

FONDO ITALIANO D'INVESTIMENTO

FONDO ITALIANO D'INVESTIMENTO SGR S.p.A.

HALF-YEAR REPORT of FONDO ITALIANO DI INVESTIMENTO as at 30 JUNE 2016

Approved by the Board of Directors' meeting of 21 July 2016

REGISTERED OFFICE IN MILAN
VIA TURATI 16/18

SHARE CAPITAL EUR 4,000,000 fully paid up

Registered with the Business Register of Milan, Tax Identification and VAT No. 06968440963

Registered under No. 129 of the Register of AIF (Alternative Investment Fund) Managers kept by Banca d'Italia

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COMPOSITION OF COMPANY BODIES

BOARD OF DIRECTORS

Dr Innocenzo Cipolletta	Chairman
Dr Gabriele Cappellini	Managing Director
Dr Isabella Bruno Tolomei Frigerio	Board Member
Dr Ferruccio Carminati	Board Member
Dr Roberto Cassanelli **	Board Member
Dr Pierpaolo Cellerino	Board Member
Prof. Guido Giuseppe Maria Corbetta *	Board Member
Prof. Anna Gervasoni*	Board Member
Dr Giovanni Gilli	Board Member
Dr Anna Molinotti	Board Member
Dr Rinaldo Ocleppo	Board Member
Dr Giovanni Sabatini	Board Member

BOARD OF AUDITORS

Dr Loredana Durano	Chairman
Dr Paolo Francesco Maria Lazzati	Statutory Auditor
Dr Marco Tani	Statutory Auditor
Dr Silvana Micci	Alternate Auditor
Dr Francesca Monti	Alternate Auditor

INDEPENDENT AUDITOR

EY S.p.A.

DEPOSITORY BANK

Société Générale Securities Services S.p.A.

* Independent board members.

** On 24 February 2016, Board Member Dr Alberto Vittorio Giovannelli resigned his duties, which were taken over on the same day by Dr Roberto Cassanelli.

The Corporate Bodies will be appointed by next 21 July 2016 for the three-year period 2016-2018.

FONDO ITALIANO DI INVESTIMENTO

HALF-YEAR REPORT as at 30 June 2016

Closed-type mutual fund reserved for qualified investors
Asset management company: Fondo Italiano d'Investimento SGR S.p.A. (hereinafter, the "SGR")

Directors' Report

The activities of the SGR are focused on the management of five funds, including the Fondo Italiano di Investimento (hereinafter, the "Fund" or the "Italian Fund"), an alternative, closed-ended fund reserved for qualified investors and authorised by Banca d'Italia on 24 August 2010. The Fund became operational on 10 November 2010 for a duration of 12 years, ending 31 December 2022.

In order to meet more effectively the needs of current investors and to align ourselves with market practices, the Board of Directors of the SGR prepared and approved - on 17 March 2016, in accordance with and by effect of Articles 2501-ter and 2506-bis of the Italian Civil Code - the "Division Project" concerning the partial and proportional division of Fondo Italiano di Investimento (hereinafter also referred to as the "Split Fund") through the creation of two new beneficiary mutual funds, respectively referred to as the "Fondo Italiano di Investimento Fondo di Fondi" (hereinafter "FII FoF") and "Fondo Italiano di Investimento FII Venture" (hereinafter jointly referred to as the "Beneficiary Funds").

As a result of the Division Project, effective 1 January 2016, part of the portfolio and part of the *commitment* of the Split Fund, respectively represented by indirect investments (the so-called fund of funds) in *private equity* and indirect investments in *venture capital*, were assigned to each of the newly-created Beneficiary Funds.

The Split Fund and the Beneficiary Funds continue to be managed by the same SGR; because this is a partial proportionate division, the subscribers of the Beneficiary Funds are the same as those of the Split Fund. Consequently, the units of each of the Beneficiary Funds were assigned in proportion to the ownership units of the subscribers of the Split Fund as at the date of the Division.

The *commitment* of each fund was determined as a function of the calls made on the fund up to 31 December 2015 by FII for each of the three investment areas and as a function of the calls provided for in the *business plan* of each fund. In particular,

- FII: Euro 720,000,000, no. 4,800 units, with a nominal value of Euro 150,000
- FII FoF: Euro 388,800,000, no. 4,800 units, with a nominal value of Euro 81,000
- FII Venture: Euro 91,200,000, no. 4,800 units, with a nominal value of Euro 19,000

At the same time, the amount of the management fees was distributed among the Split Fund and the Beneficiary Fund in accordance with the *best practices* applied on the reference market for direct funds and funds of funds.

In particular, the management fees provided for in the regulations of the Split Fund and the Beneficiary Funds are as follows:

- FII: 1.50%
- FII FoF: 0.65%
- FII Venture: 0.65%

The Division was prepared on the basis of the economic and financial situation of the Split Fund as derived from the Management Report of the Fund as at 31 December 2015 approved by the Board of Directors of SGR on 24 February 2016.

On 29 March 2016, the Depositary, SGSS S.p.A., issued the certificate of compliance for the Division Project, which certifies that it is compliant with current regulations and the regulations of the Fondo Italiano di Investimento regarding the type of operation, the effective date and the rules applicable to transfers between funds.

On 31 March 2016, Reconta Ernst & Young S.p.A., SGR's regulatory auditor, issued its suitability assessment that attests to the appropriateness of the criteria adopted for the valuation of the assets and liabilities of the Fondo Italiano di Investimento as at 1 January 2016 and used to calculate the exchange rate for the units of the fund being divided with the units of the Beneficiary Funds.

Reference market

The initial indicators of the first half of 2016 confirm the growth *trend* previously recorded during the previous financial year and in the second half of 2014.

In particular, according to the initial results of the Monitoring Centre Private Equity Monitor – PEM® for the first half of 2016, 42 new investment operations were announced (excluding *start ups*, re-investments in investee companies and operations implemented by public investment vehicles), which is consistent with the previous financial year.

In terms of operation types, 62% of the investments concerned *buy out* operations (26), 32% involved *expansions* (13), 4% involved turnarounds (2) and 2% involved *replacements* (1). In this context, the *add-on* operations represent approximately 16% of the market.

In terms of size, an average turnover of approximately 62 million Euros was reported (in 2015, 65 million Euros); 7% of the target companies reported revenue of more than 250 million Euros, 40% reported between 50 and 250 million Euros, and 53% reported less than 50 million Euros. More than 50% was concentrated between Lombardy and Emilia Romagna. More than 50% are active in the production of consumer goods and industry products.

