

**Unaudited semi-annual report
as at 31st December 2017**

THE STRALEM FUND

Société d'Investissement à Capital Variable
organised under the laws of Luxembourg

R.C.S. Luxembourg B 140 180

No subscription can be received on the basis of this financial report. Subscriptions are only valid if made on the basis of the current prospectus and the key investor information document ("KIID") supplemented by the latest annual report and the most recent semi-annual report, if published thereafter.

THE STRALEM FUND

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THE STRALEM FUND

Organisation

Domiciliary and registered office

11, rue Aldringen
L-1118 LUXEMBOURG

Board of Directors

Chairman

Stéphane RIES
Head of Business Development
KBL EUROPEAN PRIVATE BANKERS S.A.
43, boulevard Royal
L-2955 LUXEMBOURG
(since 29th December 2017)

Serge D'ORAZIO
Head of Investment Funds & Global Custody Services
KBL EUROPEAN PRIVATE BANKERS S.A.
43, boulevard Royal
L-2955 LUXEMBOURG
(until 29th December 2017)

Directors

Adam S. ABELSON
Chief Investment Officer & Senior Portfolio Manager
STRALEM & COMPANY INCORPORATED
551 Madison Avenue
NEW YORK, NY 10022
USA

Andrea BAUMANN LUSTIG
President & Director, Private Client Asset Management
STRALEM & COMPANY INCORPORATED
551 Madison Avenue
NEW YORK, NY 10022
USA

Stéphane RIES
Head of Business Development
KBL EUROPEAN PRIVATE BANKERS S.A.
43, boulevard Royal
L-2955 LUXEMBOURG
(until 29th December 2017)

Management Company

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

Board of Directors of the Management Company

Chairman

Vincent DECALF

Director

Olivier de JAMBLINNE de MEUX

Managing Director

Stefan VAN GEYT

THE STRALEM FUND

Organisation (continued)

Conducting officers of the Management Company	Aurélien BARON Kris COOLS Stefan VAN GEYT
Depository and principal paying agent	KBL EUROPEAN PRIVATE BANKERS S.A. 43, boulevard Royal L-2955 LUXEMBOURG
Delegated administrator, registrar and transfer agent	EUROPEAN FUND ADMINISTRATION S.A. 2, rue d'Alsace L-1122 LUXEMBOURG
Investment manager	STRALEM & COMPANY INCORPORATED 551 Madison Avenue NEW YORK, NY 10022 USA
Cabinet de révision agréé	DELOITTE Audit Société à responsabilité limitée 560, rue de Neudorf L-2220 LUXEMBOURG
General distributor	CARNEGIE FUND SERVICES S.A. 11, rue du Général-Dufour CH-1204 GENEVA
Swiss representative	CARNEGIE FUND SERVICES S.A. 11, rue du Général-Dufour CH-1204 GENEVA
Paying agent in Switzerland	BANQUE CANTONALE DE GENÈVE 17, quai de l'Île CH-1204 GENEVA
Marketing coordinators	IPA INVESTMENT PRODUCTS ADVISORY S.A. 107 Kantonstrasse CH-8807 FREIENBACH AMIRA-CAPITAL GmbH 26, Goethestrasse D-63263 NEU-ISENBURG
Information and paying agent in Austria	ERSTE BANK DER OESTERREICHISCHEN SPARKASSEN AG Graben 21 A-1010 VIENNA

THE STRALEM FUND

Organisation (continued)

**Information and paying agent
in Belgium**

PUILAETCO DEWAAY PRIVATE BANKERS S.A.
46, avenue Herrmann Debroux
B-1160 BRUSSELS

Centralising Correspondent in France

CM-CIC MARKET SOLUTIONS
6, avenue de la Provence
F-75009 PARIS

**Information and paying agent
in Germany**

MERCK FINCK & CO, PRIVATBANKIERS
Neuer Wall, 77
D-20354 HAMBURG

Facilities agent in the United Kingdom

FINANCIAL EXPRESS
2nd Floor, Golden House, 30 Great Pulteney Street
W1F 9NN LONDON

