685,030.30		2,875,476.00	28.87
	TOTAL BONDS		9,323,989.60		9,706,195.00	97.45
	TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET		9,323,989.60		9,706,195.00	97.45
	TOTAL INVESTMENTS IN SECURITIES		9,323,989.60		9,706,195.00	97.45
	Cash/(bank overdraft)				145,156.81	1.46
	Other assets and liabilities				108,838.75	1.09
	TOTAL NET ASSETS				9,960,190.56	100.00

The notes are an integral part of these financial statements.

**GEOGRAPHICAL CLASSIFICATION
OF THE INVESTMENTS IN SECURITIES**
December 31, 2019
(in %)

COUNTRIES	% of net assets
Luxembourg	34.37
Ireland	34.21
Russia	28.87
TOTAL INVESTMENTS IN SECURITIES	97.45
Other assets/(liabilities) and liquid assets	2.55
NET ASSETS	100.00

**ECONOMIC CLASSIFICATION
OF THE INVESTMENTS IN SECURITIES**
December 31, 2019
(in %)

ECONOMIC SECTORS	% of net assets
Holding and finance companies	68.58
Countries and central governments	28.87
TOTAL INVESTMENTS IN SECURITIES	97.45
Other assets/(liabilities) and liquid assets	2.55
NET ASSETS	100.00

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

GENERAL

ITI Funds UCITS ETF SICAV (the “Company”), is an open-ended investment company organised under the laws of Luxembourg as a *société d’investissement à capital variable* (SICAV), under the form of a public limited liability company (*société anonyme*) and authorised under part I of the 2010 Act.

The Company was incorporated in Luxembourg on August 4, 2017 and is registered at the Register of Commerce and Companies of Luxembourg under number B 217005. The Articles of Incorporation have been published in the Mémorial, Recueil Spécial des Sociétés et Associations (the “Mémorial”) on August 11, 2017.

On December 31, 2019, the following Sub-Funds are available to investors:

-ITI Funds RTS Equity UCITS ETF SICAV
-ITI Funds Russia-focused USD Eurobond UCITS ETF SICAV

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Presentation of financial statements

The financial statements are prepared on a going concern basis in accordance with Luxembourg regulations relating to undertakings for collective investment. This annual report is prepared on the basis of the non-tradable net asset value as at December 31, 2019 calculated for financial statements purpose.

b) Combined financial statements

The accounts of the Sub-Funds are kept in the reference currency of the Sub-Fund. The combined statements are the sum of the statement of net assets and the statement of operations and changes in net assets of each Sub-Fund converted with the exchange rate prevailing at the period-end. The combination currency is the Euro.

c) Valuation of assets

The value of any cash in hand or on deposit notes and bills payable on demand and accounts receivable, prepaid expenses and cash dividends declared and interest accrued but not yet collected, shall be deemed the nominal value of these assets unless it is improbable that it can be paid and collected in full; in which case, the value will be arrived at after deducting such amounts as the Company or the Management Company may consider appropriate to reflect the true value of these assets.

The Securities and Money Market Instruments listed on an official stock exchange or dealt on any other Regulated Market will be valued at their last available price in Luxembourg as of the Valuation Day and, if the security or Money Market Instrument is traded on several markets, on the basis of the last known price on the main market of this security. If the last known price is not representative, valuation will be based on the fair value at which it is expected it can be sold, as determined with prudence and in good faith by the Company or the Management Company.

Unlisted securities and securities or Money Market Instruments not traded on a stock exchange or any other Regulated Market as well as listed securities and securities or Money Market Instruments listed on a Regulated Market for which no price is available, or securities or Money Market Instruments whose quoted price is, in the opinion of the Company or the Management Company, not representative of actual market value, will be valued at their last known price in Luxembourg or, in the absence of such price, on the basis of their probable realisation value, as determined with prudence and in good faith by the Company or the Management Company.

Securities or Money Market Instruments denominated in a currency other than the relevant Sub-Fund's or Class' valuation currency will be converted at the spot exchange rate (T+0 or T+1) of the currency concerned applicable on the Valuation Day.

The valuation of investments reaching maturity within a maximum period of 90 days may include straight-line daily amortisation of the difference between the principal 91 days before maturity and the value at maturity.

UCIs are valued on the basis of their last available net asset value in Luxembourg. This net asset value may be adjusted by applying a recognised index so as to reflect market changes since the last valuation.

