

SALUS ALPHA SICAV
Société d'Investissement à Capital Variable

**Annual report, including Audited Financial Statements
For the year ended December 31, 2020**

R.C.S. Luxembourg B 175 421

SALUS ALPHA SICAV

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Subscriptions are only valid if made on the basis of the current offering prospectus and the Key Investor Information Document (KIID) together with the Annual Report, including Audited Financial Statements and the most recent Semi-Annual Report if published thereafter.

SALUS ALPHA SICAV

Organisation

Investment Company

Salus Alpha SICAV
2, Rue de Canach
L-5368 Schuttrange

Board of Directors

Chairman:

Oliver Prock
Salus Alpha Capital Ltd
Wegacker 42
FL-9493 Mauren

Members:

Harald Heidinger
Salus Alpha Group Services GmbH
Schottenring 16/2
AT-1010 Vienna

Duncan McKay
138 Ridge Langley
UK-CR2 0AS Sanderstead

Investment Manager

Salus Alpha Capital Ltd
Wegacker 42
FL-9493 Mauren

Global Distributor

Salus Alpha Capital Ltd
Wegacker 42
FL-9493 Mauren

Conducting Officers

Responsibilities:

Risk Management

Vanicson Campos Lima
c/o Salus Alpha SICAV
2, Rue de Canach
L-5368 Schuttrange

Responsibilities:

Fund Management and Administration

Guenther Schneider
c/o Salus Alpha SICAV
2, Rue de Canach
L-5368 Schuttrange

Depositary, Transfer Agent & Central Administration Agent

Caceis Bank, Luxembourg Branch
5, Allée Scheffer
L-2520 Luxembourg

Auditors

Deloitte Audit
20, Boulevard de Kockelscheuer
L-1821 Luxembourg

Luxembourg Legal Advisors

M&S Law Sàrl
205, Route d'Arlon
L-1150 Luxembourg

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Organisational structure

Salus Alpha SICAV ("the Company") is organized as a société anonyme under the laws of the Grand Duchy of Luxembourg and qualifies as an open-ended société d'investissement à capital variable - (a "SICAV Type I"). The Company was incorporated in Luxembourg on February 15, 2013 as an umbrella SICAV and added to the CSSF official list on December 15, 2015.

Sub-Funds during 2020

The Sub-Funds SALUS ALPHA SICAV - Salus Alpha Directional Markets and SALUS ALPHA SICAV - Salus Alpha Special Situations have been launched on 1st August 2016 by absorbing the Austrian Salus Alpha Directional Markets and Salus Alpha RN Special Situations funds. Comments therefore referring to periods before the merger date are references made to the absorbed fund's strategy, which was after the merger date as announced unchanged.

Market Review

Global equities, as measured by the MSCI World index, declined in January as the spread of coronavirus disease (COVID-19) reduced investors' appetite for risk. Assets perceived as safe havens, such as government bonds, performed well. US shares were flat overall. They carried strong momentum into the new year but mounting fears over the spread of the coronavirus erased the early gains. Energy stocks were especially hard-hit. Coronavirus concerns led to a lower start to the year for Eurozone equities. The weakest sectors included energy, materials and consumer discretionary. Companies with significant exposure to China underperformed. UK equities fell in January. The end of the month marked the UK's official departure from the EU and its entry into a transition period. Concerns over the spread of coronavirus and its potential impact on global growth dominated financial markets in February. Equity markets fell sharply and government bond yields were broadly lower (meaning prices rose). US shares fell with the energy and financials sectors leading the decline. Earlier in the month, the S&P 500 had set a new record high on robust jobs data. Eurozone equities also experienced a sharp fall amid concerns that the impact of coronavirus could send the fragile Eurozone economy into recession. US equities declined significantly over the quarter as the coronavirus outbreak spread. Confirmed US cases of COVID-19 rose from 150 to over 100,000 between 4 March and 27 March, and the economic impact grew clearer. Jobless claims rocketed by over three million in the last week of March and economic indicators suggest more pain will follow. The Federal Reserve (Fed) cut interest rates twice in March for the first time since the global financial crisis and announced unlimited quantitative easing (buying bonds). US interest rates now stand at 0-0.25%. The US Senate also passed a \$2 trillion stimulus package. The proposed package includes \$250 billion worth of direct payments to households, \$500 billion for loans to distressed companies and \$350 billion for small business loans. All sectors saw significant declines. Energy stocks were hit hard, with the addition of the oil price war weighing heavily. Financials and industrials also fell sharply. The information technology and healthcare sectors held up better, albeit with what would be considered steep falls in any other quarter. Eurozone equities experienced a sharp fall in Q1 due to the spread of coronavirus. Italy and Spain became some of the most severely affected countries. Nations across Europe took steps to restrict the movement of people and shut down parts of the economy in an effort to slow the spread of the virus. Growth in Europe was already fragile - the Eurozone economy grew by just 0.1% in Q4 2019, with Germany registering zero growth. A sharp economic downturn is expected.

April saw global equities rebound as investors began to focus on expectations that economic lockdowns could soon ease and economies start to recover. US shares gained. The S&P 500 Index saw its strongest monthly rally in 30 years, shrugging off negative data indicating sharply rising unemployment. Eurozone equities advanced as some countries began to allow some parts of the economy to reopen. The healthcare and information technology sectors were among the top gainers.

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UK equities recovered over the period. The government declared the country had passed the peak of COVID-19 and began preparations to ease lockdown measures. Japanese shares also gained as investors focused on the global picture; however, a gradual increase in COVID-19 cases led to a state of emergency being declared by the central government. Emerging market (EM) equities advanced too but slightly underperformed developed markets. India and Pakistan were the best performing markets in the EM index, supported by easing from their central banks. Government bonds broadly declined (meaning prices rose), although Italy was an exception. Corporate bonds outperformed government bonds. Equity markets rose on the whole in May as COVID-19 lockdown measures began to be lifted and further support measures were announced. Escalating tensions between the US and China, however, limited emerging market equity gains. US shares gained ground amid optimism over the re-opening of the economy. Q1 GDP growth was revised down to -5.0%, compared to the first estimate of -4.8%. Eurozone equities advanced as some countries began to allow some parts of their economies to reopen. The European Commission proposed a €750 billion recovery package. UK equities rose in May. A number of economically sensitive areas performed well amid the improvement in investor sentiment. Sterling fell as worries over a no-deal Brexit resurfaced. Japanese shares posted gains, with pharmaceutical stocks leading the advance. Lockdowns across the country were lifted in stages during the month. Emerging market (EM) equities advanced but underperformed developed markets. Performance was dampened by the re-emergence of US-China tensions. Corporate bonds outperformed government bonds as the more optimistic backdrop saw investors favour higher risk assets. US 10-year government bond yields were little changed during the month.

Global equities gained (in dollar terms) although economic growth data confirmed the severity of Q2's downturn. Ongoing central bank and government measures continued to provide support for equities and corporate bonds.

