Semi-annual report
as at 30th September 2015

CONTRIBUTE PARTNERS

Société d'Investissement à Capital Variable
Open-ended investment company
under Luxembourg law

R.C.S. Luxembourg B 178 814

CONTRIBUTE PARTNERS

Contents

CONTRIBUTE PARTNERS

Organisation

Registered office

11, rue Aldringen
L-1118 LUXEMBOURG

Board of Directors

Chairman

Wouter VANDEN EYNDE	Director KBC FUNDS 2, avenue du Port B-1080 BRUSSELS

Directors

Karel DE CUYPER	Conducting Officer KBC ASSET MANAGEMENT S.A. 5, place de la Gare L-1616 LUXEMBOURG
Lazlo BELGRADO	Conducting Officer - Head of Specialized Investment Management KBC ASSET MANAGEMENT S.A. 5, place de la Gare L-1616 LUXEMBOURG
Jos LENAERTS	Senior Legal Advisor KBC ASSET MANAGEMENT S.A. 5, place de la Gare L-1616 LUXEMBOURG

Management Company

KBC ASSET MANAGEMENT S.A.
5, place de la Gare
L-1616 LUXEMBOURG

Board of Directors of the Management Company

Chairman

Dirk MAMPAEY	President of the Executive Committee KBC ASSET MANAGEMENT S.A. 2, avenue du Port B-1080 BRUSSELS

Directors

Ivo BAUWENS	General Manager KBC GROUP RE S.A. 5, place de la Gare L-1616 LUXEMBOURG
Jürgen VERSCHAEVE	Managing Director KBC ASSET MANAGEMENT S.A. 2, avenue du Port B-1080 BRUSSELS

Organisation (continued)

Conducting officers of the Management Company

Lazlo BELGRADO
Karel DE CUYPER

Central administration

KBC ASSET MANAGEMENT S.A.
5, place de la Gare
L-1616 LUXEMBOURG

Delegated central administration

KREDIETRUST LUXEMBOURG S.A.
11, rue Aldringen
L-2960 LUXEMBOURG

Custodian and principal paying agent

KBL EUROPEAN PRIVATE BANKERS S.A.
43, boulevard Royal
L-2955 LUXEMBOURG

Cabinet de révision agréé

DELOITTE Audit
Société à responsabilité limitée
560, rue de Neudorf
L-2220 LUXEMBOURG

Paying agents

in Czech Republic
ČESKOSLOVENSKÁ OBCHODNÍ BANKA, A.S.
Praha 5, Radlická 333/150
CZ-15057 PRAGUE 5

in Slovakia
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Michalska 18
SK-815 63 BRATISLAVA

Legal representatives

in Czech Republic
ČESKOSLOVENSKÁ OBCHODNÍ BANKA, A.S.
Praha 5, Radlická 333/150
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Medená 22
SK-811 02 BRATISLAVA

General information

CONTRIBUTE PARTNERS (the “SICAV”) is an open-ended investment company incorporated on 12th July 2013 under Luxembourg Law subject to Part II of the amended law of 17th December 2010 relating to Undertakings for Collective Investment. The SICAV qualifies as an Alternative Investment Fund (“AIF”) under Directive 2011/61/EU of the European Parliament and of the Council of 8th June 2011 on Alternative Investment Fund Managers (“AIFMD”) and the Luxembourg Law of 12th July 2013 (the “AIFM Law”).

The SICAV has designated KBC ASSET MANAGEMENT S.A. to act as its external Alternative Investment Fund Manager under Chapter II of the AIFM Law since 25th July 2014.

The incorporation capital amounting to EUR 31,000.00 has been divided into 3,100.0000 Shares of per value of EUR 10.00 and was subscribed by KBC ASSET MANAGEMENT S.A. (hereafter the “Sole Shareholder”).

The articles of incorporation were published in the Mémorial, Recueil Spécial des Sociétés et Associations (the “*Mémorial*”), the official gazette of Luxembourg, on 26th July 2013 and filed with the Chancery of the District Court of and in Luxembourg together with the legal notice concerning the issue and the sale of its shares. These documents are available for inspection at the Chancery of the District Court of and in Luxembourg, where copies may be obtained.

At the date of the report, the following sub-funds are currently offered:

- Contribute Partners CSOB Buffer Jumper EUR 1 — in EUR
  (initial subscription NAV date: 29th May 2015)
- Contribute Partners CSOB Exclusive Buffer Jumper 5 — in CZK
  (initial subscription NAV date: 29th May 2015)

The SICAV’s shares are divided up into different categories, each corresponding to a separate pool of assets (the sub-funds). The SICAV may issue shares in capital-protected sub-funds, as well as in sub-funds that adhere to an investment policy that does not afford capital protection.

In each sub-fund, shares are issued as capitalisation (i.e. accumulation) or distribution shares unless the Board of Directors decides otherwise. In this case, this will be specified in the prospectus. Distribution and capitalisation shares confer the same rights on their holders, more particularly as regards voting rights at meetings.
The distribution shares confer on their holders the right to receive dividends, which are taken from the fraction of the net assets attributable to the distribution shares of the sub-fund concerned.
In principle, capitalisation shares do not carry entitlement to dividends. The share of the profits attributable to the capitalisation shares of a given sub-fund remain invested in the sub-fund concerned and increase the net asset value of these shares.

At the date of the report, only capitalisation shares are issued.

The net asset value per share as well as the issue and redemption prices are valuated twice a month, on the 16th of each month (or the preceding business day if this is not a Luxembourg Banking Business Day) and the last bank business day of each month (for the month December the last but one Luxembourg Banking Business Day), each a "Valuation Day".

The consolidated annual accounts of the SICAV covering all its sub-funds are denominated in euros, the currency in which the company’s share capital is denominated.

The SICAV’s financial year begins on 1st April and ends on 31st March.

Copies of the agreements, the articles of incorporation of the SICAV, the prospectus and the latest financial reports may be obtained free of charge on request at the registered office of the SICAV.

