

ALLEGRO SHORT TERM BOND FUND

Fonds Commun de Placement

Unaudited Semi-Annual Report

As of 30 September 2018



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ALLEGRO SHORT TERM BOND FUND

Management and Administration

Management Company

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Board of Managers of the Management Company

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ALLEGRO SHORT TERM BOND FUND

Report of the Board of Managers of the Management Company

The Board of Managers of the Management Company (the “Board of Managers”) is pleased to present the unaudited semi-annual report of Allegro Short Term Bond Fund (the “Fund”) for the financial period from 1 April 2018 to 30 September 2018.

Code of conduct

The Board of Managers has adopted the ALFI Code of Conduct issued in September 2009 and updated in June 2013, which sets out the principles of good governance, and considers that the Fund has been in compliance with it in all material respects throughout the financial period ended 30 September 2018. Any subsequent amendment to the ALFI Code of Conduct will be considered by the Board of Managers prior to adoption and necessary disclosure will be made in the annual financial statements.

Risk Management – Global Market Risk Exposure

The Board of Managers decided to adopt the commitment approach to determine the global market risk exposure of the Fund.

Principal activities during the reporting period

During the financial period, the Fund continued to diversify its portfolio of short to medium duration government and corporate debt securities through the acquisition of floating rate notes issued by Bank of America, BASF SE, Deutsche Telekom and Koninklijke DSM NV.

As at 30 September 2018, the Fund’s portfolio thus comprises investments with a total value of approximately EUR 18.7 million, made up of 19 investments. At the end of the financial period, the Fund’s portfolio showed a net unrealized loss of EUR 261,732, resulting mainly from its investment in Apple Inc., Bank Nederlandse Gemeenten, CCTS ITALY EU 2019 and CCTS ITALY EU 2020.

The Board of Managers would like to take this opportunity to thank the unitholders for their ongoing trust and support.

Luxembourg, 30 October 2018

The Board of Managers of the Management Company

The figures stated in this report are historical and not necessarily indicative of future performance.

ALLEGRO SHORT TERM BOND FUND

Statement of Net Assets

As at 30 September 2018

	Note(s)	Allegro Short Term Bond Fund In EUR
Assets		
Investments, at cost		18,984,759
- Bonds		13,986,010
- Open ended investment funds		4,998,749
Investments, net unrealized result		(261,732)
- Bonds		(238,940)
- Open ended investment funds		(22,792)
Total Investments at market value		18,723,027
- Bonds		13,747,070
- Open ended investment funds		4,975,957
Bank deposits	3)	3,000,000
Cash at banks	3)	1,690,790
Interest receivable		35,617
Formation expenses, net of amortization		5,231
Total Assets		23,454,665
Liabilities		
Management fees payable	4)	14,969
Professional fees payable		12,534
Other payables		3,542
Total Liabilities		31,045
Total Net Assets		23,423,620
Number of Units outstanding – Class I EUR		36,040.00
Net Asset Value per Unit – Class I EUR		649.93

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

ALLEGRO SHORT TERM BOND FUND

Statement of Operations and Changes in Net Assets

For the Financial Period from 1 April 2018 to 30 September 2018

	Note(s)	Allegro Short Term Bond Fund In EUR
NET ASSETS AT THE BEGINNING OF THE PERIOD		21,736,960
INCOME		
Interest on bonds		44,145
Foreign taxes paid on bonds		(847)
Other income		900
TOTAL INCOME	5)	44,198
EXPENSES		
Management fees	4)	28,765
Legal and professional fees		17,317
Custodian bank fees		8,287
Bank and interest expenses		5,751
Amortization of formation expenses		2,247
Subscription tax (" <i>Taxe d'abonnement</i> ")	6)	942
Other expenses		698
TOTAL EXPENSES		64,007
NET LOSS FROM INVESTMENTS FOR THE PERIOD		(19,809)
Net realized loss on investments		(8,147)
Net realized gain on foreign exchange		441
TOTAL NET REALIZED LOSS		(7,706)
Net change in unrealized result on investments		(90,803)
Net change in unrealized result on foreign exchange		105,498
TOTAL CHANGE IN UNREALIZED GAIN/(LOSS)		14,695
DECREASE OF NET ASSETS AS A RESULT OF OPERATIONS		(12,820)
MOVEMENTS IN CAPITAL		
Issue/(Cancellation) of units class I EUR *	1)	1,699,480
Distributions	8)	-
NET ASSETS AT THE END OF THE PERIOD		23,423,620

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

* Net amount of Issue/(Cancellation) of units includes subscription and redemption fees.