THE STRALEM FUND

General information

THE STRALEM FUND (the "Company"), incorporated on 8th July 2008 for an unlimited period, is organised as a "*société d'investissement à capital variable*" in Luxembourg under the amended law of 10th August 1915 (the "1915 Law") and pursuant to Part I of the amended Law of 17th December 2010 relating to Undertakings for Collective Investment. The Company qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) under the Council Directive 2009/65/EC as amended. The Directive 2014/91/EU of the European Parliament and of the Council of 23rd July 2014 amending the Directive 2009/65/EC had been transposed by the law of 10th May 2016 coming into force on 1st June 2016 and amending the amended law of 17th December 2010.

The Company is an "umbrella fund".

At the date of the financial statements, the following Sub-Fund is offered:

- THE STRALEM FUND - US EQUITY expressed in USD

The Sub-Fund offers two different categories of shares: capitalisation shares and distribution shares.

The capitalisation shares offer the following share categories:

- Category A shares, open to any investor;
- Category I shares, open to institutional investors.

The distribution shares offer the following share categories:

- Category DA shares, open to any investor;
- Category DI shares, open to institutional investors.

At the date of the financial statements, Category A, I and DI shares are issued.

The Company's financial year begins on 1st July and ends on 30th June of the next year.

Copies of the Articles of Incorporation of the Company, the current Prospectus, the Key Investor Information Documents ("KIID"), the latest annual and semi-annual reports may be obtained free of charge during normal office hours at the registered office of the Company in Luxembourg.

Additional information for investors in Austria:

1. The Company has appointed ERSTE BANK DER OESTERREICHISCHEN SPARKASSEN AG, Graben 21, 1010 VIENNA, as paying and information agent of the Company in Austria in the sense of § 141 InvFG 2011.
2. Requests for redemption of shares can be submitted to the Austrian paying agent and redemptions as well as the payment of redemption proceeds to Shareholders can be settled through the Austrian paying agent.
3. Copies of the Articles of Incorporation of the Company, the current Prospectus, the Key Investor Information Documents ("KIID"), the latest annual and semi-annual reports may be obtained from the Austrian paying agent at the above-mentioned address.
4. Subscription and redemption prices for the shares of the Sub-Fund are published daily on www.fundsquare.net.
5. Please note that taxation according to Austrian Tax Law may differ significantly from the tax situation described in the prospectus. Shareholders and interested persons should consult their tax advisor with regard to the tax consequences arising from holding shares in the Sub-Fund.

THE STRALEM FUND

General information (continued)

Additional information for investors in Belgium:

The Company's financial service is provided in Belgium by PUILAETCO DEWAAY PRIVATE BANKERS S.A., registered offices at 46, avenue Herrmann Debroux, B-1160 BRUSSELS.

In Belgium the Company publishes all the information published in the Company's country of origin.

Copies of the Articles of Incorporation of the Company, the current Prospectus, the Key Investor Information Documents ("KIID"), the financial service agreement, the latest annual and semi-annual reports including the list of changes in the securities portfolio during the period of the report are available to the public at the premises of the Company's financial service.

Additional information for investors in France:

CM-CIC MARKET SOLUTIONS, 6, avenue de la Provence, F-75009 PARIS assumes the function of the central correspondent in France.

Additional information for investors in Germany:

1. The paying and information agent in Germany is MERCK FINCK & CO, PRIVATBANKIERS, Neuer Wall, 77, D-20354 HAMBURG.
2. Redemptions of shares will be in the currency of the Sub-Funds. Redemption and conversion orders for shares may be submitted to the German paying agent. Redemption and conversion orders, if they are addressed to the Company or the paying agent in Germany, must arrive no later than 5.00 p.m. Luxembourg time on the Transaction Day preceding the Valuation Day. Copies of the Articles of Incorporation of the Company, the current Prospectus, the Key Investor Information Documents ("KIID"), the latest annual and semi-annual reports, as well as the subscription, conversion and redemption prices may be obtained by Shareholders free of charge at MERCK FINCK & CO, PRIVATBANKIERS. In addition, the Depositary and Paying Agent Agreements with KBL EUROPEAN PRIVATE BANKERS S.A., LUXEMBOURG, the Domiciliary Agreement, the Administrative Agent Agreement, the Registrar & Transfer Agent Agreement with KREDIETRUST LUXEMBOURG S.A. and the Investment Management Agreement with STRALEM & COMPANY INCORPORATED may be inspected there.
3. All payments by the Company to Shareholders in Germany (proceeds of redemptions, any distributions and other payments) may be transferred via the paying agent MERCK FINCK & CO, PRIVATBANKIERS. Publication in Germany of subscription and redemption prices and any other important information to Shareholders will be in the "*Handelsblatt*".
4. THE STRALEM FUND intends to fulfil its obligations to provide information which is included in the requirements for taxation of Shareholders subject to taxation in Germany pursuant to Section 5 of the German Investment Tax Act (InvStG) but assumes no liability for doing so. The prospectus does not provide any information on the German taxation of Shareholders in respect of shares in THE STRALEM FUND. It should, however, be noted that distributions by the Company, income allocated for tax purposes but not distributed (including profits) in the Company, and the proceeds from the sale, conversion or redemption of shares and from the assignment of claims arising from the shares and equivalent cases are subject in Germany to taxation at the legally prescribed rates and may also be subject to a deduction of tax (investment income tax plus solidarity surcharge). Moreover, any other (German or non-German) taxation must be observed.

THE STRALEM FUND

General information (continued)

Investors are recommended to contact their tax advisor in respect of taxation details relating to shares in THE STRALEM FUND.

Additional information for investors in Switzerland:

1. CARNEGIE FUND SERVICES S.A., GENEVA has been appointed as the representative of the Company in Switzerland. Copies of the Articles of Incorporation of the Company, the current Prospectus, the Key Investor Information Documents ("KIID"), the latest annual and semi-annual reports including the list of changes in the securities portfolio during the period of the report, can be obtained free of charge from the representative in Switzerland. For the shares of the Company distributed to non-qualified investors in and from Switzerland and for the shares of the Company distributed to qualified investors in Switzerland, the place of jurisdiction is Geneva. Performance data does not take account of the commissions and costs incurred on the issue and redemption of shares.
2. BANQUE CANTONALE DE GENEVE has been appointed as the Swiss paying agent for and by the Company.
3. All the publications of the Company in Switzerland, whether mandatory or not, will be made on www.swissfunddata.ch. The issue and redemption prices of the shares of the Sub-Fund authorized for public distribution in and from Switzerland will be published daily on www.swissfunddata.ch. The published prices will be exclusive of commissions.

Additional information for investors in UK:

GLOBAL FUNDS REGISTRATION LIMITED, 1st Floor, 10 New Street, assumes the function of the facilities agent in the United Kingdom.

THE STRALEM FUND

Combined statement of net assets (in USD)

as at 31st December 2017

Assets

Securities portfolio at market value	47,850,487.00
Cash at banks	2,525,165.99
Income receivable on portfolio	58,380.02
Other receivables	32,395.05
Prepaid expenses	22,314.60
	<hr/>
Total assets	50,488,742.66
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Liabilities

Bank overdrafts	1,129.72
Payable on redemptions of shares	8,119.68
Expenses payable	116,074.23
Other liabilities	26,309.93
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Total liabilities	151,633.56
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Net assets at the end of the period	50,337,109.10
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The accompanying notes are an integral part of these financial statements.

THE STRALEM FUND

Combined statement of operations and other changes in net assets (in USD)

from 1st July 2017 to 31st December 2017

Income

Dividends, net	394,005.76
Interest on bank accounts	125.29
Total income	394,131.05

Expenses

Management Company and Investment Management fees	216,544.55
Depository fees	14,571.45
Banking charges and other fees	5,230.00
Transaction fees	4,231.22
Administration costs	44,948.76
Professional fees	12,524.36
General Distribution and Marketing fees	60,367.36
Publication and database expenses	8,630.64
National authorities costs (of the distribution countries) and agent fees	39,437.93
Subscription duty ("taxe d'abonnement")	4,650.79
Bank interest paid	19.35
Other expenses	23,964.29
Total expenses	435,120.70