General investment climate

1st October 2014 – 30th September 2015

During the period under review, confidence grew in the permanence of the economic recovery worldwide. The Fed and the Bank of England successfully managed to pull the liquidity plug on the US and British economies. Japan broke out of its negative deflationary spiral, and the economy even began to pick up in the euro area.

The equity markets had already long since anticipated this optimism. The bond markets shrugged off fears of deflation, but purchasing of sovereign paper by the central banks (in this reporting period, chiefly the European Central Bank (ECB)) kept bond yields artificially low.

Shaking off the sense of crisis

Economic growth in 2014 was more than satisfactory. Global GDP climbed by around 3% in real terms. That is comparable with the growth rate in 2013. However, the regional differences remain (very) wide. Overall, the emerging markets recorded slightly slower growth. It speeded up in the West, in particular the United States. Growth was held back to some extent in the first quarter of 2015 by an exceptionally severe winter, but the rate of expansion picked up considerably in the second quarter.

The driver for this was the recovery of the labour market, the increase in employment rose to over 200 000 new jobs per month. The purchasing power of American consumers consequently rose appreciably, establishing a more solid basis for the economic recovery than in the preceding years.

The rate of unemployment fell to 5.1% in September 2015. This fall was accompanied by ever stronger signals of a squeeze in some segments of the labour market. Terms such as *boom* and *Goldilocks* are once again coming back into favour to describe this phase of the cycle. The recovery of the housing market remains vulnerable, however. Although house prices are rising, and relatively strongly at that, sales of new homes remain sluggish.

The sharp recovery in the US is being only timidly followed in the euro area. The tide did not turn until late in 2014. The IFO barometer of business confidence in Germany began climbing again in November, while consumer confidence and retail sales have started rising throughout the euro area since December. The benefits of a weak euro and lower oil prices are clearly beginning to feed through at last into the real economy.

In Japan, the euphoria surrounding *Abenomics*' (the Abe government's large-scale monetary and budgetary stimulation programme dating from 2013) has subsided. The depreciation of the yen has boosted the exports and profitability of large companies. Domestic demand continues however to lag behind and the five percentage-point increase in VAT in April 2014 proved a difficult pill to swallow. The latest indicators point to very weak growth.

Falling stars and delivered promises

The euphoria surrounding the BRIC countries (Brazil, Russia, India and China) is making way for concerns about the *Fragile Five* (Brazil, India, Indonesia, Turkey and South Africa).

The Russian economy is suffering under sanctions, capital flight, the depreciation of the rouble and the fall in oil prices. Venezuela and Argentina have been struggling with recession for some time. The period of double-digit growth in China is over, but the government is responding to each disappointing growth figure with extra stimulus measures in order to achieve the intended growth target of 7%. Interest rates were lowered as many as four times in the period November 2014–August 2015, the reserve requirements for the banks were progressively loosened and a more relaxed exchange rate policy pursued.

The euro crisis is easing, but the spectre of a 'Grexit' is rearing its head again

The euro crisis reached its peak in the summer of 2015, when Greece was not only in financial and economic turmoil, but had also landed in a political vacuum. The crisis resulted in the bankruptcy of Greece and Cyprus. Portugal and Ireland lost the confidence of international bond investors and were obliged to turn for support to the IMF, the ECB and the partner countries in the euro area. The Spanish government was also in danger of collapsing under the burden of the support it was having to provide to its banks. As these storms raged, several of the currency union's rules were reformed. But once the sense of urgency had subsided, it proved almost impossible to get all the members of the euro orchestra playing the same tune. The ECB was in fact focused only on defending the euro. It regarded it as essential to unblock the monetary transmission channel. Hence the various programmes of extremely cheap liquidity provision to the banking sector (LTROs) and the new framework of stricter and uniform banking supervision. The latter came into operation on 4th November 2014, having been preceded earlier in the year by a comprehensive health check of the credit portfolios of 130 European banks.

When the ECB gave an assurance in September 2012 with much bravura that it was prepared if necessary to pump liquidity into the market indefinitely, confidence in government bonds recovered. Interest rate spreads between the EMU partners began to narrow, even without the need for specific action. During the course of 2014, Ireland and Portugal were able to begin raising finance via the traditional channels once again, without the need for their European stewardship.

Greece initially also had these ambitions. A bond issue in March 2014 was actually oversubscribed tenfold. It became clear, however, in the course of the year that it would not be possible to end the support programme on its planned termination date (31st December 2014), but that, on the contrary, it would have to be extended and even succeeded by another programme. Relations between Brussels and Athens soured, and the remaining funds from the second support plan (7.2 billion euros) were blocked with effect from September 2014. The new Greek government, elected on a eurosceptical ticket, tried in vain to force the troika to agree to a much milder reform policy. All the 'dialogue of the deaf' managed to achieve was a deferral of the expiry date of the second bailout programme to 30th June 2015. Pulling a few strings enabled a number of loans to be repaid on time for a while. Total stalemate was reached on 26th June. The Greek government announced a referendum on the demanded reforms (and advised the electorate to vote against them); the Eurogroup decided there was nothing to be gained by further extending the ongoing support programme; and the Greek government felt obliged to introduce capital controls in an attempt to stop the banks being bled dry. Finally, an IMF loan could not be repaid on 30th June. Facing the prospect of total bankruptcy, the Greek government did an about-face in July and concluded a new agreement with its creditors, thereby averting bankruptcy.

Corporate earnings set new record

The economic recovery was accompanied by a spectacular recovery of profits. All the businesses making up the S&P 500 Index in the United States had exceeded their pre-recession profit levels by as early as the third quarter of 2015, since when their earnings have risen by around 5–8% a year. That was also the case in previous quarters. The earnings per share of firms in the S&P 500 index were on average 6.5% higher in the first quarter of 2015 than a year earlier, a growth figure that was narrowly repeated in the second quarter. These figures are more impressive than it appears at first sight, as they incorporate a 50% reduction in oil company profits.

Companies in the EUROSTOXX®-600 index reported earnings growth of 15% in the first quarter of 2015. 2014 showed a happy reversal of the picture in the period 2011–13. The euro crisis, the associated recession in Europe, the write-down of government bond portfolios by banks and the strong euro all contributed to a fall in total profits at stock exchange level. As a result, profit levels fell behind relative to S&P companies by more than 25% in the first quarter of 2014.