ALLEGRO SHORT TERM BOND FUND

Statement of Changes in the Number of Units

For the Financial Period from 1 April 2018 to 30 September 2018

	Allegro Short Term Bond Fund
Number of units in issue at the beginning of the period	33,426.00
Number of units subscribed	2,614.00
Number of units cancelled	-
Number of units in issue at the end of the period	36,040.00

Statistical Information

	Allegro Short Term Bond Fund
Net Assets (EUR):	
30 September 2018	23,423,620
31 March 2018	21,736,960
31 March 2017	21,432,961
Number of units in issue – Class I EUR:	
30 September 2018	36,040.00
31 March 2018	33,426.00
31 March 2017	32,436.00
Net Asset Value per unit (EUR) :	
30 September 2018	649.93
31 March 2018	650.30
31 March 2017	660.77

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Schedule of Investments

As at 30 September 2018

Investments	Currency	Nominal value	Cost in EUR	Fair Value in EUR	% of Net Assets
Transferable securities admitted to or dealt in on an Official Stock Exchange					
Automotive					
Daimler AG FRN, 24/06/2019	EUR	1,000,000	1,010,108	1,002,330	4.28
Volkswagen INT FIN NV FRN, 15/04/2019	EUR	1,000,000	1,011,457	1,002,090	4.28
Chemicals					
BASF SE, 22/01/2019	EUR	1,000,000	1,006,238	1,001,270	4.27
Koninklijke DSM NV, 13/11/2019	EUR	500,000	511,225	508,440	2.17
Consumer products					
Apple Inc. FRN, 07/02/2020	USD	1,000,000	937,244	865,679	3.70
Coca-Cola European Partners, 05/12/2019	EUR	500,000	516,465	509,450	2.17
Financial sector					
Bank of America FRN, 21/09/2021	EUR	1,000,000	1,000,225	1,000,190	4.27
Bank of Nova Scotia FRN, 14/01/2020	EUR	1,000,000	999,167	1,003,890	4.29
Government					
BK Nederlandse Gemeenten FRN, 11/06/2019	USD	1,000,000	952,292	859,260	3.67
CCTS ITALY EU FRN, 15/11/2019	EUR	1,000,000	1,026,158	1,001,790	4.28
CCTS ITALY EU FRN, 15/12/2020	EUR	1,000,000	1,004,987	984,150	4.20
Open ended investment funds					
DWS Floating Rate Notes	EUR	23,808	2,000,482	2,002,253	8.55
DWS Institutional Money Plus	EUR	71	998,600	991,379	4.23
DWS Rendite Optima Four Seasons	EUR	9,739	1,000,251	990,359	4.23
Lyxor Barclays Floating Rate Euro 0-7Y UCITS ETF	EUR	9,890	999,416	991,967	4.23
Telecommunication services					
AT&T INC FRN, 04/06/2019	EUR	1,000,000	1,002,237	1,002,320	4.28
Deutsche Telekom INT FRN, 01/12/2022	EUR	1,000,000	997,763	999,090	4.27
Utilities and infrastructure					
Leaseplan Corporation NV FRN, 04/11/2020	EUR	1,000,000	1,001,507	1,004,030	4.29
Société des Autoroutes FRN, 31/03/2019	EUR	1,000,000	1,008,907	1,003,090	4.28
Total			18,984,759	18,723,027	79.94
Net unrealized appreciation / (depreciation) on securities				(261,732)	

ALLEGRO SHORT TERM BOND FUND

Notes to the Financial Statements

As at 30 September 2018

Note 1 – The Fund

Allegro Short Term Bond Fund (the “Fund”) has been established by the Management Company on 1 December 2014 as an undertaking for collective investment in transferable securities subject to Part I of the Luxembourg law of 17 December 2010, as amended, concerning undertakings for collective investments (the “Law”), in the form of a common fund (“*fonds commun de placement*”) for an unlimited duration.