US equities gained, supported by robust quarterly earnings from stocks such as Amazon, Apple and Facebook. Data showed that US Q2 GDP fell sharply and the dollar weakened. July saw a decline for Eurozone equities. Economic data confirmed the severity of the downturn in activity during the second quarter and some countries saw COVID-19 infection rates rise again. UK equities fell over the period as fears around a second wave of COVID-19 infections weighed on investor sentiment. Japanese shares fell. The yen strengthened against a generally weaker US dollar while virus infections picked up, albeit from very low levels. Emerging market (EM) equities enjoyed strong gains, helped by US dollar weakness. Taiwan performed well amid gains for technology stocks while progress on reforms boosted Brazilian shares. Government bond yields fell (i.e. prices rose) amid data confirming deep contractions in numerous large economies in Q2. The approval of the EU recovery fund provided support for Italian government bonds. In commodities, precious metal prices rose with US dollar weakness providing a strong tailwind. Shares were broadly higher in August amid hopes for a COVID-19 vaccine, signs of continued economic recovery and ongoing policy support measures. Government bond yields rose (meaning prices fell). US equities – as represented by the S&P 500 – reached a new peak. The Federal Reserve confirmed its readiness to offer further support, while increasing its flexibility to do so by adjusting how it targets inflation. Eurozone shares rose. Top performing sectors included economically-sensitive areas like industrials and consumer discretionary. There were concerns about rising COVID-19 infections in some countries, notably Spain. UK shares also gained. Signs there could be a solid recovery in the domestic economy during Q3 2020 helped UK small and mid-cap equities play a supportive role for the market over August. Japanese shares gained too. Late in the month, Shinzo Abe announced his resignation as prime minister, citing a long-standing health problem. Emerging market (EM) equities recorded a positive return as hopes for a COVID-19 vaccine increased, and on the Federal Reserve's suggestions that US interest rates could remain low for longer. In fixed income, government bond yields rose (meaning bond prices fell) and the US dollar continued to decline. Corporate and emerging market bonds performed well. In commodities, precious metal prices rose with US dollar weakness providing a strong tailwind. US equities gained in Q3 despite a decline in September as risk appetites slipped. Overall, the US economy's recuperation continued, and the Federal Reserve's (Fed) messaging remained highly accommodative. The Fed will now use average inflation targeting (AIT) in setting the policy interest rate, allowing for temporary overshoots in inflation. Eurozone equities were virtually flat over the quarter. The rate of improvement in economic data slowed over the quarter and worries took hold over sharply rising COVID-19 infections in many European countries. The energy and financials sectors saw the sharpest falls while materials and consumer discretionary advanced, with automotive and luxury goods stocks generally faring well.

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For the year ended December 31, 2020 (continued)

Global equities declined in October. The US presidential election and rising COVID-19 cases in many countries, notably across Europe, were the main focus for investors. Corporate bonds outperformed government bonds. US shares fell amid rising COVID-19 cases, uncertainty over the presidential election and lack of progress on further fiscal stimulus.

Eurozone shares declined, underperforming other regions, as COVID-19 infections rose sharply and a number of countries reintroduced national lockdown measures. UK equities fell amid renewed fears around a pick-up in COVID-19 cases. At the very end of the month, the UK government abandoned a tiered system in favour of uniform restrictions across England.

Japanese shares declined, largely due to the renewed uncertainty affecting other global regions. Japan's success in containing the virus saw it announce measures to encourage consumer spending in restaurants. Emerging market equities gained due to expectations of additional fiscal stimulus in the US. The prospect of more stable trade relations with the US under a potential Biden presidency also proved beneficial. In fixed income, the US 10-year yield rose (meaning prices fell) which seemed to reflect rising hopes of economic stimulus. However, European yields fell (i.e. prices rose) as COVID-19 cases increased and lockdowns returned. Commodities registered a negative return. Energy was the weakest component with crude oil falling sharply on concerns over weaker demand related to the coronavirus. Global equities rallied strongly in November, mainly due to several vaccines proving effective against COVID-19. The improved risk appetite saw corporate bonds outperform government bonds. US equities surged as vaccine breakthroughs sparked investor optimism that a return to economic normality is in sight. Joe Biden won the presidential election. In the Eurozone, expectations of global recovery supported shares, with the region a particular beneficiary given its high exposure to global trade. UK equities performed well, helping them to recoup some of their year-to-date underperformance versus other regions. Sentiment was also helped by hopes that a "no-deal" Brexit might be avoided. The MSCI Asia ex Japan index recorded its highest return in more than four years. US dollar weakness amplified returns. Japan's equity market rallied, driven by vaccine-related news and the slow-motion results from the US presidential election. Emerging market equities registered a robust return. Value outperformed growth, while Latin America and emerging Europe outperformed emerging Asia. Government bond yields were volatile during the month, with large swings around the US election and vaccines news. Corporate and emerging markets bonds performed well. Commodities delivered a positive return, aided in part by a weaker US dollar. Energy was the best-performing component. US equities gained over the quarter, with November especially strong due to the vaccine news. The developments eclipsed Joe Biden's win in the US presidential election, as well as a \$900 billion stimulus package announced in late December. The Federal Reserve nonetheless reinforced its supportive message, stating it will continue with current levels of quantitative easing. Economically sensitive sectors made the strongest gains, with more defensive sectors making more modest progress. European equities gained sharply in Q4, again on the news of effective vaccines. Sectors that had previously suffered most severely from the pandemic, such as energy and financials, were the top gainers. However, rising COVID-19 infections saw many European countries tighten restrictions. EU leaders approved the landmark €1.8 trillion budget package, including the €750 billion recovery fund, after overcoming opposition from Hungary and Poland. The EU agreed a Brexit trade deal with the UK.

SALUS ALPHA SICAV - Salus Alpha Directional Markets

To achieve its investment objective the Sub-Fund is actively managed and invests long and short across the world via high-volume exchange-listed futures based on the fund manager's assessment of economic conditions, the situation on the capital markets and the outlook of risk assets. The weighting of all assets is flexible and can vary. When implementing the Sub-Fund's strategy, the fund is positioned depending on the direction of the expected return (price forecast) of each investment in the portfolio and the quality of the price forecast. Low risk assets having a good forecast quality are geared to achieve the target volatility level of the fund whilst high risk assets having a bad forecast quality are weighted less to achieve the target volatility level of the fund (risk parity).

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For the year ended December 31, 2020 (continued)

	Return 1.1.20–31.12.20
SALUS ALPHA SICAV - Salus Alpha Directional Markets R EUR	6.1%
Long-Only Equity Indices:	
Dow Jones Euro Stoxx 50	-5.3%
Stoxx Europe 50 Index	-9.4%
Hedge Fund Indices:	
Barclay CTA Index	5.5%
HFRX Macro: Systematic Diversified CTA Index	1.8%

Sub-Fund Review

Q1'20

SALUS ALPHA SICAV - Salus Alpha Directional Markets returned 12.2% return in Q1'20. The spread of COVID-19 profoundly affected global markets in the first quarter. Equities suffered steep declines and government bond yields fell (prices rose) as investors favored their perceived safety. Shares fell across developed markets as coronavirus spread and countries went into lockdown to try to contain the outbreak. Governments and central banks announced measures to support businesses and households and reduce borrowing costs. Emerging market (EM) equities also tumbled, slightly underperforming developed markets as a strong US dollar proved to be an additional headwind.

Q2'20

SALUS ALPHA SICAV - Salus Alpha Directional Markets finished the second quarter of 2020 with a performance of -0.5%. The easing of COVID-19 lockdowns and early signs of economic recovery saw risk appetite return rapidly in Q2, supporting equity and credit markets. US equities rebounded in Q2 and outperformed other major equity markets. Improving jobs and retail sales data provided cause for optimism. Eurozone shares posted strong gains in Q2 as lockdown restrictions were eased. Another source of support was news of EU plans for post-COVID-19 recovery with the European Commission proposing a €750 billion fund.

Q3'20

SALUS ALPHA SICAV - Salus Alpha Directional Markets returned -1.2% in this period. Global equities gained in Q3 but regional performances diverged with Asia and the US outperforming Europe and the UK. Government bond yields were little changed, however, corporate bonds enjoyed a positive quarter. US shares gained in Q3, supported by signs of economic recovery and loose monetary policy. The Federal Reserve will now use average inflation targeting in setting interest rates, allowing for temporary overshoots in inflation. Eurozone shares were virtually flat, lagging behind global markets as COVID-19 infections rose sharply in several countries and local restrictions to curb the virus were reintroduced.

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Q4'20

SALUS ALPHA SICAV - Salus Alpha Directional Markets returned -4.2% in the fourth quarter. Global equities gained in Q4 as a number of vaccine breakthroughs fostered hopes of a return to economic normality. Government bond performance was mixed, with US yields rising (meaning prices fell). Corporate bonds gained ground. Commodities gained on vaccine news and a weaker US dollar.