ISIS fails to prevent a sharp fall in oil prices

The Arab Spring and the power struggle in Libya meant a barrel of Brent crude oil cost 126 US dollars at the end of April 2011. The balance of supply and demand over the last three years (weak global demand, high stocks, rising supplies and substitution by shale oil) has caused the oil price to fall since then, apart from an occasional increase due to a flare-up in geopolitical tensions (in 2013, for instance, disruption to supplies in Libya and Nigeria). In recent months the pressure from the excess supply became so great that the premium for the political risk disappeared entirely. OPEC failed to reach a consensus in November on restricting production and so halting the free fall in the oil price. On 31st January 2015, the price of Brent crude was down to just 45.7 USD a barrel, less than half the price a year earlier and below the estimated marginal production cost of around 80 USD. The agreement concerning Iran's nuclear installations will further increase the over-supply and has pushed prices even lower. At the end of the period under review, the price of Brent crude had risen to 48.4 USD a barrel. During the course of August prices of less than 43 USD per barrel were even recorded.

The steep price rises on most other commodity markets had already come to an end earlier. The prices of many industrial metals and agricultural products were trading at peak prices around mid-February 2011. This was followed by a correction, rising to between 30% (aluminium) and 45% (copper, nickel) since the peak levels of early 2011.

Inflation is falling further under the influence of the downturn in oil and commodity prices. In the US, the annual increase in the consumer price index fell from a peak of 3.9% in September 2011 to a cyclical low of -0.1% in March 2015 and since then the rate of inflation has continued to hover around zero. Inflation is also marginally negative in the euro area at present. Plagued by persistent economic weakness, and also for a long time by a strong euro, deflation remained a real concern. The spectacular fall in the oil price increased that risk in the autumn of 2014.

Learning to live with negative interest rates
The US central bank (the Fed) cut its key rate very early on in the crisis. Since December 2008 the rate has been a symbolic 0.25%. The ECB waited much longer before cutting rates. In 2014 it cut its key rate on two occasions by 10 basis points. The rate has been 0.05% since 4th September 2014. For deposits the ECB now has a negative rate of interest of -0.20%. ECB President Mario Draghi has emphasised that this is the absolute end of the interest rate reductions.

The policy of (virtually) free money was not sufficient to guarantee that the economic recovery would prove lasting. The central banks therefore looked for alternatives. The Big Four (the Federal Reserve, the ECB, the Bank of Japan and the Bank of England) intervened or are intervening directly in the bond markets and bought/are buying up large amounts of debt paper in an attempt to keep the long-term rate low as well. The Fed, for instance, purchased government bonds and mortgage loans totalling 1 700 billion US dollars between September 2012 and October 2014.

It proved difficult to achieve a consensus on a similar policy in the ECB policy committee. ECB President Mario Draghi already held out the prospect in September 2012 of large-scale purchases of government bonds, but for the German Bundesbank they remained a taboo. Not until 22nd January 2015 did the ECB President announce that the ECB and the national banks of the euro area would be purchasing 60 billion EUR of government and other debt paper every month as from March and probably until at least September 2016.

Seeking a floor for bond rates
Economic doubts, the realisation that inflation is as good as dead, and central bank interventions are keeping bond yields artificially low. Traditionally, bond rates in Germany – the benchmark in the euro area – closely shadow developments in the US market. In this reporting period the reverse applied. In 2014 the call for a European variant of quantitative easing (QE) became ever louder, driving not just German but also US 10-year rates ever lower. On 2nd February 2015 the interest on a US 10-year government bond fell to a low of 1.67%. In this regard the fact that the Fed began to hold out the prospect of the first rise in interest rates in seven years had little if any influence. On 20th April 2015 the German 10-year rate touched a low of 0.08%. Bonds with maturities of up to seven years were traded at negative rates of interest. The rise in bond yields in recent weeks is little more than a correction of this exceptionally low rate.

The turmoil surrounding Greece had little impact on the interest rate differentials between the euro area partners. This demonstrates how isolated 'the Greek case' has become in a euro context. The Belgian/German interest rate spread was also not much higher at the end of the period under review (+32 basis points) than at the end of 2014 (+30 basis points).

There have been no significant bankruptcies in the business sector in recent years. The credit risk premium is now at a fair level; the additional premium has evaporated.

The return of the dollar
The euro was the strongest currency in the world in the period 2013–14. The ECB is also the only one of the four principal central banks not to embark on a large-scale debt purchase programme, but is by contrast confronted with a shrinking balance sheet. On 25th May 2014, an exchange rate of 1.40 USD per EUR was reached. Then the tide turned. Quantitative easing was awaited in Europe with ever-growing anticipation, while in the US, QE was being phased out. This shift in monetary policy between the ECB (prospect of a bigger supply of euros) and the Fed (slower creation of dollars) impacted on the USD/EUR exchange rate. The marked appreciation of the dollar brought the exchange rate to a historically expensive 1.0495 USD per EUR on 13rd March 2015. Following the publication of a disappointing labour report in the US (3 April) expectations of an initial interest rate hike by the Fed were adjusted. This had the effect of depressing the USD exchange rate. Surprisingly, the growing threat of ‘Grexit’ did little to change this. At the end of the period under review the dollar was trading at 1.11177 USD to the EUR, which was still 7% more expensive than at the end of 2014.

In the period under review, the GBP was more closely related to the USD than to the EUR. During the period 2014–2015 the GBP shadowed the appreciation of the USD very closely. In the weeks before the Scottish referendum, held on 18th September 2014, the success of supporters of separation prompted nervous movements in the exchange rate. The link with the dollar has, however, been broken in recent weeks. The GDP appreciated against both the USD and the EUR.

The launch of *Abenomics* in Japan drove down the JPY/USD exchange rate by more than 30%, from unambiguously *overvalued* to *correctly valued*. The yen moved in the range 100–110 JPY to the dollar between mid-2013 and the end of October 2014. When the Bank of Japan came to the realisation in early November 2014 that quantitative easing ('QE') had not delivered the anticipated results, it decided to step up its measures. The currency consequently came under pressure again. The yen was trading at 119.9JPY to the dollar at the end of September 2015.