In this context, the Fondo Italiano di Investimento continued to be a point of reference for the entire market. The Fund, created through a Ministry of the Economy and Finance project, was joined by the most important financial and business institutions of the country with the objective of supporting small and medium size companies (hereinafter, "SMCs") in their process of development, operating through capitalisation interventions as a function of their growth on both the national and international levels. Since the partial proportionate division described above was implemented, the Fund operates by making direct investments, primarily minority interests, in the capital of Italian businesses. The investment activities are aimed at Italian companies during their development phase with turnover of indicatively between 10-250 million Euros, with the objective of creating a broader segment of "national middleweight champion" companies that possess an adequate financial and managerial structure and a functional governance system to compete at the international level, while maintaining all of the flexibility and innovation that is typical of SMCs. Therefore, the Fund acts as a partner that has the ability to support businesses in dealing with the processes of development, aggregation, internationalisation, generational change and corporate restructuring.

Investment activities

The **total net value as at 30 June 2016**, the Fund's sixth year of operations, is equal to Euro **284,141,088**; the **value** of the 4,800 units in circulation is Euro **59,196.060**.

As of today, a total of 40 investments (including *add-ons*) have been approved and completed, amounting to more than 400 million Euros (of which 380 million Euros has actually been invested). As at 30 June 2016, the 27 underlying companies of the Fund employ approximately 20,000 employees with total turnover of approximately 2.9 billion Euros and an average export percentage of approximately 50% (+10% since entry to the Fund). With regard to the operating sectors, 7 companies (25.9%) are active in industrial components, 4 (14.8%) in consumer goods, 5 (18.5%) in services, 3 (11.1%) in machine tools and plant, 2 (7.4%) in *shipping* and shipbuilding, 2 (7.4%) in biomedical and pharma, 2 (7.1%) in *automotive*, 1 (3.7%) in *media & entertainment* and 1 (3.7%) in ICT.

With regard to geographic location, 13 (48%) of the companies are located in the North East (including Lombardy), 4 (15%) in the North West, 9 (33%) in the Centre (including Emilia Romagna) and 1 (4%) in the South.

The average size of investment is approximately 11.5 million Euros.

As at 30 June 2016, the amount to be called is equal to Euro 278,079,393, with Euro 441,920,607 called up (equal to 61% of subscriptions collected), and 9 (new post-division numbering) partial early distributions have been performed in connection with divestments as capital repayments for a total amount of Euro 126,094,570, which includes:

- 1) Euro 4,920,614 on 24 December 2013, of which Euro 3,250,000 was for the partial divestment of Farmol S.p.A.;
- 2) Euro 16,000,000 on 13 June 2014 in connection with the divestment of EcoEridania S.p.A.;
- 3) Euro 7,757,332 on 8 July 2014 in connection with the divestment of Arioli S.p.A.;
- 4) Euro 59,810,000 on 1 August 2014, of which Euro 48,000,000 was for the divestment of Megadyne S.p.A. and Euro 11,810,000 was for the divestment of Angelatoni Test Technologies S.p.A.;
- 5) Euro 3,720,236 on 28 November 2014, of which Euro 2,892,236 was for the of Megadyne S.p.A.;
- 6) Euro 4,000,000 on 30 June 2015 for the repayment of the Rigoni di Asiago S.r.l. shareholder loan;
- 7) Euro 10,000,002 on 31 July 2015 for the early repayment of the convertible bond of TBS Group S.p.A.
- 8) Euro 16,500,000 on 21 December 2015 for the divestment of Comecer S.p.A.;
- 9) Euro 5,885,000 on 29 April 2016 for the sale of the Farmol S.p.a. convertible bond.

Subsequently, the Fund performed another two early partial distributions in capital as a consequence of divestments, to include:

- Euro 14,000,000 on 8 July 2016 arising from the sale of Marsilli S.p.A.;
- Euro 35,200,000 on 21 July 2016 arising from the liquidation distribution of Ferry Investments S.r.l. following the disposal of Caronte & Tourist S.p.A..

The total distributions therefore amount to Euro 175,294,570, or 40% of the called up total as at the date of approval of this Report.

Details on the investments in the portfolio are provided below:

- 1) On 29 April 2011, the Fund increased its participation in **GEICO Servizi Integrati di Manutenzione S.r.l.** (now Geico Lender S.p.A.), a company head-quartered in Montesilvano (PE) that operates in the “*facility management*” sector, for Euro 3,000,000, equal to 12.10% of the share capital. The operation was performed as a co-investment with the fund Atlante Private Equity, managed by IMI Fondi Chiusi SGR S.p.A.. The current book value is Euro 700,000.
- 2) On 9 May 2011, the Fund invested in Euro 6,650,000 in **BAT S.p.A.**, a company head-quartered in Noventa di Piave (VE) and operating in the production and distribution of components for outdoor awnings, of which Euro 5,703,960 was in capital, equal to 21.60% of the share capital, and Euro 946,040 was in converting shareholder loans, Euro 500,000 of which was converted in 2012. The current book value is Euro 4,471,960 in capital and Euro 321,040 in shareholder loans.
- 3) On 13 June 2011, the Fund increased its participation in **Cartour S.r.l.**, a company head-quartered in Messina that is active in the ferrying of commercial vehicles between Sicily and the continent for Euro 17,500,000, equal to 25.36% of the share capital. Subsequently, the Fund exercised its swap right in the parent company Caronte & Tourist S.p.A., which took place on 17 July 2013. The right was exercised by acquiring 10.11% in Caronte & Tourist S.p.A. through the Ferry Investments S.r.l. vehicle following the sale of the investment in Cartour S.r.l. through the acquisition through the vehicle of Ferry Investments S.r.l. of 10.11% of Caronte & Tourist S.p.A. from the sale of the investment in Cartour S.r.l. On 14 July 2016, the sale of the subsidiary Caronte & Tourist S.p.A. held by Ferry Investments S.r.l. took place for Euro 35,000,000, which had already been fully collected.
- 4) On 3 October 2011, the Fund invested Euro 15,000,000 in **Sanlorenzo S.p.A.**, a company head-quartered in Ameglia (SP), equal to 19.00% of the share capital (which later increased to 22.40% as a result of a *price adjustment* in 2012). The group, which was founded in 1958, operates in the production of *yachts* and *mega yachts* in fibreglass and metal. In 2013, following the entry of a Chinese investor, the Fund’s percentage dropped to 15.96%.
- 5) On 7 October 2011, the Fund invested Euro 10,200,000, equal to 24.90% of the share capital, in **Truestar Group S.p.A.**, a company head-quartered in Milan. TrueStar Group S.p.A. operates in the airport baggage handling sector with associated assistance for passengers in case of damaged, stolen or lost bags. In 2013, the Fund invested another Euro 3,000,000 as a partially convertible shareholder loan backed by a pledge on shares. The book value is Euro 3,200,000, in addition to the shareholder loan of Euro 3,000,000.
- 6) On 14 December 2011, the Fund invested Euro 4,000,000 in the **DBA Group S.r.l.**, a company head-quartered in Villorba (TV) that operates in the *engineering*, *project management* and IC&T sectors. Of that investment, Euro 500,000 was for capital and Euro 3,500,000 was a loan as an advance against a future share capital increase, converted on 30 July 2012, which raised the Fund’s investment to 22.80%. On 21 April 2015, the Fund subscribed to a second capital increase of Euro 1,500,000, equal to 32.80% of the share capital. The current book value is Euro 3,350,000.
- 7) On 22 December 2011, the Fund invested Euro 10,000,000 in **Amut S.p.A.**, a company head-quartered in Novara, equal to 27.80% of the share capital (which later increased to 39.80% as a result of a *price adjustment* in 2012). The company is active in the production of systems for the washing extrusion, recycling and thermoforming of thermoplastic materials. The current book value is Euro 6,880,000.