Outlook

Following a collapse last year caused by the COVID-19 pandemic, global economic output is expected to expand 4 percent in 2021 but still remain more than 5 percent below pre-pandemic projections. Global growth is projected to moderate to 3.8 percent in 2022, weighed down by the pandemic's lasting damage to potential growth. In particular, the impact of the pandemic on investment and human capital is expected to erode growth prospects in emerging market and developing economies (EMDEs) and set back key development goals. The global recovery, which has been dampened in the near term by a resurgence of COVID-19 cases, is expected to strengthen over the forecast horizon as confidence, consumption, and trade gradually improved, supported by ongoing vaccination. Although aggregate EMDE growth is envisioned to firm to an average of 4.6 percent in 2021-22, the improvement largely reflects China's expected rebound. Absent China, the recovery across EMDEs is anticipated to be more muted, averaging 3.5 percent in 2021-22, as the pandemic's lingering effects continue to weigh on consumption and investment. Despite the recovery, aggregate EMDE output in 2022 is expected to remain about 6 percent below its pre-pandemic projection. Downside risks to this baseline predominate, including the possibility of a further increase in the spread of the virus, delays in vaccine procurement and distribution, more severe and longer-lasting effects on potential output from the pandemic, and financial stress triggered by high debt levels and weak growth. Limiting the spread of the virus, providing relief for vulnerable populations, and overcoming vaccine-related challenges are key immediate policy priorities. As the crisis abates, policy makers need to balance the risks from large and growing debt loads with those from slowing the economy through premature fiscal tightening. To confront the adverse legacies of the pandemic, it will be critical to foster resilience by safeguarding health and education, prioritizing investments in digital technologies and green infrastructure, improving governance, and enhancing debt transparency. Global cooperation will be the key in addressing many of these challenges. Under these assumptions, the Sub-Fund SALUS ALPHA SICAV - Salus Alpha Directional Market will balance the risks on a long-short basis.

SALUS ALPHA SICAV - Salus Alpha Special Situations

The Sub-Fund targets to achieve an absolute return independent of the development of the overall equity markets. The Sub-Fund invests across the capital structure of companies. SALUS ALPHA SICAV - Salus Alpha Special Situations combines a portfolio of selected, fundamentally attractive valued stocks (0% - 30% exposure) with positions in stocks and/ or bonds in short- and medium-termed special situations (0% - 70% exposure). Special situations are for example acquisitions and bidding wars, privatization, Spin-Offs, changes in the capital structure, management changes, share buybacks, director's dealings, IPOs, capital increases, index changes or earnings surprises.

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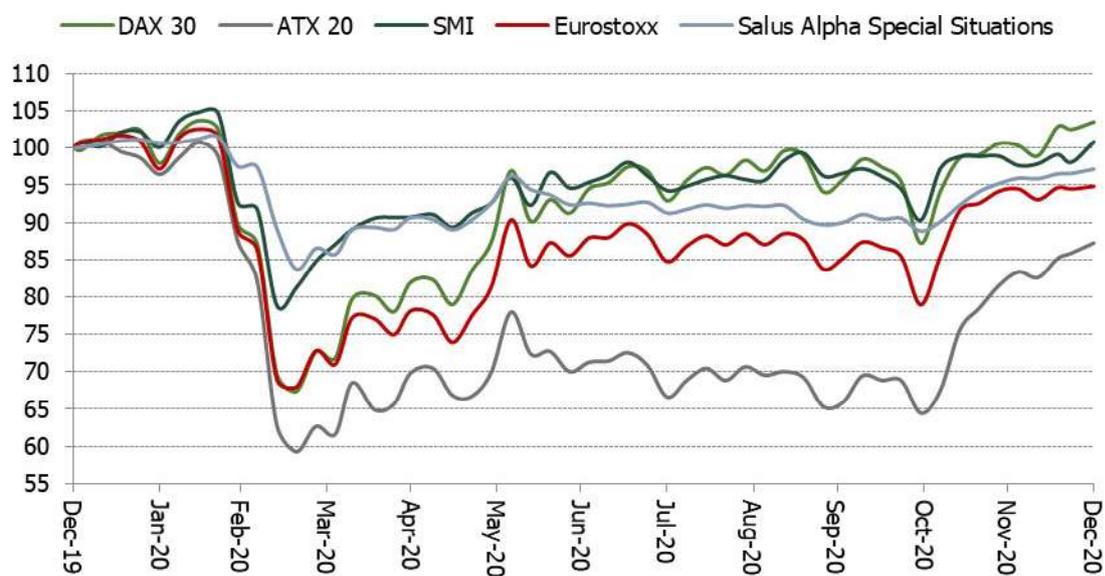
Annual Director's report

For the year ended December 31, 2020 (continued)

Name	Returns from 1.1.2020 to 31.12.2020
Salus Alpha Special Situations	-2.8%
Benchmark Indices:	
Dow Jones Credit Suisse All Hedge Event Driven Index USD	-1.6%
HFRX Event Driven Index USD	8.9%
HFRX Special Situations Index USD	9.2%
Long-Only Equity Indices:	
ATX	-13.6%
DAX 30	3.8%
Swiss Market Index SMI	0.0%
Dow Jones EuroStoxx 50	-5.3%

Sub-Fund performance review

During the reporting period (1/1/2020-31/12/2020), the Salus Alpha Special Situations Fund returned -2.8%. While performance of traditional long-only indices during the same period were – the Euro Stoxx 50 Index: -5.3%, the DAX 30 Index: +3.8%, the ATX Index: -13.6% and the FTSE Index: -14.3%.

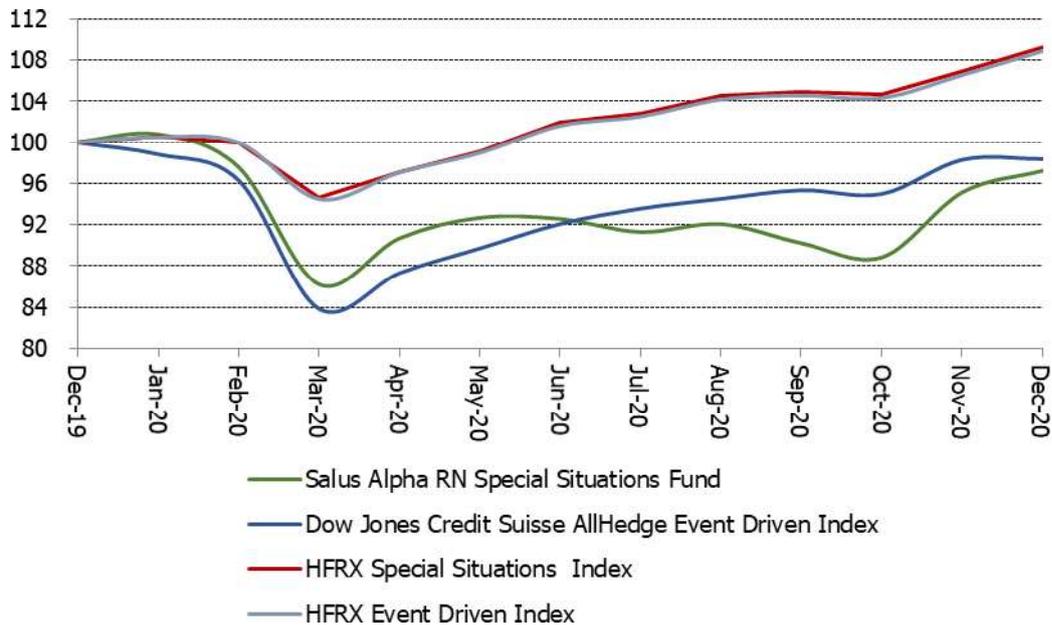


(Period: 1.1.2020 to 31.12.2020. Source: Salus Alpha, Bloomberg)

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(Period: 1.1.2020 to 31.12.2020. Source: Salus Alpha, Bloomberg)

The chart above highlights the fact that the Fund performed steadily compared to the major equity indices. The Fund was pretty stable over this volatile period. The COVID-19 pandemic and economic disruption significantly impacted businesses around the globe. However, we are generally satisfied with our stock selections (the performance of our portfolio companies through this difficult period) and efficient risk management strategies.