Fears that the liquidity tap in the US could be turned off sooner than forecast led to heavy selling pressure in 2013 on the currencies of countries like Brazil, South Africa, Turkey, India and Indonesia. This pressure continued until the spring of 2014. When the Chinese government modified its exchange rate policy in August (resulting in a slight devaluation of the renminbi) most of the emerging markets currencies came under pressure again.

Consolidating the rally on the equity markets
The euro crisis and the fear that the European banking sector would collapse as a result cast an almost permanent shadow over the equity markets during the period from April 2010 to October 2011. The mood changed in the course of 2012, with better news on the US labour market. Over the past reporting period the share markets continued to bask in the economic optimism, supported by the fall in oil prices. Liquidity injections by the central banks also provided support. Fixed-income types of investment have lost their attractiveness. From October 2012 onwards, the underlying trend in the international stock markets has been unmistakably positive. This has happened with barely a hiccup, as witnessed by the historically low share-price volatility. The S&P 500 set one record after another in the period under review, reaching an all-time high on 21st May 2015. On 24th April the NASDAQ finally managed to top its previous all-time high dating back to 10th March 2000. This was however followed in August by a marked worldwide correction, prompted by fears of a stronger than expected slowdown of growth in China. All the annual gains of the MSCI All Country Index (the broadest world index) had been wiped out at the end of September and denominated in euros the index was still 1% lower than on 31st December 2014. Taken over the entire period under review the return amounted to 2%.

In the case of the traditional markets the US (with a return in euros of the MSCI North America during the reporting period of +5.3%) lagged behind. This breathing space needs to be viewed against the background of the performance in previous years. Prices had moved ahead more strongly than earnings, so that valuations had risen sharply.

Western Europe (return of the MSCI EMU of +3.6%) performed better. Fears that the EMU’s problems harboured a systemic risk have disappeared completely. The threat of ‘Grexit’ was viewed as a local risk. The recovery of the European economy had a greater impact. The first-quarter results reinforced hopes that this marked the start of a period when European corporate earnings would begin to catch those of their American peers. The cheaper valuation of Europe (compared with the US) probably provided a little support too.

The BEL 20 (+5.9% in de reporting period) did better than most other stock markets in the euro area. The distributors recorded the strongest rise: apart from the stronger USD, Delhaize was able to benefit from the merger with the Dutch company Ahold. Substantial profits were taken in the real estate companies Befimmo and Cofinimmo, while the energy group Engie (the former Suez) just like Sovay, were badly hit.

Japan (return of +9.5%) performed strongly. The hope that *Abenomics* would overcome the deflationary spiral appears now to have been borne out.

The emerging markets lagged heavily behind. Partly as a result of heavy currency depreciations, Latin America was down by 33% over the reporting period. In the Asian emerging market countries the loss remain confined to 6%.

There were wide sectoral differences in the returns. Pharmaceuticals, Consumer Discretionary and Telecommunication Services were among the best-performing sectors. Energy and Materials lagged behind.

Pharmaceuticals have long since shed the aura of a growth sector. There has not been much innovation in recent years and the sector is undergoing a transformation. Business units are being reorganised, acquisitions are being rolled out on a large scale and share-buyback programmes launched. Investors are finding this repositioning of the sector to their taste.

Media businesses are benefiting from a growing advertising market and the recovery in consumer spending more or less throughout the world. The traditional media firms remain locked into their constant process of adaptation, and the rise of the e-book and ongoing breakthrough of digital television continue undiminished. More and more media companies are also succeeding in making money from the digital world. The big media companies in the US are increasing their income from advertising and in particular from broadcast fees for TV programmes.

The discount at which Real Estate has long traded has disappeared. The high dividends went down well, and the sector is growing more attractive as the economic outlook brightens in a world with interest rates close to zero.

Outlook

People living in continental Europe might not realise it, but the world economy has reached cruising speed. The growth figure for 2015 (currently estimated to be slightly less than +3%, somewhat weaker than the 3.2% recorded for 2014) is not bad, but not exceptional. In the US, growth optimism is on the up. The first swallows heralding an economic spring are reaching the euro area, driven mainly by greater consumer purchasing power and an easing of austerity measures. Emerging Asia is likely to follow, although not everyone appears convinced of this.

US growth indicators are spiking. The labour market reports for the last few months are particularly promising. The unemployment rate fell fairly sharply to the threshold zone between a tight and a slightly slack labour market. We would normally expect pay rises to accelerate under such conditions. The word ‘boom’ is gradually being employed in order to describe the current phase of the economic cycle.

The contrast with the euro area is substantial: the economic recovery still needs to gain a firm footing there. German producer confidence fell sharply in 2014 when the EU announced sanctions against Russia and again when Russia introduced its counter-sanctions. It would not have taken much to push the European economy into a third recession in six years. Fortunately a number of parameters changed at the end of 2014. The overvaluation of the euro was reversed. The fall in oil prices created a breathing space for consumers, who became more confident about the future and so increased their spending. Accelerating pay increases in Germany will provide further support for the recovery. They will keep the German locomotive running, and will also automatically improve the competitiveness of other countries without having to deliver additional efforts in terms of pay restraint. The fact that European banks are now starting to apply less stringent lending criteria and demand for credit is picking up again should boost growth. The question of a 'Grexit' probably plays a subordinate role here, because six years after the onset of the Greek crisis, financial and economic relations between Greece and the rest of the euro area have sunk to the absolute minimum (now only existing via the ECB). We do not, however, expect real growth of much more than 1–1.5% in 2015 and 1.5–2% in 2016 in the euro area.