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- 8) On 30 December 2011, the Fund invested Euro 10,000,000 in **IMT S.p.A.**, a company head-quartered in Casalecchio di Reno (BO) that operates in the production and marketing of machine tools. Of this investment, Euro 5,000,000 was in capital, equal to 30.30% of the share capital, and Euro 5,000,000 was a convertible bond, with capitalised interest, for a total of Euro 576,490 (years 2012 and 2013). As a result of losses, the company filled a request for admission into Extraordinary Administration in December 2014. Consequently, since the end of 2014, the subsidiary has been fully written down.
 - 9) On 27 January 2012, the Fund invested Euro 5,000,000 - equal to 29.76% of the share capital - in **ELCO Electronic Components Italiana S.p.A.**, a company with its registered office in Carsoli (AQ) that operates in the design and production of printed circuit boards for electronic systems.
 - 10) On 30 January 2012, the Fund subscribed to a capital increase in **Sira Industrie S.p.A.**, a company head-quartered in Pianoro (BO) and operating in the production of terminals for outsourced die-casting in aluminium, for Euro 12,000,000 for the acquisition of an investment equal to 40.35% of the share capital. The current book value is Euro 7,400,000.
 - 11) On 9 February 2012, the Fund increased its participation in **TBS Group S.p.A.**, a company listed on the AIM and head-quartered in the Area Science Park of Trieste, operating in the integrated broad-spectrum clinical engineering services sector, in the amount of Euro 10,000,001, equal to 13.17% of the share capital, and a convertible bond of Euro 10,000,002, which was repaid early on 30 July 2015.
 - 12) On 15 February 2012, the Fund invested Euro 10,000,000 in **Rigoni di Asiago S.r.l.**, a company head-quartered in Asiago (VI) and operating in the production and distribution of organic food products, for an investment equal to 35.56% of the share capital. On 30 May 2013, the Fund invested another Euro 4,000,000 as a convertible shareholder loan, which was repaid on 28 May 2015. On 10 December 2015, the Fund subscribed to a second capital increase of Euro 2,500 for the purpose of facilitating a financing operation with Istituto Sviluppo Agroalimentare S.p.A.. The book value is Euro 10,002,500, equal to 35.55% of the share capital.
 - 13) On 20 April 2012, the Fund increased its participation in **La Patria S.r.l.**, a company with its registered office in Bologna and operating in the security services sector, for Euro 9,320,049, equal to 32.37% of the share capital. The operation was performed as a co-investment with PM & Partners SGR S.p.A..
 - 14) On 29 May 2012, the Fund increased its participation in **Zeis Excelsa S.p.A.**, a company with its registered office in Montegranaro (FM) and operating in the production and distribution of footwear and clothing with its own brands and under licenses, for Euro 12,000,000, equal to 19.99% of the share capital and a convertible shareholder loan of Euro 8,000,000. The book value is Euro 800,000, plus the bonds, equal to Euro 9,872,813, including the matured coupons.
 - 15) On 25 June 2012, the Fund invested Euro 13,000,000, equal to 28.85% of the share capital, in **General Medical Merate S.p.A.**, a company with its registered office in Seriate (BG) and operating in the production and marketing of radiological equipment. The current book value is Euro 11,800,000.
 - 16) On 27 June 2012, the Fund increased its participation in **Labomar S.r.l.**, a company head-quartered in Istrana (TV) and specialised in research & development and the production of food supplements and health and diet products, for Euro 3,000,000, equal to 29.33% of the share capital.
 - 17) On 19 July 2012, the Fund increased its participation in **Antares Vision S.r.l.**, a company head-quartered in Castel Mella (BS) and operating in the artificial vision technology sector for industrial quality control, for Euro 4,000,000 and purchased Euro 1,000,000 in shares, for a total of Euro

5,000,000, equal to 21.11% of the share capital.

- 18) On 30 July 2012, the Fund increased its participation in **E.M.A.R.C. S.p.A.**, a company with its registered office in Vinovo (TO) and operating in the production of structural components for vehicles and in the design and implementation of production methods, for Euro 10,000,000, equal to 31.00% of the share capital. On 5 November 2014, the Fund subscribed to a convertible bond of Euro 1,000,000. The book value is Euro 7,000,000, in addition to the shareholder loan of Euro 1,000,000.
- 19) On 18 October 2012, the Fund increased its participation in **Mape S.p.A.** - a Bolognese company that operates in the production of connecting rods for the motorcycling, recreational, marine, automobile and industrial vehicle sectors - for Euro 4,000,000, equal to 30.07% of the share capital, and a convertible bond of Euro 6,000,000. As at 30 June 2013, the book value of the subsidiary and the relative bond loan were fully written down, for a total of Euro 10,000,000. On 15 May 2014, the Court of Bologna declared the company bankrupt.
- 20) On 29 January 2013, the Fund increased its participation in **Turbocoating S.p.A.**, a company head-quartered in Rubbiano di Solignano (PR), that operates in the application of thermal coating spray technologies (so-called coating) for the energy and biomedical sectors, for Euro 7,500,000, equal to 15.25% of the capital, and a convertible bond of Euro 2,500,000. The operation was performed as a co-investment with Winch Italia S.p.A. and Winch Italy Holdings 2 S.A., which invested a total of 10 million Euros.
- 21) On 31 January 2013, the Fund increased its participation in **Surgital S.p.A.**, a company head-quartered in Lavezzola (RV) and operating in the production and marketing of frozen pasta and frozen ready meals for the Ho.Re.Ca. (hotel, restaurant and catering) channel, for Euro 10,600,000, equal to 15.0% of the share capital (which later increased to 16.00% due to a *price adjustment* in 2013).
- 22) On 24 April 2013, the Fund increased its participation in **Mesgo S.p.A.**, a company head-quartered in Gorlago (BG) and operating in the synthetic and natural rubber compound sector for Euro 8,000,000, equal to 32.00% of the share capital.
- 23) On 27 December 2013, the Fund invested in Forgital Group S.p.A. (now **Forgital Italy S.p.A.** through a merger by incorporation of Forgital Group S.p.A. into Forgital Italy S.p.A., which took place on 1 November 2015), a company head-quartered in (VI) that operates in the production and machining of rings and other large forged components as well as in the aerospace industry with the FLY subsidiary. This investment amounted to Euro 30,000,000, of which Euro 15,000,000 was in capital, equal to 12.77% of the share capital, and Euro 15,000,000 was a convertible bond.
- 24) On 30 July 2014, at the same time as the sale described above and as part of an LBO operation, the Fund increased its participation in MegaCo S.r.l. (now **Megadyne S.p.A.** through the merger by incorporation that took place on 29 December 2014) for Euro 15,000,000, equal to 4.81% of the share capital, a company head-quartered in Mathi (TO) and operating in the production and marketing of polyurethane and rubber belts, pulleys and other related products.
- 25) On 26 August 2014, the Fund increased its participation in **Film Master Group - Italian Entertainment Network S.p.A.** (hereinafter, "I.E.N."), a company head-quartered in Rome and operating in the production of advertisement videos, corporate events and international shows as well as the management of museum services, for Euro 3,333,331, equal to 15.33% of the share capital, and a convertible bond of Euro 6,666,660. On 26 August 2015, IEN issued ordinary bonds through a coupon for Euro 599,999.