The Fund started a period with relatively moderate risk-profile of about 20% Equity and 70% Bond exposure. Strong momentum from the end of 2019 and the investor optimism created by the US and China phase one trade deal benefited to the Fund's performance in early 2020. Nevertheless, we sold some positions and thus, reduced our risk-profile to neutral in January/ February. Overall, we maintained a defensive investment strategy as we concluded that the economy entered in its late-cycle phase. We remained cautious as the spread of coronavirus reduced investors' appetite for risk.

The global spread of COVID-19 created significant market volatility and caused an unprecedented collapse across global equity markets, which resulted in the loss of our earlier made gains. However, as we had been already prepared for a market-correction phase with relatively lower risk profile, we have started increasing our risk profile in late-February and early March (by taking advantage of depressed stock prices). We increased our Equity exposure to about 30% and Bond exposure to 70% in March/April period. These proved to be beneficial to our absolute performance as overall financial markets started a recovery from April onwards.

Massive global fiscal and monetary responses prompted a remarkable global stock market rebound in the second quarter of 2020. However, we sold a decent part of equities into strength and thus, reduced our risk-profile to mid-2020 (equity exposure to 20% and bond exposure to 70%), as the new COVID-19 cases accelerated rapidly. The strategy proved to be beneficial to absolute performance, as the markets consolidated in July.

US equities rose in Q3 and outperformed other major equity markets. The Eurozone shares were virtually flat in Q3 as COVID-19 infections rose sharply in several countries and local restrictions to curb the virus were reintroduced. However, we again increased our risk profile (equity exposure to 30% and bond exposure to 70%) in September/October, by taking advantage of lower market valuations of the European companies. The strategy proved to be beneficial as the risk assets delivered record gains in November and December. Global equities rallied sharply in November following the encouraging COVID-19 vaccine trial-results. European equities continues to move toward its pre-pandemic levels, but lagging in performance compared to their US equities.

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While the Austria's ATX Index also underperformed versus broader European indices. However, we sold certain positions and reduced our risk profile towards the end of the year (equity exposure to 24% and bond exposure to 56%).

Core Portfolio

The Strategy's Core position in Mayr-Melnhof AG (Europe's leading manufacturer of cartonboard and packaging boxes) offers an impressive history of stable and growing earnings and cash flows, and the long-term business prospects are clearly underpinned by sustainability qualities. The company reported very strong quarterly results, driven by both the Karton division and the Packaging division. The near-term outlook for pricing and volumes is also stable because of the large exposure to food end-segments and other resilient end-segments. The share price of Mayr-Melnhof rallied more than +50% in 2020. However, we sold our position into share-price strength a bit too early, contributed positively to the Fund's performance. So, unfortunately we left some performance on the table.

Special Situations

The Strategy's high-conviction holdings in a value cyclical technology play, Austria Technologie & Systemtechnik AG (AT&S) rallied +60% since our entry levels (EUR 16.0) in late May, and thus, was the top performer for our Fund. AT&S is a leading supplier of high-tech printed circuit boards (PCB) and integrated circuit substrates (ICS), with Apple and Intel among its largest customers. The investment case offers a unique mix of value and growth. The company continues to deliver rather strong earnings momentum on the back of new IC-substrate capacity expansion and strong demand environment for mobile devices and IC-substrate business, despite COVID-19 crisis. AT&S has entered a multi-year growth trajectory based on the ongoing IC-substrate capacity expansion, the just starting 5G smart phone cycle, and module business growth. The big trends such as 5G, Artificial Intelligence, Internet of Things, and automated driving & electrified vehicles are expected to drive growth. With the construction of its second IC substrate plant in Chongqing, the company aims to become one of the top three suppliers for high-tech ABF substrates. AT&S share price rallied +68% during the last two months of the year. However, we believe the current share price of AT&S does not reflect its full value, still.

The Strategy's Special Situation in the Austrian energy company EVN AG rallied more than +20% since our entry levels (EUR 14.2) in late June, and thus, was among the top contributors for our Fund. EVN is a diversified and regulated utility with a very sound earnings profile. The company's strategy to strengthen its renewables assets and networks (upward revision of renewables capex), relatively low CO2 emission profile and its strong balance sheet (20% gearing and 1.7x Net debt/EBITDA) supports our positive assessment. We also like EVN's resilience to the economic downturn. The company's current Austrian focus should improve the group's risk-reward profile. We also note that EVN is trading at a reasonable valuation compared to other European multi-utilities. Nonetheless, the group's holding of a 12.6% stake in Verbund (is currently worth EUR 3.3 bn, which is more than EVN's current market value) is either not fully valued, or an excessive discount on its core assets has been applied. With this, backed by its strong balance sheet, we believe the discount on its core assets on a standalone basis is too substantial to ignore.

The Strategy's medium sized position in Agrana Beteiligungs AG (an Austrian refiner and processor of agricultural raw materials) has made a decent performance. Agrana's share price held up relatively well during COVID-19 crisis. Agrana has a very balanced business model with strong regional positions. We continue to like Agrana's investment case as its end markets exposure is rather defensive. With 75% of the company's revenues related to the food sector, Agrana's investment story is relatively shielded from the worst consequences of the COVID-19 crisis. The group's business is also characterised by rather strong free cash flow generation and an attractive dividend policy. The increase in sugar prices and strong bioethanol prices during the

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period have supported the company's earnings. The starch segment also fared rather well. We believe that, despite the company's share price recovery, the improving business prospects are not yet fully priced in and offers further upside.

Meanwhile, we sold our position of Baywa AG and contributed positively to the Fund's annual results. The share price of the German agriculture group rose +35% in FY2020. We like Baywa's defensive and green business model (renewable energy business scores high on ESG metrics). Baywa's share price held up well during COVID-19 pandemic. Baywa's high share of essential business activities proved to be resilient to the crisis in the first half of 2020. The company reported good quarterly results with all three business segments (Agriculture, Energy and Building Materials) contributing to the increase in operating performance. However, due to the absence of short-term price triggers and higher valuations, we sold our remaining position in mid-May.

We continue to invest in deep value restructuring play, Warimpex (an Austrian real estate developer). The stock was well supported by the company's share buyback program (which was implemented during 4Q 2019 and 1Q 2020). The investment case offers good earnings potential, improved fundamentals with significantly lower leverage (than past) and most importantly, the company's strategic success to completing its ongoing development projects and building up new property portfolio. Warimpex has a solid office portfolio with good core tenants. The company's decreasing exposure to hotels was a favourable move with good timing. We think the group is attractively valued in relative and absolute terms. Warimpex trades at a 0.6x book value and 58% discount to NAV (NNNAV per share: EUR 2.8).

While in late-April and May, we took advantage of share price weakness (COVID-19 crisis) in the German and Austrian banks. We bought significant positions in Deutsche Pfandbriefbank (2% to the Fund's total volume), Addiko Bank (2% to the Fund's total volume) and Erste Group Bank (1% to the Fund's total volume) at very depressed price levels. However, subsequently after market recovery, we sold these positions with decent profits.

We believe Financials were oversold and thus, offering substantial upside potential. The Strategy continues to maintain exposure to Financials to take benefit from the market-recovery phase. During October, we initiated a position in Uniqa (the Austrian insurer) as prices were attractive to us. However, we recently sold our entire position at an attractive price (prices recovered +35% during Nov/Dec period).