Swaps are valued at their fair value, based on the last closing price known for the underlying security

Any other securities and assets are valued in accordance with the procedures put in place by the Company or the Management Company and, where necessary and appropriate, with the support of valuers who will be instructed to carry out valuations.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquid assets are valued at their nominal value plus accrued interest, or on the basis of amortised costs.

The liquidation value of futures, spot, forward or options contracts that are not traded on stock exchanges or other Regulated Markets will be equal to their net liquidation value determined in accordance with the policies established by the Company or the Management Company on a basis consistently applied to each type of contract. The liquidation value of futures, spot, forward or options contracts traded on stock exchanges or other Regulated Markets will be based on the latest available price for these contracts on the stock exchanges and Regulated Markets on which these options, spot, forward or futures contracts are traded, provided that if an option or future contract cannot be liquidated on the date on which the net assets are valued, the basis for determining the liquidation value of said contract shall be determined by the Company or the Management Company in a fair and reasonable manner.

EXCHANGE RATES AS AT DECEMBER 31, 2019

1	EUR	=	69.71990	RUB
1	EUR	=	1.12250	USD

GLOBAL FEE

The Company pays out of the assets of Sub-Funds a fixed global fee, which is accrued on each Valuation Day and paid monthly in arrears to the Investment Manager.

The global fee rates effective at December 31, 2019 were as follows:

- ITI Funds RTS Equity UCITS ETF SICAV: 0.65%
- ITI Funds Russia-focused USD Eurobond UCITS ETF SICAV : 0.50%

The global fee is fixed in the sense that the Investment Manager will either bear any excess of the Company's actual operating expenses, as listed below, to the fixed global fee or be entitled to retain any amount of fixed global fee in excess of the Company's actual operating expenses, as listed below.

The fixed global fee covers expenses directly incurred by the Company including, without limitation, the following:

- formation expenses;
- fees and expenses payable to the Management Company and to the Investment Manager;
- fees and expenses payable to all other service providers of the Company (including the Auditors, accountants, the Depositary and its correspondents, the Administrator, the Distributor(s) and any pricing agencies);
- costs in relation to lease of premises in Luxembourg or elsewhere or any permanent representation in places of registration, as well as any other agent employed by the Company;
- the remuneration of the Directors and officers and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with board meetings;
- fees and expenses for legal and auditing services consultants;
- any fees and expenses involved in registering and maintaining the registration of the Company or any Sub-Fund with any governmental agencies or stock exchanges in Luxembourg and in any other country;
- reporting and publishing expenses, including the costs of preparing, printing, advertising and distributing prospectuses, explanatory memoranda, periodical reports or registration statements;
- the costs of any reports to Shareholders;
- costs for the publication of the issue and redemption prices;
- costs to pay interests, bank charges, postage, telephone and telex.

The following is an illustration of the fees that can be charged by the various service providers of the Company. The percentages indicated are maximum fees.

a) Management Company Fee

The Management Company receives annual servicing fee in respect of each Sub-Fund. This fee is payable out of the fixed global fee at the end of each month by the Company in respect of each Sub-Fund and is accrued on each Valuation Day based on the applicable Net Asset Value. The fee is calculated by the agreed schedule to the Management Company Services Agreement and shall not exceed 0.10% per annum of the Net Asset Value of each Sub-Fund.

b) Investment Manager Fee

The Investment Manager receives out of the fixed global fee a Management Fee, equal to the difference between the fixed global fee and the actual operating expenses incurred by the Company.

GLOBAL FEE (continued)

c) Depositary Fee

The Depositary receives annual safekeeping and servicing fees in respect of each Sub-Fund. The depositary fee is payable out of the fixed global fee at the end of each month by the Company in respect of each Sub-Fund and is accrued on each Valuation Day based on the previous day's Net Asset Value and the number of transactions processed during that month. The depositary fee is calculated in accordance with usual practice in the Grand Duchy of Luxembourg and shall not exceed 0.30% per annum of the Net Asset Value of each Sub-Fund.

d) Administration Fee

The Administrator receives annual administrative fees in respect of each Sub-Fund. The administrative fee is payable out of the fixed global fee at the end of each month by the Company in respect of each Sub-Fund and is accrued on each Valuation Day based on the previous Valuation Day's Net Asset Value. The administrative fee is calculated in accordance with usual practice in the Grand Duchy of Luxembourg, subject to a minimum flat fee of EUR 30.000 per annum for the first year and EUR 50.000 after the first anniversary of the launch of the Company. In addition to the above-mentioned fees, the Administrator and the Depositary are entitled to any other fees for specific services and transactions as agreed from time to time between the Company and the Depositary (the Other Fees), disclosed in the agreements. They are further entitled to be reimbursed by the Company for their respective reasonable out-of-pocket expenses properly incurred in carrying out their duties as such and for the charges of any correspondents. Other Fees include for example set-up fees, listing fees, fees in relation to the organization of Board meetings, Shareholders meetings, financial statements, extraordinary NAV calculation, KIID preparation, etc.