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- 26) On 17 March 2015, the Fund increased its participation of **Brugola O.E.B. Industriale S.p.A.** for Euro 7,500,000, equal to 15.15% of the share capital (now equal to 15.18% as a result of a price adjustment), a company with its registered office in Lissone (MB) and operating in the production and marketing of special screws and bolts intended for engines for automobiles, light commercial vehicles and light trucks.
- 27) On 11 May 2016, the Fund increased its participation of **Ligabue Venice Services Holding S.p.A.** for Euro 9,000,000, equal to 30.6% of the share capital, a company head-quartered in Padua that owns 100% of Ligabue S.p.A., an operational *holding* of the group of the same name, Gruppo Ligabue (head-quartered in Venice), and operating in the supply of food products, and catering and hospitality service in remote locations (such as on/off shore oil platforms) and on board ships, in addition to 5,000,000 as a convertible shareholder bond.

Divestment of holdings

- 1) On 23 May 2012, the Fund had invested Euro 6,250,000 (32.90% of the share capital) in **Farmol S.p.A.**, a company with its registered office in Comun Nuovo (BG) and operating in the preparation of mass consumer products. On 29 November 2013, the holding was sold for a value of Euro 4,493,855; on the same date, the Fund collected dividends equal to Euro 1,756,145 and subscribed to a convertible bond of Euro 3,000,000, which was sold on 28 April 2016 for a value of Euro 5,885,000.
- 2) On 28 September 2011, the Fund increased its participation by 10,000,000 in **Eco Eridania S.p.A.**, with its registered office in Arenzano (GE), an operational *holding* of the group of the same name operating in the waste management sector and specialised in the collection, transportation, storage and disposal of special waste. Subsequently, in December 2012 and March 2013, the Fund subscribed to an additional Euro 2,300,000, reaching an investment of 30.6% of the share capital, for an invested total of Euro 12,300,000. On 9 June 2014, Eco Eridania S.p.A. was sold for Euro 21,500,000, of which Euro 16,000,000 was ready cash and Euro 5,500,000 was to be collected by 31 December 2016.
- 3) On 21 December 2010, the Fund had invested Euro 3,000,000 in **Arioli S.p.A.**, a company with its registered office in Gerenzano (VA) and operating in the production and marketing of textile machinery. Subsequently, in May 2011 and March 2012, the Fund had subscribed to additional participation for a total of Euro 5,727,159, increasing the ownership interest to 32.73%. On 4 July 2014, Arioli S.p.A. was sold for Euro 7,757,332.
- 4) On 16 May 2012, the Fund increased its participation by Euro 8,000,000, equal to 32.00% of the share capital, in **Angelantoni Test Technologies S.r.l.**, a company head-quartered in Massa Martana (PG) and operating in the design and production of equipment for materials and systems testing used in various industrial environments. On 29 July 2014, Angelantoni Test Technologies S.r.l. was sold for Euro 11,810,000.
- 5) On 26 September 2012, the Fund increased its participation by Euro 20,000,000, equal to 13.60% of the share capital in **Megadyne S.p.A.**, a company head-quartered in Mathi (TO) and operating in the production and marketing of polyurethane and rubber belts, pulleys and other related products. Subsequently, in August 2013, the Fund invested another Euro 2,000,000, after which the ownership interest increased to 14.13% of the share capital. On 31 July 2014, the company was sold for Euro 51,502,236, net the costs of the earn-out and the price adjustment.
- 6) On 23 May 2011, the Fund increased its participation in **Comecer S.p.A.**, a company with its registered office in Castel Bolognese (RA) and operating in the nuclear medicine and isotechnology sector, for Euro 7,500,000, equal to 32.90% of the share capital. On 18 December 2015, the company was sold for

Euro 16,500,000.

- 7) On 18 April 2013, the Fund increased its participation in **Marsilli S.p.A.**, a company head-quartered in Castelleone (CR) that operates in the design and production of machines and automatic lines for winding and complex systems for the automation industry, for Euro 10,000,000, equal to 13.75% of the share capital. On 30 June 2016, the company was sold for Euro 14,000,000.

The following table shows changes that took place in the investments.

no. Company name	Value as at 31/12/2015	Increases during period	Sales during period	Decreases/w rite-downs during period	Value as at 30/06/2016	Ownersh p share (%)	Shareholder loan as at 30/06/2016	Bonds as at 30/06/2016
Direct investments								
1 Geico Lender S.p.A	700,000				700,000	12.10%		
2 BAT S.p.A.	4,471,960				4,471,960	21.60%	321,040	
3 Ferry Investments S.r.l. (formerly Cartour S.r.l.)	17,500,000	17,700,000			35,200,000	100.00%		
4 Sanlorenzo S.p.A.	15,000,000				15,000,000	15.96%		
5 Truestar Group S.p.A.	4,200,000			-1,000,000	3,200,000	24.90%	3,000,000	
6 DBA Group S.r.l.	3,350,000				3,350,000	32.80%		
7 Amut S.p.A.	7,500,000			-620,000	6,880,000	39.80%		
8 IMT S.p.A.	0				0	30.30%		0
9 Elco S.p.A.	5,000,000				5,000,000	29.76%		
10 Sira Group S.p.A.	7,400,000				7,400,000	40.35%		
11 TBS Group S.p.A.	10,000,001				10,000,001	13.17%		0
12 Rigoni di Asiago S.r.l.	10,002,500				10,002,500	35.55%		
13 La Patria S.r.l.	9,320,049				9,320,049	32.37%		
14 Zeis Excelsa S.p.A.	800,000				800,000	19.99%		9,872,813
15 General Medical Merate S.p.A.	11,800,000				11,800,000	28.85%		
16 Labomar S.r.l.	3,000,000				3,000,000	29.33%		
17 Antares Vision S.r.l.	5,000,000				5,000,000	21.11%		
18 E.M.A.R.C. S.p.A.	7,000,000				7,000,000	31.00%		1,000,000
19 Mape S.p.A.	0				0	30.07%		0
20 Turbocoating S.p.A.	7,500,000				7,500,000	15.25%		2,500,000
21 Surgital S.p.A.	10,600,000				10,600,000	16.00%		
22 Marsilli S.p.A.	10,000,000	4,000,000	-14,000,000		0	13.75%		
23 Mesgo S.p.A.	8,000,000				8,000,000	32.00%		
24 Forgitel Italy S.p.A.	15,000,000				15,000,000	12.77%		15,000,000
25 Megadyne S.p.A. (formerly MegaCo S.r.l.)	15,000,000				15,000,000	4.81%		
26 Film Master Group S.p.A.	3,333,331				3,333,331	15.33%		7,266,659
27 Brugola O.E.B. S.p.A.	7,500,000				7,500,000	15.18%		
28 Venice Services Holding S.p.A. (Ligabue)		9,000,000			9,000,000	30.60%	5,000,000	
TOTAL	198,977,841	30,700,000	-14,000,000	-1,620,000	214,057,841		8,321,040	35,639,473