Meanwhile, the strategies' exposure to Wienerberger AG delivered a solid performance. We initiated our position (at EUR 15.9) in March by taking advantage of market weakness. However, we sold it too early at EUR 19.5 (+26% since our entry level) in July. We also made profits in our Automobile holdings, Polytec Holding AG. The share price of the Austrian car supplier recovered +44% during the last two months of the year. However, recently we sold the entire position at share price EUR 8.80.

On the downside, the strategies' positions in Immofinanz AG (Austrian Real-estate company), FACC AG (Austrian aerospace manufacturer), Fraport AG Frankfurt Airport Services (German airport operator) and Fresenius SE (German Healthcare company) delivered negative returns and detracted from performance during the period.

We made total loss in our, luckily rather small, Wirecard position as the scandal-hit German payment processor filed for insolvency in June. Wirecard owed almost USD 4 billion to creditors. While the company admitted that USD 2.1 billion was missing from its balance sheet and probably does not exist. We traded Wirecard two times with profits before but regret having had the position at the end as fraud supported by the auditors is the biggest scandal ever seen in Germany.

The Strategies' market-hedges (short positions of the S&P 500 Index) performed positively during COVID-19 crisis period, given by the weaker/volatile equity markets. But unfortunately, later in 1H2020 we entered a short position in S&P 500 Index again which cost decent performance during 2H2020.

As a result of COVID-19 crisis and growing risk aversion, the Strategies' exposure (approx. 15% to the total Fund's volume) to contingent capital (CoCo) bonds, the most junior debt issued by banks, unperformed during the first ten months of the reporting period. However, the prices recovered during the last two months of the

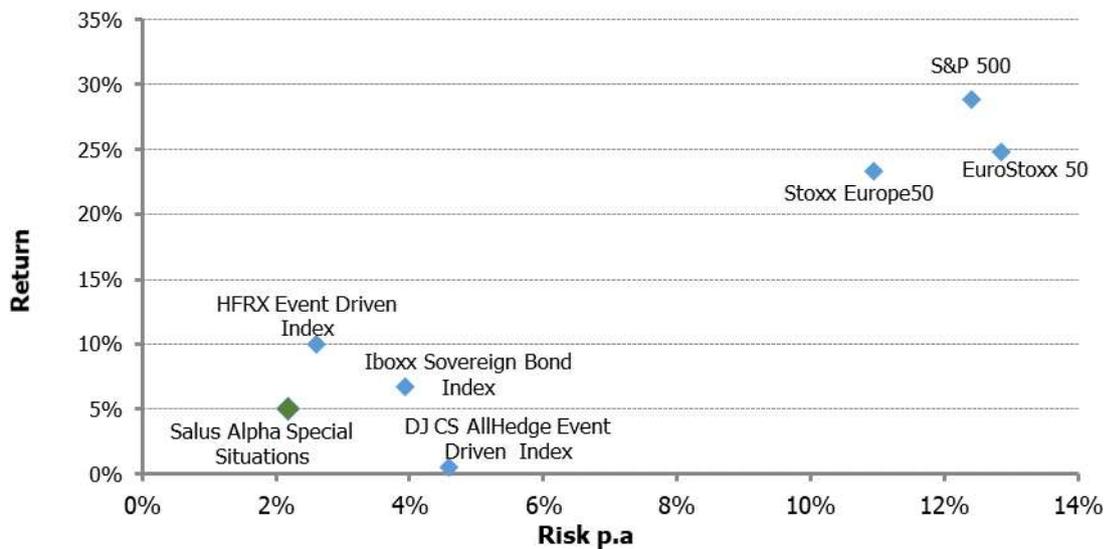
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year. Furthermore, the Strategies' hybrid bond category (approx. 28% exposure to the total Fund's volume) has also experienced the same trend, have underperformed during the first three quarters of the year, and subsequently recovered towards the end of the year (Nov/Dec months).

Salus Alpha RN Special Situations - Risk/Return Plot



(Period: 1.1.2020 to 31.12.2020. Source: Salus Alpha, Bloomberg.)

Outlook

Global equities remains at risk of a short term correction after the strong recent market rally (with COVID-19 and associated lockdowns being the main near term threat). However, we are positive about medium-term outlook for economies and corporate earnings. 2021 should bring stabilization and a reset the number of disruptions experienced in 2020. The vaccine success should help to accelerate the global economic recovery and corporate earnings. We believe that we are in the early phase of the recovery cycle. This implies an extended period of low-inflation, low-interest rate that favors risk assets. However, we think that due the unprecedented speed of the rally in most asset classes since March, expected returns are now lower across the board. Still attractive, but comparatively less as we are coming off a higher base. However, we expect the market recovery to broaden out across a broader range of sectors compared to the past 12 months. Nevertheless, we see the European equities offering attractive valuations and decent upside potential. Overall global policies (monetary and fiscal policies) have become more supportive to the economic activities.

While there are some short-term risks as well. This include renewed lockdowns in Europe and North America as virus cases escalate logistical difficulties in distributing the vaccine and negative economic growth in early 2021 if government support measures are unwound too quickly. Geopolitics could also deliver negative surprises from China, Iran or Russia as the new Biden administration takes power in the US. Thus, we continue to be cautiously positioned and are trying to use market corrections for buying first class quality, but we don't shy away from selling again in order to lock-in profits.

Our investment process will continue to focus on high-quality companies which are easy-to-understand and characterized by successfully established business models. We are confident in the fundamental strength of our portfolio and believe that it will serve our investors well in the current environment. We believe our discerning investment approach and focus on quality should continue to reward our investors over the long term. On the

SALUS ALPHA SICAV

Annual Director's report

For the year ended December 31, 2020 (continued)

Special Situations side, we acknowledge a strong improvement in the global M&A activity, a fact, which we hope will continue to offer investment opportunities with excellent risk/reward profile.

Risk Management

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk, liquidity risk, counterparty risk, operational risk, credit risk, compliance risk and concentration risk. For a description of other relevant risk factors, please refer to the current prospectus of the Company.

The Fund is required by applicable laws and regulations to ensure that the Sub-Funds' global exposure relating to derivative instruments does not exceed the total net value of its portfolio. The risk exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. According to ESMA Guideline 10-788, the global exposure may be calculated through the commitment approach or through the Value-at-Risk ("VaR") methodology. The commitment approach is based, in part, on the principle of converting the exposure to derivative instruments into equivalent positions of the underlying assets and quantifying the exposure in absolute value of the total commitments (which may account for coverage and netting). VaR provides a measure of the potential loss that could arise over a given time interval under normal market conditions, and with a given probability, defined as confidence level. Please refer to the relevant appendix to see which methodology each Sub-Fund uses to calculate its global exposure.

Remuneration

The remuneration policy can be found on www.salusalphabet-sicav.com.

COVID-19 Statement

Since the end of 2019, the expansion of COVID-19 has generated an unprecedented health crisis globally. This event affects economic activity worldwide significantly and, as a result, could affect the financial situation of the Fund. The measure of impact depends on future developments that cannot be reliably predicted, including, among others, actions to contain or treat the disease and mitigate its impact on the economies of the affected countries, or the social and economic policies that are being implemented by the governments of the affected countries.

To the Shareholders of
SALUS ALPHA SICAV
2, rue de Canach
L-5368 Schuttrange

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Opinion

We have audited the financial statements of SALUS ALPHA SICAV (the "Fund") and of each of its sub-funds, which comprise the statement of net assets and the securities portfolio as at December 31, 2020 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 the Fund and of each of its sub-funds as at December 31, 2020, 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 Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "*Responsibilities of the "réviseur d'entreprises agréé"* for the Audit of the Financial Statements" section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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.

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

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

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 the “*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 Law dated July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law dated July 23, 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 use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 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.