In recent years the foundation has been laid for more sustainable growth in the coming years. US households have trimmed back their debt level significantly, the savings rate has already increased considerably and loan servicing (instalments and interest payments combined) now accounts for only 9.8% of household budgets (the lowest level in fifteen years – it was at 12.5% four years ago). The sharpest edges of the restructuring of the public finances are being rubbed off, not just in the US, where the budget debate has been liberated from its ideological discourse, but also in the euro area, where the European Commission values structural measures over budgetary orthodoxy. Households are gradually moving towards a position where they can spend more of their money on consumption. The explosive growth in earnings between 2009 and 2014 bolstered companies’ already substantial cash positions. During the crisis investments were scaled back heavily, but the foundations have now been laid for a catch-up process.

The Fed believes the time has come to adjust its extremely flexible monetary policy. The unparalleled liquidity injections in the form of the purchasing programme for government bonds and other debt paper are tapering off. The US central bank considers that the economic recovery is sufficiently sustainable for it to move gradually toward a more neutral monetary policy. A key interest rate of 3–3.5% would be consistent with this. The present rate (0.25%) is a long way off this. It will not be much longer, therefore, before the first in a series of rate hikes will be carried out. The precise timing will depend on the job market. The rate at which unemployment falls and the degree to which that feeds through into an acceleration in pay will be critical factors. So as not to ride roughshod over the market, these interest-rate hikes will be made with great circumspection, i.e. in small steps. Towards the end of 2015 the key rate will be around 0.25%, and a year later in the region of 1.5%. All the same, the gap between a growth-neutral rate and the present rate is so large that it will be a long time before monetary policy ceases to be loose and growth-supporting. Either way, the Fed will keep long-term rates low and banish any fears of deflation.

The ECB will maintain the money market rates of (almost) 0% for a long time yet, and certainly longer than in the US. As long as the economy in the euro area remains weak and there are no genuine inflationary tensions, there will be no compelling macroeconomic reasons to conduct a more restrictive policy.

Inflation has long ceased to be a reason for concern. On the contrary, if anything it is too low (closer to 0% than to the official euro area inflation target of 2%). There is considerable concern, however, about growth, and the ECB is absolutely intent on preventing the Greek crisis from spreading to other parts of the euro area. It will most likely continue to aim for a *normal* short rate of 3% for the euro area, but that has now become a very long-term objective and is totally ruled out in the short term (horizon year-end 2016). The ECB’s main concerns at present are not the level of its interest rates but the way in which these low rates percolate through into market rates in Southern Europe. It is here that low interest rates are needed most – and also where they remain the highest.
Bond yields appear to have bottomed out. It would be logical for yields to increase again from the current record lows, on the back of an improved economic environment. As a result, the market might, in the months ahead, start

to anticipate tighter monetary policy in 2015 (US) or later (EMU). No significant increase in interest rates is likely in the coming months, however. Fearful of the negative consequences for growth, the central banks will avoid any such hike at any price.

The default risk premium in the corporate bond market has fallen steeply in recent years. At its present level, it provides appropriate compensation for the debtor risk. Much more narrowing of spreads is therefore not on the cards, even though most companies have a very healthy financial structure. Rate spreads within the EMU have narrowed sharply and are gradually starting to correctly reflect the differences in quality of the various governments as debtors. Given the ongoing problems of the euro, an increase in risk aversion and rate spread volatility cannot be ruled out.

One of the major challenges for this decade will be the further development of consumption in China and the rest of Asia. That could help bring about a more balanced economic world order. It will not only reduce the region's dependence on exports but, at least as importantly, will have an effect on international capital flows. Increased consumption in China will mean lower savings and higher imports, including from the US and Europe. This will help the West to 'grow out' of its debt problems.

Thanks to the economic recovery in the West, the global economy could post real growth of around 3% in 2015 and 2016. This is one of the reasons why corporate earnings could continue to grow in the coming quarters at a (nominal) rate of 8–10% – faster than in the recent past. The strong earnings growth is also attributable to sustained wage restraint. Maintaining purchasing power is now about all that is on offer. There is virtually no question of real wage rises. In brief, every one-cent increase in revenue translates (almost) entirely into an extra cent of profit, rather than into higher pay.

The money market rate won't increase rapidly and bond yields are at historical lows. Everything seems to point to shares being the most attractive investment option for the months ahead. The lack of alternatives is not, of course, sufficient reason to increase the market valuation. For that to happen, investors would have to regain their appetite for risk and their confidence in the growth of the world economy. Shares are no longer as cheap as they were a while ago: based on forecast earnings for the coming twelve months, the price/earnings ratio is 15.5 for the S&P 500 index and 13.6 for the MSCI Europe. This cannot really be described as cheap any longer compared to historical averages. Equities are, however, still dirt-cheap compared with bonds. To put it another way, what offers better protection against the inflation risk over the next ten years: a German government bond with a coupon yield of 0.75%, or an average European share with a dividend yield of 3.15%?

Luxembourg, 9th October 2015 The Board of Directors

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

Combined statement of net assets (in EUR)
as at 30th September 2015

Assets	
Investments	
Securities portfolio at market value	22,670,245.83
	22,670,245.83
Cash and cash equivalents	
Cash at banks	3,166,138.97
	3,166,138.97
Receivables	
Income receivable on portfolio	2,000.17
Interest receivable on swap contracts	66,007.14
Interest receivable on bank accounts	152.77
	68,160.08
Total assets	25,904,544.88
Liabilities	
Payables	
Interest payable on bank overdrafts	1,399.24
Unrealised loss on swap contracts	1,599,898.49
Expenses payable	5,185.23
	1,606,482.96
Total liabilities	1,606,482.96
Total net assets at the end of the period	24,298,061.92

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

Statement of net assets (in EUR)
as at 30th September 2015

Assets	
Investments	
Securities portfolio at market value	15,327,240.20
	15,327,240.20
Cash and cash equivalents	
Cash at banks	2,115,525.74
	2,115,525.74
Receivables	
Interest receivable on swap contracts	38,177.80
Interest receivable on bank accounts	152.77
	38,330.57
Total assets	17,481,096.51
Liabilities	
Payables	
Interest payable on bank overdrafts	307.73
Unrealised loss on swap contracts	1,085,797.13
Expenses payable	3,122.98
	1,089,227.84
Total liabilities	1,089,227.84
Total net assets at the end of the period	16,391,868.67
Number of capitalisation shares outstanding	1,753,418.0000
Net asset value per capitalisation shares	9.35