The table also reports the only controlling equity investment, Ferry Investments S.r.l., shown in item A.1. of the balance sheet. All of the other holdings are listed in item A2. of the aforesaid balance sheet.

* * *

Regulatory, compliance and risk profiles

In the first half of 2016, after the partial proportional division of the portfolio, the regulations of the Fondo Italiano di Investimento were amended by the General Meeting of Investors held on 5 April 2016. In this

context, a particular provision should be noted according to which the SGR shall not use financial leverage when managing the fund.

On 16 June 2016, the Board of Directors updated the conflicts of interest policy following the split of the Fund into two beneficiary funds, “Fondo Italiano di Investimento – Fondo di Fondi” and “Fondo Italiano di Investimento – FII Venture”.

In line with the provisions of Directive 2011/61/EU (the so-called AIFMD), the Company identifies, measures, monitors and controls the risks associated with the Fund’s portfolio based on a quali-quantitative methodology governed by a special company policy approved by the Board of Directors and implemented through the risk management function. In this context, issuer, credit, liquidity, rate, market and operating risks are examined according to the type of activity being analysed.

In this regard, keeping in mind the results of the risk management analysis, the current risk profile at the Fund portfolio level is estimated at a “moderate” risk level as at 30 June 2016 (fifth risk rating out of nine). This level would also be confirmed in light of the overall risks associated with the management of the Fund. These assessments are used to respect limits imposed on the level of portfolio risk and the overall risk of the Fund.

* * *

For the Fund’s underlying companies, each Company exercised its voting rights as follows:

Company	meeting date	Actions taken at shareholder meetings
General Medical Merate S.p.A.	25/02/16	Favourable vote for the disposal of treasury shares. Favourable vote for the change in the number of members on the Board of Directors of the Company and appointment of a new Board of Directors. Favourable vote for the revision of compensation owed to the Board of Directors.
Surgital S.p.A.	09/03/16	Favourable vote for the storage on behalf of third parties of frozen products as well as the associated handling activities.
Amut S.p.A.	24/03/16	Favourable vote for the merger resolution through the incorporation of the company “Amut Ecotech S.r.l.” and approval of the associated project. Favourable vote for the expansion of the company purpose as a consequence of the merger and the update to the text of the Articles of Association.
Megadyne S.p.A.	05/04/16	Favourable vote for the approval of the annual financial statements ended 31/12/2015; acknowledgement of the consolidated financial statements ended 31/12/2015.
La Patria S.p.A.	07/04/16	Favourable vote for the merger by incorporation of the company Sistemi Integrati S.r.l. in La Patria S.r.l. related and consequent resolutions; abstained on various matters.
Sira Industrie S.p.A.	11/04/16	Favourable vote for the replacement of a statutory auditors; Abstained on various matters.
Ferry investments Srl	26/04/16	Favourable vote for the approval of the financial statements for the financial year ending 31/12/2015; favourable vote for the appointment of the members of the Board of Directors and determination of their compensation; favourable vote for the appointment of the members of the Board of Auditors and determination of their compensation; favourable vote for the appointment of the Voluntary Audit Board and determination of relevant compensation.
Forgital Italy S.p.A.	28/04/16	Favourable vote for the requirements of Article 2364 of the Italian Civil Code.
Ital TBS S.p.A.	28/04/16	Favourable vote for the financial statements for the year ended 31/12/2015. Acknowledgement of the consolidated financial statements as at 31/12/2015.
General Medical Merate S.p.A.	28/04/16	Favourable vote for the approval of the financial statements as at 31/12/2015. Favourable vote for the appointment of the company’s board of directors and determination of the compensation owed to the company’s Board of Directors.
Turbocoating S.p.A.	29/04/16	Favourable vote for the approval of the financial statements for the year ended 31/12/2015. Favourable vote for the appointment of the Board of Directors. Favourable vote for the appointment of the Board of Auditors. Favourable vote for the appointment of the entity charged with performing the regulatory audit of the accounts and

		determination of its compensation. Abstained on various matters.
Turbocoating S.p.A.	29/04/16	Favourable vote for the determination of compensation for the Board of Directors. Favourable vote regarding compensation for the Board of Auditors. Abstained on various matters.
BAT S.p.A.	29/04/16	Favourable vote for the financial statements for the year ending 31/12/2015 and the consolidated financial statements as at 31/12/2015.
Mesgo S.p.A.	29/04/16	Favourable Vote for the report of the Board of Directors, Board of Auditors and the Independent Auditor regarding the financial statements for the year ending 31/12/2015 and approval of the financial statements for the year ending 31/12/2015. Favourable vote for the renewal of the Board of Directors for the 2016-2018 three-year period and determination of their compensation. Favourable vote for the renewal of the Board of Auditors for the 2016-2018 three-year period and determination of their compensation.
Geico Lender S.p.A.	29/04/16	Favourable vote for the approval of the financial statements for the year ended 31/12/2015.
Brugola OEB Industriale S.p.A.	29/04/16	Favourable vote for the approval of the financial statements for the year ended 31/12/2015. Acknowledgement of the consolidated financial statements as at 31/12/2015. Favourable vote for the appointment of a Director to represent the majority shareholder. Favourable vote for the assignment of the audit mission for the 2016-2018 three-year period. Favourable vote for the appointment of a Statutory Auditor representing the majority shareholder.
Labomar Srl	20/05/16	Favourable vote for the approval of the financial statements for the year ended 31/12/2015. Abstained on various matters.
Labomar Srl	20/05/16	Favourable vote for the determination of fees to be paid to the Board of Directors for financial year 2016. Abstained on various matters.
Megadyne S.p.A.	20/05/16	Favourable vote for the Merger Project through incorporation of Sampla Belting International S.r.l. and Sampla Belting International B.V. in Megadyne S.p.A..
Rigoni di Asiago S.p.A.	27/05/16	Favourable vote for the financial statements for the year ended 31/12/2015 and acknowledgement of the presentation of the consolidated financial statements as at 31/12/2015. Abstained regarding the integration of the Board of Auditors after resignation of a member.
La Patria S.p.A.	31/05/16	Favourable vote for the approval of the financial statements for the year ended 31/12/2015 and acknowledgement of the consolidated financial statements as at 31/12/2015. Favourable vote for the appointment of the Board of Directors and allocation of compensation to the Board of Directors. Abstained on various matters.
Surgital S.p.A.	09/06/16	Favourable vote for the approval of the financial statements for the year ended 31/12/2015 and acknowledgement of the consolidated financial statements as at 31/12/2015. Favourable vote for the appointment of the Board of Directors and Board of Auditors after expiration of term. Favourable vote for the appointment of the Board of Auditors after expiration of term.
DBA S.p.A.	21/06/16	Favourable vote for the approval of the financial statements for the year ended 31/12/2015. Acknowledgement of the consolidated financial statements as at 31/12/2015, accompanied by the Independent Auditor's Report.
Forgital Italy S.p.A.	23/06/16	Favourable vote for the appointment of the new common representative of the bondholders and establishment of the associated compensation. Abstained on various matters.
Amut S.p.A.	27/06/16	Favourable vote regarding the 2015 management report and the Board of Auditors' report and for the approval of the financial statements as at 31/12/2015. Acknowledgement of the consolidated financial statements as at 31/12/2015.
IEN S.p.A.	27/06/16	Favourable vote for the approval of the financial statements for the year ended 31/12/2015 and acknowledgement of the consolidated financial statements as at 31/12/2015. Favourable vote for the appointment of company officers and change in registered office. Abstained on various matters.
San Lorenzo S.p.A.	27/06/16	Favourable vote for the renewal of the terms of company officers, Board of Directors and Board of Auditors.
Truestar S.p.A.	27/06/16	Favourable vote for the amendment to Articles 21.1 and 21.2 of the Articles of Association with a decrease in the minimum number of members on the Board of Directors from five to three.
Truestar S.p.A.	27/06/16	Favourable vote for setting the number of members of the Board of Directors to three, for