For Deloitte Audit, *Cabinet de révision agréé*


Jan van Delden]

Jan van Delden, *Réviseur d'entreprises agréé*

Partner

April 28, 2021

SALUS ALPHA SICAV
Combined
Financial Statements as at 31/12/20

Statement of net assets as at 31/12/20

Expressed in EUR

Assets		7,562,853.65
Securities portfolio at market value	Note 2.2	6,030,542.09
Cash at banks and other liquid assets		1,479,443.84
Interest receivable	Note 2.4	42,534.70
Formation expenses	Note 2.5	1,362.82
Unrealised gain on futures contracts	Note 2.7	5,113.20
Other receivables		3,857.00
Liabilities		121,403.93
Bank overdrafts		9,582.77
Unrealised loss on futures contracts	Note 2.7	13,411.79
Other liabilities		98,409.37
Net asset value		7,441,449.72

SALUS ALPHA SICAV Combined

Statement of operations and changes in net assets from 01/01/20 to 31/12/20

Expressed in EUR

Income		284,349.44
Net dividends	Note 2.4	21,531.13
Net interest on bonds	Note 2.4	262,818.31
Expenses		659,567.07
Amortisation of formation expenses	Note 2.5	1,862.37
Management fees	Note 3	186,465.60
Depositary fees		6,192.90
Taxe d'abonnement	Note 4	4,627.91
Administrative expenses		97,960.00
Professional fees		29,217.01
Bank interest on overdrafts		4,610.98
Legal fees		12,738.94
Transaction fees	Note 2.6	47,775.11
Other expenses	Note 5	268,116.25
Net loss from investments		-375,217.63
Net realised gain / loss on:		
- securities portfolio	Note 2.3	53,197.38
- futures contracts	Note 2.7	23,059.72
- foreign exchange	Note 2.8	-2,535.80
Realised result		-301,496.33
Movement in net unrealised gain / loss on:		
- securities portfolio	Note 2.9	-271,255.13
- futures contracts	Note 2.9	1,228.70
Decrease in net assets as a result of operations		-571,522.76
Subscription capitalisation shares		733,320.23
Redemption capitalisation shares		-5,737,699.53
Decrease in net assets		-5,575,902.06
Net assets at the beginning of the year		13,017,351.78
Net assets at the end of the year		7,441,449.72

SALUS ALPHA SICAV - Salus Alpha Global Risk Parity

Financial statements as at 31/12/20

Statement of net assets as at 31/12/20

Expressed in EUR

Assets	48,723.32
Cash at banks and other liquid assets	48,723.32
Liabilities	8,842.89
Other liabilities	8,842.89
Net asset value	39,880.43

Changes in number of shares outstanding from 01/01/20 to 31/12/20

	Shares outstanding as at 01/01/20	Shares issued	Shares redeemed	Shares outstanding as at 31/12/20
F Shares - Capitalisation	4,475.139	0.000	0.000	4,475.139

Key figures

	<i>Year ending as at:</i>	31/12/20	31/12/19	31/12/18
Total Net Assets	EUR	39,880.43	40,219.17	90,691.37
F Shares - Capitalisation				
Number of shares		4,475.139	4,475.139	10,000.000
Net asset value per share	EUR	8.91	8.99	9.07

SALUS ALPHA SICAV - Salus Alpha Global Risk Parity
Statement of operations and changes in net assets from 01/01/20 to 31/12/20

Expressed in EUR

Expenses	338.74
Professional fees	90.37
Bank interest on overdrafts	248.37
	<hr/>
Net loss from investments	-338.74
	<hr/>
Realised result	-338.74
	<hr/>
Decrease in net assets as a result of operations	-338.74
	<hr/>
Decrease in net assets	-338.74
	<hr/>
Net assets at the beginning of the year	40,219.17
	<hr/>
Net assets at the end of the year	39,880.43

SALUS ALPHA SICAV - Salus Alpha Directional Markets

Financial statements as at 31/12/20

Statement of net assets as at 31/12/20

Expressed in EUR

Assets		1,015,325.04
Securities portfolio at market value	Note 2.2	875,118.85
Cash at banks and other liquid assets		126,714.68
Interest receivable	Note 2.4	4,299.84
Formation expenses	Note 2.5	221.47
Unrealised gain on futures contracts	Note 2.7	5,113.20
Other receivables		3,857.00
Liabilities		28,085.89
Bank overdrafts		9,582.77
Other liabilities		18,503.12
Net asset value		987,239.15

Changes in number of shares outstanding from 01/01/20 to 31/12/20

	Shares outstanding as at 01/01/20	Shares issued	Shares redeemed	Shares outstanding as at 31/12/20
F Shares - Capitalisation	9,898.786	0.000	0.000	9,898.786
R Shares - Capitalisation	100,881.833	2,072.000	2,087.382	100,866.451

Key figures

	<i>Year ending as at:</i>	31/12/20	31/12/19	31/12/18
Total Net Assets	EUR	987,239.15	929,005.06	1,073,855.81
F Shares - Capitalisation				
Number of shares		9,898.786	9,898.786	10,000.000
Net asset value per share	EUR	10.26	9.49	9.64
R Shares - Capitalisation				
Number of shares		100,866.451	100,881.833	114,019.292
Net asset value per share	EUR	8.78	8.28	8.57

SALUS ALPHA SICAV - Salus Alpha Directional Markets

Securities portfolio as at 31/12/20

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			875,118.85	88.64
Shares			1,895.06	0.19
<i>United States of America</i>				
10.00	BERKSHIRE HATHAWAY -B-	USD	1,895.06	0.19
Bonds			873,223.79	88.45
<i>United States of America</i>				
166,000.00	UNITED STATES 1.50 20-27 31/01S	USD	639,874.58	64.81
166,000.00	UNITED STATES 1.625 19-26 30/11S	USD	143,768.65	14.56
60,000.00	UNITED STATES 2.00 16-26 15/11S	USD	144,701.39	14.66
166,000.00	UNITED STATES OF AMER 1.625 19-26 30/09S	USD	53,359.08	5.40
166,000.00	UNITED STATES OF AMER 1.625 19-26 30/09S	USD	144,611.29	14.65
166,000.00	UNITED STATES 1.625 19-26 31/10S	USD	144,653.68	14.65
10,000.00	UNITED STATES 1.75 19-26 31/12S	USD	8,780.49	0.89
<i>Portugal</i>				
245,000.00	PORTUGAL REGS 5.125 14-24 15/10S	USD	233,349.21	23.64
Total securities portfolio			875,118.85	88.64

SALUS ALPHA SICAV - Salus Alpha Directional Markets

Statement of operations and changes in net assets from 01/01/20 to 31/12/20

Expressed in EUR

Income		19,868.26
Net dividends	Note 2.4	614.90
Net interest on bonds	Note 2.4	19,253.36
Expenses		104,738.24
Amortisation of formation expenses	Note 2.5	197.64
Management fees	Note 3	17,300.80
Depositary fees		701.44
Taxe d'abonnement	Note 4	512.16
Administrative expenses		47,200.00
Professional fees		3,042.91
Bank interest on overdrafts		510.27
Legal fees		1,070.21
Transaction fees	Note 2.6	3,791.38
Other expenses	Note 5	30,411.43
Net loss from investments		-84,869.98
Net realised gain / loss on:		
- securities portfolio	Note 2.3	29,019.65
- futures contracts	Note 2.7	148,421.14
- foreign exchange	Note 2.8	5,703.75
Realised result		98,274.56
Movement in net unrealised gain / loss on:		
- securities portfolio	Note 2.9	-48,613.77
- futures contracts	Note 2.9	8,947.84
Increase in net assets as a result of operations		58,608.63
Subscription capitalisation shares		18,858.93
Redemption capitalisation shares		-19,233.47
Increase in net assets		58,234.09
Net assets at the beginning of the year		929,005.06
Net assets at the end of the year		987,239.15