e) Annual Tax

Unless otherwise provided by the 2010 Act, the Company's assets are subject to a subscription tax (taxe d'abonnement) in Luxembourg of 0.05% p.a. on net assets (and 0.01% p.a. on total net assets in case of Sub-Funds or Classes reserved to Institutional Investors), payable quarterly. The 2010 Act notably provides for the following exemption :

- Sub-Funds whose Shares are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public and whose exclusive object is to replicate the performance of one or more indices are exempt from the annual subscription tax (taxe d'abonnement).

The Company is exempt from the annual subscription tax (taxe d'abonnement).

TRANSACTION FEES

The total amount of transaction fees is included in the changes in net assets of each Sub-Fund and consists of transaction fees paid to the Custodian and Sub-Custodian (taxes included) as well as Brokerage fees.

SUBSCRIPTION AND REDEMPTION FEES

The price of subscription and redemption is the net asset value per share plus a maximum fee of 3.00%.

DIVIDEND PAID

A dividend of USD 1.40 per Class A (USD) for the ITI Funds RTS Equity UCITS ETF SICAV sub-fund has been declared with a record date on December 13, 2019 and payment date on December 20, 2019.

CHANGES IN THE INVESTMENT 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 Company for the period under review.

SUBSEQUENT EVENTS

a) Market Impact

On December 31, 2019, the World Health Organisation was informed that a limited number of cases of pneumonia, of an unknown cause, were detected in Wuhan, China. On January 7, 2020, Chinese authorities identified coronavirus (COVID-19) as the cause. Since December 31, 2019, the rapid outbreak of the COVID-19 is not only causing a global health crisis but also impacting to the global economy and financial markets.

The Fund's investment portfolio comprises of equity and debt instruments which are measured at fair value. As a result of the above, markets became highly volatile. While the duration and future economic impact of COVID-19 is difficult to know, the Board of Directors of the Fund and the Management Company continue to watch the efforts of governments to contain the spread of the virus and monitor the economic impact, if any, on the companies in our portfolio.

b) Business Continuity Plan

The Board of Directors of the Fund have delegated the daily management of the Fund to the Management Company. The number one priority of the Management Company of the Fund is the safety and well-being of its stakeholders and employees. It has designed a continuity plan that allows it to remain fully operational and continuously monitor the Fund's activities. All employees of the Management Company can work from home as the IT department has ensured that most vital systems can be accessed from distance through web interfaces in order to ensure smooth continuation of business.

SECURITIES FINANCING TRANSACTIONS AND OF REUSE REGULATION (“SFTR”) (UNAUDITED)

The Company does not use any instruments falling into the scope of SFTR.

REMUNERATION POLICY (UNAUDITED)

The Management Company, Fuchs Asset Management, has elaborated a remuneration policy as required by the Law of 17 December 2010 (UCITS Law) and by the Law of 12 July 2013 (AIFM Law). Such policy aims at preventing excessive risk taking and at ensuring a proper and effective management of risks. Currently, the remuneration of all the employees of

the Management Company is fixed. The remuneration of the staff or management was not linked in any way to the performance of the Funds under management. Variable remuneration as defined in the remuneration policy is consistent with the risk management and governance processes. Fixed remuneration is mainly based on the experience, the level of responsibility and the complexity of the task performed. No significant change in the remuneration policy has been noted in 2019.

The article 69 (3) of the UCITS V directive (Directive 2014/91/EU of 23 July 2014) require to disclose in the annual report of the Fund the information on the total remuneration of the employees of the Management Company for the financial year. Such information is detailed in the below tables.

Total amount of remuneration for the financial year 2019, split into fixed and variable remuneration, paid by Fuchs Asset Management to its staff, and number of

beneficiaries, and, where relevant, carried interest paid by the Fund:

Fixed remuneration	Variable remuneration	Carried interest	Total remuneration	Average number of staff
EUR 1,477,112	EUR 350,000	-	EUR 1,827,112	20

Aggregate amount of remuneration broken down by senior management and members of staff of Fuchs Asset

Management whose actions have a material impact on the risk profile of the Fund:

Category	Total remuneration
Senior Management	EUR 716,522
Staff	EUR 1,110,590