		the appointment of the Board Member for FII and for the determination of the term of office of the Board of Directors and their compensation.
Antares Vision Srl	28/06/16	Favourable vote for the approval of the financial statements for the year ended 31/12/2015 and resolutions on the result of the financial year. Acknowledgement of the presentation of the consolidated financial statements as at 31/12/2015. Favourable vote for the approval of the distribution of bonuses to the members of the Board of Directors. Abstained on various matters.
Marsilli S.p.A.	30/06/16	<i>Ordinary Shareholders' Meeting:</i> Favourable vote for the approval of the unconsolidated balance sheet and income statement of the Company as at 30 April 2016. Authorisation for the acquisition of category B treasury shares for the purpose of their cancellation. Did not participate in appointments pursuant to Article 2364, first paragraph, nos. 2 and 3 of the Italian Civil Code. <i>Extraordinary Shareholders' Meeting:</i> Did not participate for the cancellation of all of the category B treasury shares, subject to their acquisition and consequently: (i) share capital reduction; (ii) by-law amendments regarding the elimination of category B; (iii) conversion of all A and C shares into ordinary shares, with elimination of the indication of the nominal value and adoption of a new text of the by-laws, all with deferred effect pursuant to Article 2445 of the Italian Civil Code.
Forgital Italy S.p.A.	04/07/16	Favourable vote for the distribution of Euro 60,000.00 from the extraordinary reserves for donations. Abstained on the Chairman's presentation.

* * *

This Report is drafted in compliance with the Regulations of Banca d'Italia of 19 January 2015 in accordance with the principles of clarity and precision and is a true and faithful representation of the economic and financial situation and the trends of the Fund as at 30 June 2016.

The Interim Management Report is comprised of the following documents:

- 1) Balance Sheet,
- 2) Income Section,
- 3) Valuation criteria

and is accompanied by this Directors' Report of Fondo Italiano d'Investimento SGR S.p.A., as the company that is responsible for the management of the Fondo Italiano di Investimento.

The data as at 30 June 2016 is not comparable with the data from the last financial year due to the partial proportional division described above. In particular, the data as at 30 June refers only to the part of the direct investments retained by Fondo Italiano di Investimento, while the data as at 31 December 2015 refers to both the direct and indirect investments (*private equity* and *venture capital*); the latter were transferred to the Beneficiary Funds, FII FoF and FII Venture.

This Interim Report is drafted in Euros and was audited by EY S.p.A., which was appointed to perform the accounting control and audit of the annual financial statements of SGR for the financial years 2010 – 2018.

Balance Sheet

As at 30 June 2016, the assets of the Fund are represented by the following items:

- 1) Euro 249,697,314 in financial instruments, comprised of the following:
 - Euro 35,200,000 for the only controlling shareholding, represented by Ferry Investments S.r.l.; the greater value compared to the purchase price derived from the revaluation performed to take into account the effects of the sale of the only subsidiary of the vehicle, Caronte & Tourist S.p.A. on 14 July 2016;
 - Euro 178,857,841 in non-controlling shareholdings corresponding to the book value of the 26 direct investments;
 - Euro 35,639,473 in debt securities represented by the bonds in the portfolio.
- 2) Euro 8,321,040 in shareholder loans to underlying companies;
- 3) Euro 18,816,736 in connection with the net cash position;
- 4) Euro 7,609,865 in other assets, to include:
 - Euro 1,307,653 represented by accrued interest income on bonds and shareholder loans;
 - Euro 778,384 in accrued tax savings as at 30 June 2011;
 - Euro 5,523,828 in other assets, to include: (i) Euro 5,500,000 in receivables from Roxe S.A. for the sale of Eco Eridania S.p.A. and (ii) Euro 23,828 in other receivables.

The liabilities amount to Euro 303,867 and are represented by allocations and/or invoices during the first half-year.

Income Section

The first sixth months of financial year 2016 end with a **profit** of Euro **19,432,165**, comprised of the following:

- Euro 4,000,000 in connection with gains on the sale of Marsilli S.p.A. on 30 June 2016;
- Euro 17.700.000 in connection with the capital gain of Ferry Investments S.r.l. as a result of the sale of the shares in Caronte & Tourist S.p.A. on 14 July 2015.
- Euro (1,620,000) in connection with the write-downs of AMUT S.p.A. and Truestar Group S.p.A..
- Euro 1,568,545 in connection with dividends paid by some investee companies:
 - Euro 1,118,545 from Mesgo S.p.A.;
 - Euro 450,000 from Ferry Investments S.r.l..
- Euro 1,069,941 for interest income, including (i) Euro 939,256 for bonds and (ii) Euro 130,685, for loans to some underlying companies;
- Euro 2,885,000 in gains from the sale of the Farmol convertible bond.
- Euro (5,400,000) in management fees attributable to the first half-year equal to 1.50% of the total subscribed amounts and calculated in accordance with Article B.4, paragraph a1, of the Fund Regulations;
- Euro (752,849) in other operating expenses including (i) Euro (675,735) for transaction fees incurred for the portfolio investments, (iii) Euro (73,262) for the costs of the independent auditor, (iv) Euro (2,928) for the printing of the annual financial statements, (v) Euro (667) for the CONSOB contribution, (vi) Euro (258) in banking fees and (vii) Euro (1) for roundings;
- Euro (17,937) for depositary fees.