SALUS ALPHA SICAV - Salus Alpha Special Situations

Financial statements as at 31/12/20

Statement of net assets as at 31/12/20

Expressed in EUR

Assets		6,498,805.29
Securities portfolio at market value	Note 2.2	5,155,423.24
Cash at banks and other liquid assets		1,304,005.84
Interest receivable	Note 2.4	38,234.86
Formation expenses	Note 2.5	1,141.35
Liabilities		84,475.15
Unrealised loss on futures contracts	Note 2.7	13,411.79
Other liabilities		71,063.36
Net asset value		6,414,330.14

Changes in number of shares outstanding from 01/01/20 to 31/12/20

	Shares outstanding as at 01/01/20	Shares issued	Shares redeemed	Shares outstanding as at 31/12/20
F Shares - Capitalisation	9,906.455	0.000	0.000	9,906.455
R Shares - Capitalisation	857,079.452	53,458.132	445,021.985	465,515.599

Key figures

	<i>Year ending as at:</i>	31/12/20	31/12/19	31/12/18
Total Net Assets	EUR	6,414,330.14	12,048,127.55	13,958,855.69
F Shares - Capitalisation				
Number of shares		9,906.455	9,906.455	10,000.000
Net asset value per share	EUR	11.05	11.15	10.42
R Shares - Capitalisation				
Number of shares		465,515.599	857,079.452	1,038,177.440
Net asset value per share	EUR	13.54	13.93	13.26
P Shares - Capitalisation				
Number of shares		0.000	0.000	900.459
Net asset value per share	EUR	0.00	0.00	95.65

SALUS ALPHA SICAV - Salus Alpha Special Situations

Securities portfolio as at 31/12/20

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			5,154,360.99	80.36
Shares			1,474,169.28	22.98
<i>Austria</i>				
13,900.00	AGRANA -BEARER SHS	EUR	1,346,069.28	20.98
10,000.00	AT & S AUSTRIA TECH	EUR	224,068.00	3.49
10,800.00	EVN AG	EUR	261,000.00	4.07
8,500.00	FACC AG	EUR	193,104.00	3.01
8,859.00	POLYTEC HOLDING AG	EUR	72,165.00	1.13
35,000.00	TELEKOM AUSTRIA AG	EUR	66,531.09	1.04
25,000.00	UNIQA VERSICHERUNG AG	EUR	221,550.00	3.45
128,953.00	WARIMPEX FINANZ- BETEILIGUNGS AG	EUR	160,000.00	2.49
<i>Germany</i>				
1,000.00	SILTRONIC AG	EUR	147,651.19	2.30
<i>Germany</i>			128,100.00	2.00
Bonds			1,896,849.87	29.57
<i>Austria</i>				
100,000.00	BEST IN PARKING KONZ 3.375 16-23 02/02A	EUR	1,681,619.87	26.21
400,000.00	LENZING AG 5.75 20-XX XX/XXA	EUR	103,386.50	1.61
400,000.00	NOVOMATIC AG 1.625 16-23 20/09	EUR	410,992.00	6.41
400,000.00	RAIFFEISEN BANK 6.125 SUB 17-XX 15/06S	EUR	386,076.00	6.02
158,000.00	S IMMO A 1.875 19-26 22/05A	EUR	417,066.00	6.49
200,000.00	UBM DEVELOPMENT AG 2.75 19-25 13/11A	EUR	163,611.37	2.55
<i>Germany</i>				
200,000.00	INFINEON TECHNOLOGIE 3.625 19-XX 01/04A	EUR	200,488.00	3.13
<i>Germany</i>			215,230.00	3.36
Floating rate bonds			1,521,166.84	23.72
<i>Austria</i>				
200,000.00	AUSTRIA T&S AG FL.R 17-XX 24/11A	EUR	919,984.03	14.35
200,000.00	ERSTE GROUP BANK AG FL.R 16-XX 15/10S	EUR	192,700.00	3.00
200,000.00	ERSTE GROUP BANK AG FL.R 20-XX 15/04S	EUR	212,777.00	3.32
95,000.00	PORR AG FL.R 14-49 28/10A	EUR	189,376.00	2.95
200,000.00	VIENNA INS GRP AGW FL.R 13-43 09/10A	EUR	96,567.03	1.51
<i>Germany</i>				
263,000.00	BAYWA AG FL.R 17-XX 11/10A	EUR	228,564.00	3.57
200,000.00	GRENKE FL.R 17-XX 31/03A	EUR	457,946.99	7.14
<i>The Netherlands</i>				
182,000.00	SUEDZUCKER INT FINANCE FL.R 05-XX 30/06A	EUR	270,196.99	4.21
<i>The Netherlands</i>			187,750.00	2.93
<i>The Netherlands</i>			143,235.82	2.23
<i>The Netherlands</i>			143,235.82	2.23
Shares/Units in investment funds			262,175.00	4.09
<i>Austria</i>				
2,500.00	ADVISORY FLEXIBEL T CAP	EUR	262,175.00	4.09
Other transferable securities			1,062.25	0.02
Bonds			1,062.25	0.02
<i>Austria</i>				
350,000.00	ALPINE HOLDING GMB 6.00 12-17 22/05A	EUR	1,062.25	0.02
Total securities portfolio			5,155,423.24	80.37

SALUS ALPHA SICAV - Salus Alpha Special Situations
Statement of operations and changes in net assets from 01/01/20 to 31/12/20

Expressed in EUR

Income		264,481.18
Net dividends	Note 2.4	20,916.23
Net interest on bonds	Note 2.4	243,564.95
Expenses		554,490.09
Amortisation of formation expenses	Note 2.5	1,664.73
Management fees	Note 3	169,164.80
Depositary fees		5,491.46
Taxe d'abonnement	Note 4	4,115.75
Administrative expenses		50,760.00
Professional fees		26,083.73
Bank interest on overdrafts		3,852.34
Legal fees		11,668.73
Transaction fees	Note 2.6	43,983.73
Other expenses	Note 5	237,704.82
Net loss from investments		-290,008.91
Net realised gain / loss on:		
- securities portfolio	Note 2.3	24,177.73
- financial futures	Note 2.7	-125,361.42
- foreign exchange	Note 2.8	-8,239.55
Realised result		-399,432.15
Movement in net unrealised gain / loss on:		
- securities portfolio	Note 2.9	-222,641.36
- futures contracts	Note 2.9	-7,719.14
Decrease in net assets as a result of operations		-629,792.65
Subscription capitalisation shares		714,461.30
Redemption capitalisation shares		-5,718,466.06
Decrease in net assets		-5,633,797.41
Net assets at the beginning of the year		12,048,127.55
Net assets at the end of the year		6,414,330.14

SALUS ALPHA SICAV

Notes to the financial statements - Schedule of derivative instruments

SALUS ALPHA SICAV

FUTURES

As at 31/12/20, the following future contracts were outstanding :

SALUS ALPHA SICAV - Salus Alpha Directional Markets

Quantity (purchase/(sale))	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
Futures on currency					
7	EUR/USD (CME) 03/21	USD	875,751.60	5,113.20	CACEIS Bank, Paris
				5,113.20	

SALUS ALPHA SICAV - Salus Alpha Special Situations

Quantity (purchase/(sale))	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
Futures on index					
-3	S&P 500 EMINI INDEX 03/21	USD	459,580.73	-13,411.79	CACEIS Bank, Paris
				-13,411.79	

SALUS ALPHA SICAV

Other Notes to the financial statements for the year ended December 31, 2020

Note 1 - General

SALUS ALPHA SICAV (the “Fund”) is a company organised as an open-ended investment company with variable capital (*société d’investissement à capital variable*) set up as a public limited liability company and registered in the Grand Duchy of Luxembourg as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) pursuant to Part I of the Luxembourg law of December 17, 2010.

The Fund was incorporated on February 15, 2013 for unlimited duration and is registered with the *Registre de Commerce et des Sociétés*, Luxembourg under number RCS B175 421. It was registered in the official list of collective investment funds of the *Commission de Surveillance du Secteur Financier* with effective date on December 15, 2015.