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

Statistical information (in EUR)
as at 30th September 2015

Total net assets	
- as at 30.09.2015	16,391,868.67
- as at 31.03.2015	31,037.15
- as at 31.03.2014	31,039.55
Number of capitalisation shares	
- outstanding at the beginning of the period	3,100.0000
- issued	1,750,318.0000
- redeemed	0.0000
- outstanding at the end of the period	1,753,418.0000
Net asset value per capitalisation shares	
- as at 30.09.2015	9.35
- as at 31.03.2015	10.01
- as at 31.03.2014	10.01

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

Statement of investments and other net assets (in EUR)
as at 30th September 2015

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets

Investments in securities

Transferable securities admitted to an official stock exchange listing

Bonds

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
EUR	1,519,000	Amethyst Structured Fin Plc FRN Ser 2007-6 Tr 2 07/10.01.40	1,540,536.11	1,532,904.87	9.35
EUR	1,536,000	Beechwood Structured Fin Plc FRN Sen 2007-6 07/10.01.40	1,539,361.78	1,533,954.80	9.36
EUR	1,513,000	Brookfields Capital Plc FRN EMTN Ser 2007-6 Tr 2 07/10.01.40	1,540,033.70	1,533,969.20	9.36
EUR	1,534,000	Eperon Finance Plc FRN EMTN Ser 2007-6 07/10.01.40	1,539,603.05	1,532,993.39	9.35
EUR	768,000	Espaccio Securities Plc FRN EMTN Ser 2007-6 Tr 2 07/10.01.40	769,521.34	766,439.82	4.68
EUR	757,000	Greenstreet Struc Fin Prod Plc FRN EMTN Sen 07/10.01.40	770,345.74	766,573.39	4.68
EUR	759,000	Nimrod Capital Plc FRN EMTN Ser 2007-6 07/10.01.40	769,174.13	765,179.01	4.67
EUR	769,000	Opal Financial Prod Plc FRN EMTN Ser 2007-6 Tr 2 07/10.01.40	769,411.68	766,721.29	4.68
EUR	757,000	Profile Finance Plc FRN EMTN Ser 2007-6 07/10.01.40	770,020.24	766,712.98	4.68
EUR	771,000	Recolte Securities Plc FRN EMTN Ser 2007-6 Tr 2 07/10.01.40	769,924.23	767,726.57	4.68
EUR	769,000	Silverstate Fin Inv Plc FRN EMTN Ser 2007-6 Tr 2 07/10.01.40	769,378.31	766,678.10	4.68
EUR	759,000	Vespucci Struct Fin Prod Plc FRN Ser 2007-6 Tr 2 07/10.01.40	769,829.72	762,766.86	4.65
EUR	769,000	Vigado Capital Plc FRN EMTN Ser 2007-6 Tr 2 07/10.01.40	769,162.73	766,167.80	4.67
EUR	758,000	Voyce Investments Plc FRN EMTN Ser 2007-6 Tr 2 07/10.01.40	769,993.67	765,154.50	4.67
EUR	770,000	Waterford Cap Investments Plc FRN Ser 2007-6 07/10.01.40	769,696.27	766,975.02	4.68
EUR	769,000	Waves Fin Inv Plc FRN Ser 2007-6 Tr 2 07/10.01.40	769,254.42	766,322.60	4.67
Total investments in securities			15,395,247.12	15,327,240.20	93.51
Cash at banks				2,115,525.74	12.91
Other net assets/(liabilities)				-1,050,897.27	-6.42
Total				16,391,868.67	100.00

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

Statement of net assets (in CZK)
as at 30th September 2015

Assets

Investments	
Securities portfolio at market value	199,587,550.09
	199,587,550.09
Cash and cash equivalents	
Cash at banks	28,556,333.91
	28,556,333.91
Receivables	
Income receivable on portfolio	54,365.98
Interest receivable on swap contracts	756,419.24
	810,785.22
Total assets	228,954,669.22

Liabilities

Payables	
Interest payable on bank overdrafts	29,668.06
Unrealised loss on swap contracts	13,973,600.88
Expenses payable	56,053.29
	14,059,322.23
Total liabilities	14,059,322.23
Total net assets at the end of the period	214,895,346.99
Number of capitalisation shares outstanding	22,926,392.0000
Net asset value per capitalisation shares	9.37

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

Statistical information (in CZK)
as at 30th September 2015

Total net assets	
- as at 30.09.2015	214,895,346.99
Number of capitalisation shares	
- outstanding at the beginning of the period	0.0000
- issued	22,947,392.0000
- redeemed	-21,000.0000
- outstanding at the end of the period	22,926,392.0000
Net asset value per capitalisation shares	
- as at 30.09.2015	9.37