for the Board of Directors
The Chairman
Innocenzo Cipolletta
[signature]

Milan, 21 July 2016

STATEMENTS OF THE REPORT

BALANCE SHEET

ASSETS	Situation as at 30/06/2016		Situation at end of previous financial year	
	Total value	As a percentage of the assets	Total value	As a percentage of the assets
A. FINANCIAL INSTRUMENTS	249,697,314	87.78	371,446,523	93.24
Unlisted financial instruments				
A1. Controlling equity investments	35,200,000	12.37	17,500,000	4.39
A2. Non-controlling equity investments	178,857,841	62.88	206,122,000	51.74
A4. Debt securities	35,639,473	12.53	38,153,247	9.58
A5. UCI units			109,671,276	27.53
C. RECEIVABLES	8,321,040	2.93	3,321,040	0.83
C2. Other	8,321,040	2.93	3,321,040	0.83
F. NET CASH POSITION	18,816,736	6.62	14,907,374	3.74
F1. Liquid assets	18,816,736	6.62	14,907,374	3.74
G. OTHER ASSETS	7,609,865	2.67	8,737,495	2.19
G2. Prepaid expenses and accrued income	1,307,653	0.46	1,025,191	0.26
G3. Tax savings	778,384	0.27	1,297,306	0.32
G4. Other	5,523,828	1.94	6,414,998	1.61
TOTAL ASSETS	284,444,955	100.00	398,412,432	100.00

LIABILITIES AND SHAREHOLDERS' EQUITY	Situation as at 30/06/2016	Situation at end of previous financial year
M. OTHER LIABILITIES	303,867	174,922
M1. Fees and expenses accrued and not yet paid	17,937	29,011
M4. Other	285,930	145,911
TOTAL LIABILITIES	303,867	174,922
TOTAL NET VALUE OF THE FUND	284,141,088	398,237,510
Number of units in circulation	4,800	4,800
Unit value of the units	59,196,060	82,966,148
Total value of amounts to be called up	278,079,393	575,341,320
Unit value of the units to be called up	57,933,207	119,862,775
Redemptions or income distributed	126,094,570	143,240,063
Unit value of the redeemed units	26,269,702	29,841,680

The data as at 30 June 2016 is not comparable with the data from the previous year due to the partial proportionate division described above, which took effect on 1 January 2016.

INCOME SECTION

	Report ending 30/06/2016		Report ending 30/06/2015	
A. FINANCIAL INSTRUMENTS				
Unlisted financial instruments				
A1. EQUITY INVESTMENTS	21,648,545		-3,776,478	
A1.1 dividends and other income	1,568,545		1,757,700	
A1.2 profits/losses from encashments	4,000,000			
A1.3 capital gains/losses	16,080,000		-5,534,178	
A2. OTHER UNLISTED FINANCIAL INSTRUMENTS	3,824,256		3,156,641	
A2.1 interest, dividends and other income	939,256		1,461,035	
A2.2 profits/losses from encashments	2,885,000			
A2.3 capital gains/losses			1,695,606	
Operating profit financial instruments		25,472,801		-619,837
C. RECEIVABLES				
C1. interest income and related income	130,685		350,329	
C2. increases/decreases in value			-114,892	
Operating result receivables		130,685		235,437
Operating result investments		25,603,486		-384,400
Gross operating profit		25,603,486		-384,400
H. FINANCIAL EXPENSES	-535		-1,961	
H1. Interest expenses on loans received				
H1.2 on other loans	-535		-1,961	
Net operating profit		25,602,951		-386,361
I. OPERATING EXPENSES	-6,170,787		-12,335,201	
I1. SGR management fees	-5,400,000		-6,960,000	
I2. Depositary fees	-17,937		-26,654	
I5. Other operating expenses	-752,850		-5,348,547	
L. OTHER INCOME AND EXPENSES	1		739,062	
L1. Interest income on liquid assets				
L2. Other income	1		739,962	
L3. Other expenses			-900	
Operating profit before taxes		19,432,165		-11,982,500
Total Profit/(Loss) for the period		19,432,165		-11,982,500

The data as at 30 June 2016 is not comparable with the data from the previous year due to the partial proportionate division described above, which took effect 1 January 2016.

VALUATION CRITERIA

The valuation criteria applied to determine the value of the Fund's assets are the criteria established by the Regulations on Collective Asset Management Services Title V – Collective Asset Management Bodies issued on 19 January 2015 (hereinafter, the "Bank of Italy Regulations"). The Company updated these criteria by defining a special policy called "Valuation of Assets and calculation of the NAV of managed funds", which was approved by the Board of Directors on 16 April 2015.

The purpose of valuing the Fund's assets is to determine correctly the asset situation of the Fund itself. For this reason, the Company has equipped itself with the necessary tools to ensure that the Fund's assets are fairly and correctly represented and that their total net value is equal to the current value on the reference date of the valuation of the assets that comprise it, net of any liabilities.

The total net value takes into account the accrued income components directly attributable to the Fund and the effects from executed transactions that have not been settled.

The income and expenses are recorded on an accrual basis regardless of the date of collection and payment.

Therefore, when valuing the net assets of the Fund, the accruals portion of the relevant positive and negative income components are taken into account, among other factors.

The valuation criteria are indicated below:

Unlisted financial instruments

Holdings in unlisted companies are recorded at the adjusted purchase price in case of reduction of the net equity and are written down in case of deterioration of the economic, equity or financial situation of the company or events that could permanently affect the prospects of the same company and the estimated realisable value of the relative securities. The holdings are written down when there are decreases in the shareholders' equity of the investee companies.

Any write-down may be defined according to:

- the criteria defined by the Bank of Italy (reflecting the reduction in the net equity of the holding recorded in the last official statement of account, annual financial statements and/or half-year report);
- at the *fair value* as determined through the valuation process (any write-down is intended to align the book value of the holding with this value).

In exceptional cases, the Company may avoid performing the write-down on the basis of a justified resolution when specific circumstances are in place, such as when the decrease is temporary or irrelevant.

Holdings in unlisted companies may be revalued after a period of typically no less than one year from the investment date based on the criteria established by Bank of Italy (Articles 2.4.3 and 2.4.6 section II of the Bank of Italy Regulations).

The costs associated with the due diligence activities and legal, fiscal, accounting and notarial services incurred in all phases of the management of the companies (from acquisition through disposal) are expensed during the reference period on an accrual basis and do not increase the carrying/book value of the investee company.