Allegro S.à r.l. is the Management Company of the Fund, with the day-to-day responsibility for the administration, investment management and marketing functions of the Fund. It was incorporated by notarial deed in the Grand Duchy of Luxembourg on 1 February 2008, for an unlimited duration, as published in the Mémorial on 7 March 2008.

The Fund offers investors various types of unit classes:

- Units in class “I” are available to institutional investors committing to invest an initial amount above EUR 100.000,- while subsequent investments must be of at least EUR 10,000.-;
- Units in class “R” shall be available to retail investors committing to invest an initial amount above EUR 10,000.- while subsequent investments must be of at least EUR 1,000.-.

The aim of the Fund is to invest in a diversified portfolio of liquid and safe short term assets, debt instruments and claims, including on ancillary basis cash and time deposits, not containing any speculative character, with an aggregated average maturity of less than three years, and the view to achieve adequate earnings, while giving due consideration to an adequate diversification of the Fund’s assets.

The Fund’s financial year ends on the last day of March. The first full financial period ended on 31 March 2016.

Note 2 – Significant accounting policies

a) Basis of preparation

These semi-annual financial statements are prepared and presented in accordance with generally accepted accounting principles relating to investment funds in the Grand Duchy of Luxembourg and they are expressed in euro (EUR).

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Notes to the Financial Statements (continued)

As at 30 September 2018

b) Calculation of the Net Asset Value per Unit

The net asset value and the issue and redemption price per unit of each unit class are expressed in EUR and are calculated twice per month, on the 1st and 15th day of each month, and if such day is not a business day in Luxembourg on the next-following business day in Luxembourg, i.e. on the NAV Date, by dividing the overall net assets of the Fund attributable to each unit class by the number of units in circulation in this unit class.

The reference date used for such determination is the day immediately prior to the NAV Date, and the net asset value will be calculated on the basis of the end-of-day closing prices of the business day prior to the NAV Date.

The Net Asset Value per unit is rounded down to two decimal places.

c) Valuation of investments

Assets valuation

The value of transferable securities, derivatives and other investments listed on a stock exchange are valued at the last-known market prices. If these securities, derivatives or other investments are listed on several stock exchanges, the latest available price on the stock exchange that represents the major market for these investments will apply.

Securities and other investments that are not listed on a stock exchange or traded on another regulated market, and for which no appropriate price can be obtained, are valued by the Management Company according to other principles chosen by it in good faith on the basis of the likely sales prices.

Units of other undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCI) are valued at their last-known net asset value.

For money market instruments, the valuation price will be gradually adjusted to the redemption price, based on the net acquisition price and retaining the ensuing yield. The valuation price, calculated as such, may therefore deviate from the actual market price. In the event of a significant change in market conditions, the basis for the valuation of the individual investments is brought into line with the new market yields.

Fixed-term deposits and fiduciary investments are valued at their nominal value plus accumulated interest.

The Management Company is authorised to apply other generally recognised and auditable valuation criteria in good faith in order to achieve an appropriate valuation of the net assets if, due to extraordinary circumstances, a valuation in accordance with the aforementioned regulations proves to be unfeasible or inaccurate.

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Notes to the Financial Statements (continued)

As at 30 September 2018

d) Cash at bank and other assets

Liquidities - whether in the form of cash, bank deposits, bills of exchange and sight securities and receivables, prepaid expenses, cash dividends and declared or accrued interest that has not yet been received - are valued at their full value unless it is unlikely that this value will be fully paid or received, in which case their value is determined by taking into consideration a deduction that seems appropriate in order to portray their true value.

e) Foreign currency translation

Securities, money market instruments, derivatives and other investments denominated in a currency other than the reference currency of the fund and not hedged by foreign-exchange transactions, are valued at the middle-market rate of exchange (midway between the bid and offer rate) known in Luxembourg or, if not available, on the most representative market for this currency.