Statement of investments and other net assets (in CZK)
as at 30th September 2015

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
Investments in securities					
Transferable securities admitted to an official stock exchange listing					
Bonds					
CZK	19,800,000	Amethyst Structured Fin Plc FRN Ser 2007-15 Tr 1 07/10.01.40	20,080,657.08	19,984,545.11	9.30
CZK	20,000,000	Beechwood Structured Fin Plc FRN Ser 2007-15 07/10.01.40	20,043,680.00	19,976,699.80	9.30
CZK	19,700,000	Brookfields Capital Plc FRN Ser 2007-15 Tr 1 07/10.01.40	20,051,763.20	19,976,309.24	9.30
CZK	20,000,000	Eperon Finance Plc FRN Ser 2007-15 07/10.01.40	20,072,892.00	19,990,206.00	9.30
CZK	10,000,000	Espaccio Securities Plc FRN Ser 2007-15 Tr 1 07/10.01.40	10,019,733.00	9,981,350.20	4.64
CZK	9,850,000	Greenstreet Struc Fin Prod Plc FRN Ser 2007-15 07/10.01.40	10,023,597.38	9,976,207.86	4.64
CZK	9,900,000	Nimrod Capital Plc FRN Ser 2007-15 07/10.01.40	10,032,678.81	9,982,244.15	4.64
CZK	10,000,000	Opal Financial Products Plc FRN Ser 2007-15 Tr 1 07/10.01.40	10,005,162.00	9,972,032.90	4.64
CZK	9,850,000	Profile Finance Plc FRN Ser 2007-15 07/10.01.40	10,019,366.81	9,978,024.20	4.64
CZK	10,050,000	Recolte Securities Plc FRN Ser 2007-15 Tr 1 07/10.01.40	10,035,777.24	10,009,004.04	4.66
CZK	10,000,000	Silverstate Fin Inv Plc FRN Ser 2007-15 Tr 1 07/23.03.40	10,004,762.00	9,971,471.20	4.64
CZK	9,900,000	Vespucci Struct Fin Prod Plc FRN Ser 2007-15 Tr1 07/23.03.40	10,041,258.15	9,950,781.36	4.63
CZK	10,000,000	Vigado Capital Plc FRN Ser 2007-15 Tr 1 07/10.01.40	10,001,943.00	9,964,835.40	4.64
CZK	9,850,000	Voyce Investments Plc FRN Ser 2007-15 Tr 1 07/10.01.40	10,005,818.13	9,944,610.83	4.63
CZK	10,000,000	Waterford Cap Investments Plc FRN Ser 2007-15 07/10.01.40	9,995,916.00	9,962,379.50	4.64
CZK	10,000,000	Waves Fin Inv Plc FRN Ser 2007-15 Tr 1 07/10.01.40	10,003,183.00	9,966,848.30	4.64
Total investments in securities			200,438,187.80	199,587,550.09	92.88
Cash at banks				28,556,333.91	13.29
Other net assets/(liabilities)				-13,248,537.01	-6.17
Total				214,895,346.99	100.00

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

Note 1 - Significant accounting policies

a) Presentation of the financial statements

The financial statements of the SICAV are established in accordance with the Luxembourg legal and regulatory requirements concerning Undertakings for Collective Investment.

b) Valuation of assets

- The value of the cash in hand or on deposit, of bills and demand notes payable and accounts receivable, pre-paid expenses, dividends and interest declared or accrued but not yet received, is the nominal amount thereof. If, however, it is unlikely that the full amount of these assets will be received, they are valued by applying a discount the SICAV considers appropriate to reflect their true value.

- The value of all securities that are traded or quoted on a stock exchange is based on the latest available price.

- The value of all securities that are traded on another regulated exchange is based on their latest available price.

- If securities held in the portfolio are not traded or quoted on a stock exchange or other regulated market or if the price of securities quoted or traded on such an exchange or regulated market determined in accordance with paragraph 2 or 3 above is not representative of their true value, these securities are valued on the basis of their foreseeable realisation value, which will be estimated prudently and in good faith;

- The valuation of the swaps used must take place using the following method:

- Cash flows received by the Sicav (future flows generated by the portfolio of bonds and the investment of liquid assets) and paid by the latter to the Counterparty under the swaps must be discounted on the Valuation Day at the zero-coupon swap rate corresponding to the maturity of each flow.

- The flows paid by the Counterparty to the Sicav for each annual dividend payment (i.e. the amounts to be paid on the Maturity Date of each Reference Period) will be discounted on the Valuation Day at the zero-coupon swap rate corresponding to the maturity of this flow. The cash flows paid by the Counterparty to the Sicav on the Maturity of the sub-fund (i.e. the capital to be paid at Maturity) are discounted on the Valuation Day at the zero-coupon swap rate corresponding to the maturity of this flow. The value of the swaps results from the difference between these two discounting operations. The asset value of the sub-fund will therefore to a large extent be equal to the market value of the bonds and liquid assets plus (or minus) the value of the swaps.

- As the amount corresponding to the changes in the Index and/or Basket up to Maturity is uncertain, the market bases itself, when valuing these payment flows (calculation of the asset value), on a commonly used pricing method that takes account of different elements such as the volatility of the Index and/or of the Basket, the interest rate, the average dividend rate of the Index and/or of the Basket and the level of the latter. It is therefore a valuation of the foreseeable amount that will be paid under the swap by the Counterparty to the Sicav when the sub-fund reaches Maturity. The method used to price the swaps is based on the Black & Scholes and Monte Carlo methods.

- All other assets are valued on the basis of their probable realisation value, which will be estimated prudently and in good faith.

c) Acquisition cost of securities in the portfolio

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

d) Net realised gain (loss) on sales of securities

The realised gains and losses on sales of securities are determined on the basis of the average acquisition cost.

e) Valuation of swaps contracts

Swaps contracts are registered on the off-balance sheet and valued on the basis of the recalculated market prices by using the traditional elements of pricing, considering the value, the volatility of the underlying, the interest rates and the residual value of the swap. Net unrealised gains or losses are recorded in the statement of net assets.

f) Formation expenses

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

g) Conversion of foreign currencies

Cash at banks, other net assets and the valuation of the securities in portfolio expressed in currencies other than the currency of the sub-fund are converted into this currency at the exchange rate prevailing on the date of the report. Income and expenses expressed in currencies other than the currency of the sub-fund are converted into this currency at the exchange rate prevailing on the date of the transaction.

h) Combined financial statements

The combined financial statements of the SICAV are expressed in EUR and are equal to the sum of the corresponding items in the financial statements of each sub-fund converted into this currency at the exchange rate prevailing at the date of the report.

At the date of the report, the exchange rate used for the combined statement is the following:

1	EUR	=	27.1806342	CZK	Czech Koruna

Note 2 - Asset Allocation

In order to achieve the investment objectives, the sub-funds of the SICAV may invest in securities (including bonds and other debt instruments), money market instruments, units in undertakings for collective investment, deposits, financial derivatives, cash and any other instruments permitted under the amended law of 17th December 2010.