Listed financial instruments

The value of listed financial instruments is determined according to the last available price recorded on the trading market; in particular, on the basis of the price located in the interval between the ask and the offer (bid-ask-price), which is considered most representative of the fair value on the measurement date. For instruments traded on multiple markets, reference is made to the market with the highest prices, keeping in mind the volumes traded on that market and the operations carried out by the fund.

If the listed financial instrument shows limited trading volumes and few exchanges, this instrument is valued in accordance with the criteria established for unlisted financial instruments.

Discounts are not applied to prices negotiated on regulated markets, unless there are agreements or legal or regulatory constraints that would impact the price of the units undergoing valuation.

Receivables

The acquired receivables are valued in accordance with their estimated realisable value.

This value is calculated by taking into account the following:

- market prices, where available;
- the characteristics of the receivables.

When calculating the estimated realisable value, negative economic trends impacting certain operating sectors as well as specific geographical areas may also be taken into account. The associated write-downs may also be determined on a flat-rate basis.

Receivables connected to equity investments (currently in the portfolio or sold in accordance with the provisions of the Fund's management regulations) are not considered in this item. In general, the receivables are valued at their nominal value. However, if these receivables arise from loans granted by the Fund to issuers of the financial instruments held in the portfolio, the valuation of said receivables shall be consistent with the valuation process of the equity investment.

Other assets potentially held by the Fund

The other assets potentially held by the Fund, other than those described in the above paragraphs, are valued based on the most recent price recorded on the reference market, corrected as necessary based on the other available objective elements, potentially including valuations performed by independent experts.

In any event, the following are valued according to their nominal value:

- liquid assets;
- debt positions. For loans repayable by instalments, reference is made to the outstanding capital debt;
- on-demand bank deposits.

Other information

Items denominated in currencies other than the currency of the Fund are converted into Euros based on the current exchange rates on the reference date of the valuation using the reference exchange rates produced by the European Central Bank (ECB).

Forward currency transactions are converted at the current forward exchange rate for maturities corresponding to those of the transactions being valued.

Assets received as collateral are recorded in the memorandum accounts at their current value.

Income and expenses

Interest and other income and expenses are recorded on an accrual basis regardless of the date of collection and payment through the appropriate entries of accrued income and expenses.

Substitute tax: taxation

With reference to the taxation of Italian mutual funds, Law No. 10 of 26 February 2011 introduced significant modifications to the tax regime for mutual funds. In particular, for Italian and foreign mutual funds, the taxation regime on the results achieved through the management of the fund has been cancelled, whereby the SGR directly applied a tax of 12.50% on the increase in value generated over the year. As of 1 July 2011, taxation takes place at the level of the results achieved by the participants at the time of collection of the proceeds. Consequently, the unit value as at 30 June 2011 represents the basis for the tax calculation in the event of distribution of proceeds.

**REPORT OF THE INDEPENDENT AUDITOR
ON THE HALF-YEAR REPORT AS AT 30 JUNE 2016
PURSUANT TO ARTICLES 14 and 16
OF D. LGS.[DECRETO LEGISLATIVO (LEGISLATIVE DECREE)] No. 39
of 27/1/2010**

Report of the independent auditor

To the Participants of the
Closed-ended Fund Reserved for Qualified Investors, the "Fondo Italiano di Investimento"

Report on the half-year report

We performed our audit of the half-year report of the Closed-Type Mutual Fund Reserved for Qualified Investors, the "Fondo Italiano di Investimento" (the "Fund"), which consisted of the assets and liabilities statement, the income section and the valuation criteria, for the half-year ending 30 June 2016.

Responsibility of the directors for the half-year report

The directors of Fondo Italiano d'Investimento SGR S.p.A., the Management Company of the Fund, are responsible for drafting an interim report that provides a true and faithful representation in accordance with the Provision issued by Banca d'Italia on 19 January 2015 (hereinafter also referred to as the "Provision").

Responsibility of the independent auditor

It is our responsibility to express an opinion on the Fund's interim report based on our accounting audit. We conducted the accounting audit in accordance with the international auditing principles (ISA Italy) developed in accordance with Article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. These principles require respect for ethical principles as well as the planning and performance of an accounting audit for the purpose of ascertaining with reasonable certainty that the half-year report does not contain significant errors.

The audit includes the performance of procedures intended to acquire probative elements in support of the amounts and information contained in the half-year report. The procedures are selected in accordance with the professional judgement of the auditor, including an assessment of the risks of significant errors in the interim report due to fraud or unintentional acts or events. When assessing such risk, the auditor considers the internal control of the drafting of the Fund's half-year report, which provides a true and faithful representation in accordance with the Order, for the purpose of defining auditing procedures that are appropriate under the circumstances and not to express an opinion on the effectiveness of the internal control procedures of the Fund Management Company. The audit also includes an assessment of the appropriateness of the valuation criteria and methods used, the reasonableness of the accounting estimates made by the directors, and an assessment of the presentation of the half-year report as a whole.

We believe that we have obtained sufficient and appropriate probative elements on which to base our judgement.

EY S.p.A.
Registered Office Via Po, 32 - 00198 Rome
Share Capital €2,750,000.00 fully paid up
Registered within the Ordinary Section of the Business Register at the Chamber of Commerce and Industry of Rome
Tax Identification Number and registration number 00434000584 - R.E.A. [Registro Economico-Amministrativo (Economic and Administrative Index)] No. 250904
VAT no. 00891231003
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Registered with the Special Register of Auditing Companies
Consob under identification No. 2 resolution No. 10831 of 16/7/1997
A member firm of Ernst & Young Global Limited [sic]



Opinion

In our opinion, the half-year report provides a true and fair view of the economic and financial situation of the Closed-Type Mutual Fund Reserved for Qualified Investors named "Fondo Italiano di Investimento" as at 30 June 2016 as well as of the net result for the half-year ending on that date in accordance with the Provision issued by the Bank of Italy on 19 January 2015.

Disclosure

We would like to draw your attention to what was reported in the directors' report, in which it was indicated that by the resolution of 17 March 2016, the Board of Directors of the Fund Management Company approved the Division Project for the Fondo Italiano di Investimento through the creation of two new funds, respectively the "Fondo Italiano di Investimento Fondo di Fondi" and the "Fondo Italiano di Investimento - FII Venture." The aforesaid division became effective on 1 January 2016. Our judgement does not contain any findings regarding these aspects.

Other aspects

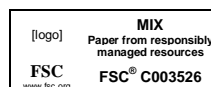
This report is not issued for legal purposes given that the assignment to audit the half-year report ending 30 June 2016 was assigned voluntarily by the Board of Directors of the Fund Management Company.

Milan, 28 July 2016

EY S.p.A.

[signature]
Carlo Vago
(Shareholder)

Printing and Preprinting: Agema® S.p.A.



Fondo Italiano D'investimento Sgr S.p.A., out of respect for the environment, printed these financial statements on paper derived from responsibly managed forests, in accordance with FSC® (Forest Stewardship Council®) criteria