The Fund is an umbrella fund and as such can operate separate Sub-Funds, each of which being represented by one or more classes of shares.

As at December 31, 2020, the following share classes are available for subscriptions :

Sub-Funds	Share Class
SALUS ALPHA SICAV - Salus Alpha Global Risk Parity	P, R and F
SALUS ALPHA SICAV - Salus Alpha Directional Markets	P, R and F
SALUS ALPHA SICAV - Salus Alpha Special Situations	R and F

The Fund’s financial year starts on January 1 and ends on December 31 each year.

Note 2 - Summary of significant accounting policies

2.1 Presentation of the financial statements

The financial statements are prepared in accordance with legal and regulatory requirements relating to undertakings for collective investments and generally accepted accounting principles in Luxembourg.

2.2 Valuation of assets

The value of the cash in hand or on deposit, the bills and promissory notes payable at sight and the accounts receivable, the prepaid expenses, dividends and interest declared or due but not yet received shall consist of their nominal value, unless it proves unlikely that this value can be obtained. If this should be the case, the value of these assets will be determined by deducting an amount in good faith pursuant to the procedures established by the Board of Directors of the Fund;

Securities quoted on an official stock exchange or another regulated market which operates regularly and is recognised and open to the public, are valued on the basis of the latest available price known on the calculation date, unless said price is not representative; if the security in question is quoted on several markets, it is valued on the basis of the price on the main market. If the price is not representative, the valuation shall be based on the last known price, if this is also not representative, the valuation shall be determined prudently and in good faith pursuant to procedures established by the Board of Directors of the Fund;

All other securities not quoted on an official stock exchange or another regulated market which operates regularly and is recognised and open to the public, or any other asset that is quoted but its price is not representative, is valued at fair market value as determined in good faith pursuant to the procedures established by the Board of Directors of the Fund. If no fair values are available or only inadequate fair values are available, the value of the assets will be determined prudently and in good faith pursuant to procedures established by the Board of Directors of the Fund.

Investments in other UCITS are valued on the basis of the latest available net asset value.

2.3 Net realised gains losses on sales of securities

The net realised gains losses on sales of securities are determined on the basis of the average cost of the securities sold and are recorded in the statement of operations and changes in net assets.

SALUS ALPHA SICAV

Other Notes to the financial statements (continued) for the year ended December 31, 2020

Note 2 - Summary of significant accounting policies (continued)

2.4 Income

Dividends are accounted at the ex-date. Interest is accounted on a prorata temporis basis.

2.5 Formation expenses

Expenses in connection with the incorporation of the Fund and the launch of R and P shares class of various Sub-Funds are amortised on a straight line basis over maximum five years period.

2.6 Transaction fees

The transaction fees, i.e. fees charged by the brokers and the Depositary agent for securities transactions and similar transactions, are recorded separately in the statement of operations and other changes in net assets under the caption "Transaction fees".

2.7 Futures contracts

Futures contracts are posted off-balance sheet and valued at their last known price on the stock exchanges or regulated markets for that purpose. The unrealised gain or loss is disclosed in the statement of net assets. Realised gains or losses and changes in unrealised gains or losses are disclosed in the statement of operations and changes in net assets.

2.8 Conversion of foreign currencies

Transactions in other currencies than currency of the Sub-Fund are recorded in the currency of the Sub-Fund based on the exchange rates in effect on the date of the transactions. Assets and liabilities denominated in other currencies than currency of the Sub-Fund are translated at the rate of exchange ruling at each balance sheet date. Exchange gains and losses are disclosed in the statement of operations and changes in net assets.

The following exchange rate was used by the Fund as at December 31, 2020:

$$1 \text{ EUR} = 1.22355 \text{ USD}$$

2.9 Movement in net unrealised gain/loss

In accordance with current practices, movement in net unrealised gain/loss at the end of the financial year is accounted for in the financial statements.

2.10 Combined statements

The various items appearing in the combined financial statements of the Fund are equal to the sum of the corresponding items in the financial statements of each Sub-Fund and are drawn up in EUR.

Note 3 - Management and performance fees

Management fees:

Salus Alpha Capital Ltd, the Investment Manager, is entitled to receive a management fee per annum, accrued on each Valuation Day and payable monthly in arrears out of the assets of each class of share. The management fee is based on the average net assets of each Sub-Fund at a maximum rate of 1.25% for the P Shares class and 1.90% for the R Shares class. There is no management fee for the F Shares class.

Performance fees:

In addition to the management fee, the Investment Manager is entitled to a performance fee which is calculated on each Valuation Date on the basis of the net asset value of the relevant class of share and paid quarterly. The performance fee may only be levied and set aside if the following criterion is fulfilled: the net asset value of a class of share used in the calculation of a performance fee must be greater than previous net asset values ("High Water Mark"). Each preceding decline in the net asset value per share of the relevant class of share must be offset by a further increase above the last maximum value at which a performance fee was incurred. Calculation of the performance fee and the necessary provisioning takes place on each Valuation Date.

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Other Notes to the financial statements (continued) for the year ended December 31, 2020

Note 3 - Management and performance fees (continued)

If, on the Valuation Date, the net asset value of a class of share is greater than the preceding net asset values (prior to deduction of the performance fee), a performance fee at the rate of 20% shall be deducted on the difference between the net asset value of the class of share and the High Water Mark.

For the year under review, there is no performance fee.

Note 4 - Subscription tax ("taxe d'abonnement")

The Fund is subject in Luxembourg to a subscription tax levied at the rate of 0.05% per annum based on the net asset value of the Fund at the end of the relevant quarter, calculated and paid quarterly. The rate of this tax is reduced to 0.01% of the net assets for the Sub-Funds exclusively available to institutional investors.

Note 5 - Other expenses

The Other expenses are mainly composed of rent fees, risk management, compliance fees, salaries, related tax and social security.

Note 6 - Changes of the investment portfolio

Details of changes in the securities portfolio for the year referring to this report are available upon request - free of charge - at the registered office of the Fund.

Note 7 – Event

As explained by the manager, the expansion of COVID-19 affects economic activity worldwide significantly. The Board of Directors of the Management Company is monitoring the situation actively as well as its potential side effects on the fund activities which have been minimal so far.

SALUS ALPHA SICAV

Unaudited information

Risk Management Disclosure

The both Sub-Funds SALUS ALPHA SICAV - Salus Alpha Directional Markets and SALUS ALPHA SICAV - Salus Alpha Special Situations use the commitment approach in order to monitor and measure the global exposure.

Securities Financing Transactions and of Reuse Regulation (“SFTR”)

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

Remuneration policy

Salus Alpha SICAV is a self-managed SICAV, an investment company with variable capital that has designated to manage itself. The Fund has no direct staff involved in the portfolio management. The self-managed investment company is subject to the most of UCITS management company requirements as set in the Law of 17 December 2010, as amend and the CSSF Circular 12/546, as amended.

The Fund’s Directors, Conducting Officers and staff are remunerated by the Fund and are subject to its remuneration policy.

The Fund pays fees for the services it receives from its service providers and such fees do not include a variable component related to the Fund’s performance and the Fund does not pay its service providers bonuses based on the Fund’s performance.

The amount of the total remuneration awarded by Salus Alpha SICAV to its staff consisting of 6 persons (including 2 conducting persons and 3 directors) for the financial year ending December 31, 2020 is comprised of fixed remuneration of EUR 122,000 and variable remuneration of EUR 0 as Salus Alpha SICAV’s remuneration policy is not allowing any variable salary component. There were a total of 6 beneficiaries of the remuneration described above.

The board of the Fund reviews and adopts the Remuneration Policy on annual basis. As at 31 December 2020, the board reviewed the Remuneration Policy dated December 2016 and found it to be appropriate. The remuneration policy can be found on www.salusalphabet-sicav.com.