The exchange rates applied as at 30 September 2018 are as follows:

1 EUR = 1.1576 USD

f) Formation expenses

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

g) Interest and dividend income

Interest income is recognized on an accrual basis. Dividends are recorded as income on the ex-dividend date.

h) Realised/unrealised gains or losses on sales of investments

Realized gain or loss is recorded at the disposal of an investment and is the difference between the net proceeds from the sale and the cost of the investment. The Fund includes the fair value of all investments received in its net sales proceeds in determining the realized gain or loss on disposal.

Unrealized gain or loss reflects the difference between the market value of the investments and the cost basis of the investments.

i) Swing pricing

The Fund may suffer dilution of the net asset value per unit due to investors buying or selling units in the Fund at a price that does not reflect dealing and other costs that arise when security trades are undertaken by the Management Company to accommodate cash inflows or outflows.

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Notes to the Financial Statements (continued)

As at 30 September 2018

In order to counter this impact, a swing pricing mechanism has been adopted to protect the interest of the unitholders of the Fund. If on any valuation date, the aggregate net capital activity of the Fund exceeds a pre-determined threshold, as determined and reviewed on a periodic basis by the Board of Managers, the net asset value per unit shall be adjusted upwards or downwards to reflect the costs associated with net capital inflows or net capital outflows respectively.

The extent of the price adjustment is set by the Board of Managers to reflect dealing and other costs. The amount of the adjustment shall not exceed 2.00% of the original net asset value per unit.

The Fund has not applied the swing pricing mechanism during the financial period.

Note 3 – Bank deposits and cash at bank

As of 30 September 2018, cash placed with banks amounts to EUR 4,690,790. This amount includes EUR 3.0 million placed as time deposits.

Note 4 – Management fees

The Management Company is entitled to a management fee of up to 0.50% per annum. As of 30 September 2018, the Management Company receives a management fee of 0.25% per annum payable quarterly in arrears on the average net asset value of the Fund before subscription tax during such quarter.

Note 5 – Income

The net income amounts to EUR 44,198 for the financial period ended 30 September 2018. This amount is mainly composed of interest received on fixed income investments, net of withholding taxes.

Note 6 – Taxation

In accordance with current legislation in the Grand Duchy of Luxembourg, the Fund is not subject to any Luxembourg withholding, income, capital-gains or wealth taxes.

From the total net assets of the Fund, however, a tax of 0.05% per annum ("*taxe d'abonnement*"), payable to the Grand Duchy of Luxembourg, is due at the end of every quarter, as calculated on the total net assets of the Fund at the end of every calendar quarter. This rate is reduced to 0.01%, *inter alia*, for classes of units reserved to one or more institutional investors.

Pursuant to article 175(a) of the Law, the net assets invested in UCI already subject to the "*taxe d'abonnement*" are exempt from this tax.

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Notes to the Financial Statements (continued)

As at 30 September 2018

Note 7 – Transaction costs

The Fund incurred transaction costs, which have been defined as standard brokerage and bank charges relating to purchase or sale of transferable securities. As of 30 September 2018, the transaction costs incurred during the financial period under review amount to EUR 1,031.

Note 8 - Distribution

Distributions as well as interim distributions may be composed of realised or unrealised income, capital gains and/or capital, and they may include or exclude fees and expenses. Any distribution results in an immediate reduction of the net asset value per unit of the Fund. The payment of distributions must not result in the net assets of the Fund falling below the minimum amount for fund assets laid down by law.

During the financial period ended 30 September 2018, no distribution was paid to the unitholders.

Note 9 – Statement of changes in investments

A list specifying for each investment the total purchases and sales, which occurred during the financial period under review, may be obtained free of charge from the registered office of the Management Company.

Note 10 – Securities Financing Transactions Regulation (SFTR)

Allegro Short Term Bond Fund is not impacted by the requirements of the SFTR regulation 2015/2365 on transparency of securities financing transactions.