As at 30th September 2015, the SICAV invested in notes issued by 16 Special Purpose Vehicles (SPVs) incorporated under Irish law, listed on the Dublin stock exchange and managed by KBC Asset Management S.A., 2, avenue du Port, B-1080 Brussels or one of its subsidiaries:

- Amethyst Structured Finance Plc
- Beechwood Structured Finance Plc
- Brookfields Capital Plc
- Eperon Finance Plc
- Espaccio Securities Plc
- Greenstreet Structured Financial Products Plc
- Nimrod Capital Plc
- Opal Financial Products Plc
- Profile Finance Plc
- Recolte Securities Plc
- Silverstate Financial Investments Plc
- Vespucci Structured Finance Products Plc
- Vigado Capital Plc
- Voyce Investments Plc
- Waterford Capital Investments Plc
- Waves Financial Investments Plc.

As at 30th September 2015, the underlying of the notes issued by these 16 SPVs were two diversified portfolios of deposits with financial institutions, bonds, other debt instruments, interest rate swaps and currency swaps: the General Long Portfolio and the General Short Portfolio. The main difference between the General Long Portfolio and the General Short Portfolio lies in the credit spread sensitivity of the underlying instruments. The remaining maturity of the underlying assets of the General Long Portfolio is on average longer than the remaining maturity of the underlying assets of the General Short Portfolio, which leads to a greater price impact of changes in the credit quality of the underlying instruments. The audited annual report and prospectus of the notes issued by these SPVs are available free of charge from KBC ASSET MANAGEMENT S.A., 2, avenue du Port, B-1080 BRUSSELS.

Note 3 - Management Company

The SICAV has appointed KBC ASSET MANAGEMENT S.A., 5, place de la Gare, L-1616 Luxembourg, as Management Company according to the provisions of Chapter 15 of the amended law of 17th December 2010 as well as under Chapter II of the Law of 12th July 2013 to act as its external Alternative Investment Fund Manager ("the AIFM").

With regard to services provided concerning management, distribution and risk management, the following sub-funds pay to the Management Company a fee consisting of a semi-annual commission per share outstanding at the beginning of the semester concerned + max. 0.10% per year for the control of risk:

Sub-funds	**Maximum fees per share**
Contribute Partners CSOB Buffer Jumper EUR 1 (initial subscription NAV date: 29th May 2015)	0.1 EUR
Contribute Partners CSOB Exclusive Buffer Jumper 5 (initial subscription NAV date: 29th May 2015)	0.1 CZK

Note 4 - Subscription, redemption and conversion fees

Sub-Funds	Type of fee	Subscription	Redemption	Switching between sub-funds
Contribute Partners CSOB Buffer Jumper EUR 1	Trading fees	During the initial subscription period: Maximum 2% After the initial subscription period: Maximum 2%	-	If the trading fee for the new sub-fund is higher than that of the former sub-fund: the difference between the two
	Amount to cover the costs of the purchase of assets	During the initial subscription period: 0% After the initial subscription period: Maximum 1% for the sub-fund	At maturity: 0% Before: Maximum 1% for the sub-fund	If the relevant amount for the new sub-fund is higher than that of the former sub-fund: the difference between the two.
	Amount to discourage sales within one month of purchase	-	Max. 5% for the sub-funds	Max. 5% for the sub-funds
Contribute Partners CSOB Exclusive Buffer Jumper 5	Trading fee	During the initial subscription period: 2.5 % After the initial subscription period: 2.5 %	-	If the trading fee for the new sub-fund is higher than that of the former sub-fund: the difference between the two
	Amount to cover the costs of the purchase of assets	During the initial subscription period: 0% After the initial subscription period: Maximum 1% for the sub-fund	At maturity: 0% Before: Maximun 1% for the sub-fund	If the relevant amount for the new sub-fund is higher than that of the former sub-fund: the difference between the two.
	Amount to discourage sales within one month of purchase	-	Max. 5% for the sub-fund	Max. 5% for the sub-fund

Note 5 - Subscription duty ("*taxe d'abonnement*")

The SICAV is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the SICAV is subject to an annual subscription duty ("*taxe d'abonnement*") of 0.05% which is payable quarterly and calculated on the basis of the net assets on the last day of each quarter.

Note 6 - Swaps contracts

As at 30th September 2015, the SICAV is committed in the following swaps contracts with KBC Bank S.A.:

- **Index swaps contracts**

CONTRIBUTE PARTNERS - CSOB BUFFER JUMPER EUR 1

Nominal	Currency	Counterparty	Maturity	Unrealised result (in EUR)
6,500,000	EUR	KBC Bank SA	10.02.2021	-429,749.92
1,250,000	EUR	KBC Bank SA	10.02.2021	-78,332.71
6,750,000	EUR	KBC Bank SA	10.02.2021	-386,136.04
2,779,900	EUR	KBC Bank SA	10.02.2021	-191,578.46
				-1,085,797.13

CONTRIBUTE PARTNERS - CSOB EXCLUSIVE BUFFER JUMPER 5

Nominal	Currency	Counterparty	Maturity	Unrealised result (in CZK)
42,000,000	CZK	KBC Bank SA	10.06.2021	-2,643,552.57
68,000,000	CZK	KBC Bank SA	10.06.2021	-3,877,891.91
60,000,000	CZK	KBC Bank SA	10.06.2021	-3,846,700.00
55,551,650	CZK	KBC Bank SA	10.06.2021	-3,605,456.40
				-13,973,600.88

Note 7 - Changes in investments

The statement of changes in investments for the period referring to the report is available free of charge at the registered office of the SICAV.

Note 8 - Subsequent event

The Board of Directors of the SICAV in accordance with the prospectus has decided to launch five sub-funds:

- Contribute Partners CSOB Exclusivni Evropsky Jumper 1 during the initial subscription period from 3rd August 2015 to 1st October 2015;
- Contribute Partners CSOB Svetovy Expres 4 during the initial subscription period from 1st September 2015 to 2nd November 2015;
- Contribute Partners CSOB Exclusivni Evropsky Jumper 2 during the initial subscription period from 1st October 2015 to 1st December 2015;
- Contribute Partners CSOB Buffer Jumper Eur 2 during the initial subscription period from 1st October 2015 to 30th November 2015;
- Contribute Partners CSOB Exclusivni Evropsky Jumper 3 during the initial subscription period from 4th January 2016 to 1st March 2016.