Net investment loss	-40,989.65
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Net realised gain/(loss)

- on securities portfolio	2,783,313.26
- on foreign exchange	-1,832.83
Realised result	2,740,490.78

Net variation of the unrealised gain/(loss)

- on securities portfolio	-21,585.76
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Result of operations	2,718,905.02
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Subscriptions	-
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Redemptions	-6,904,135.83
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Total changes in net assets	-4,185,230.81
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Total net assets at the beginning of the period	54,522,339.91
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Total net assets at the end of the period	50,337,109.10
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The accompanying notes are an integral part of these financial statements.

THE STRALEM FUND - US EQUITY

Statement of net assets (in USD)

as at 31st December 2017

Assets

Securities portfolio at market value	47,850,487.00
Cash at banks	2,525,165.99
Income receivable on portfolio	58,380.02
Other receivables	32,395.05
Prepaid expenses	22,314.60
Total assets	50,488,742.66

Liabilities

Bank overdrafts	1,129.72
Payable on redemptions of shares	8,119.68
Expenses payable	116,074.23
Other liabilities	26,309.93
Total liabilities	151,633.56
Net assets at the end of the period	50,337,109.10

Breakdown of net assets per share class

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in USD)
Category A	58,767.084	USD	168.52	9,903,295.78
Category DI	59,251.398	USD	178.54	10,578,575.41
Category I	167,252.698	USD	178.50	29,855,237.91
				50,337,109.10

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

THE STRALEM FUND - US EQUITY

Statement of operations and other changes in net assets (in USD)

from 1st July 2017 to 31st December 2017

Income

Dividends, net	394,005.76
Interest on bank accounts	125.29
Total income	394,131.05

Expenses

Management Company and Investment Management fees	216,544.55
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Net variation of the unrealised gain/(loss)

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Total changes in net assets	-4,185,230.81
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Total net assets at the end of the period	50,337,109.10
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The accompanying notes are an integral part of these financial statements.

THE STRALEM FUND - US EQUITY

Statistical information (in USD)

as at 31st December 2017

Total net assets	Currency	30.06.2016	30.06.2017	31.12.2017
	USD	54,762,629.08	54,522,339.91	50,337,109.10
Net asset value per share	Currency	30.06.2016	30.06.2017	31.12.2017
Category A	USD	146.36	160.39	168.52
Category DI	USD	153.54	169.37	178.54
Category I	USD	153.51	169.34	178.50
Number of shares	outstanding at the beginning of the period	issued	redeemed	outstanding at the end of the period
Category A	100,785.354	-	-42,018.270	58,767.084
Category DI	59,251.398	-	-	59,251.398
Category I	167,252.698	-	-	167,252.698
TER per share as at 31.12.2017				(in %)
Category A				2.19
Category DI				1.53
Category I				1.53

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

THE STRALEM FUND - US EQUITY

Statement of investments and other net assets (in USD)

as at 31st December 2017

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<u>Investments in securities</u>					
<u>Transferable securities admitted to an official stock exchange listing</u>					
Shares					
USD	22,750	Abbott Laboratories	822,333.14	1,298,342.50	2.58
USD	8,300	Adobe Systems Inc	659,129.74	1,454,492.00	2.89
USD	1,450	Alphabet Inc A	789,240.84	1,527,430.00	3.03
USD	5,700	Amgen Inc	641,585.57	991,230.00	1.97
USD	20,200	Aptiv Plc Reg	1,679,981.50	1,713,566.00	3.40
USD	41,900	AT&T Inc	1,306,568.02	1,629,072.00	3.24
USD	5,600	Broadcom Ltd	1,222,428.48	1,438,640.00	2.86
USD	11,700	Celgene Corp	769,700.24	1,221,012.00	2.43
USD	8,600	Chevron Corp	800,522.18	1,076,634.00	2.14
USD	6,900	Chubb Ltd N	765,409.00	1,008,297.00	2.00
USD	18,000	Danaher Corp	746,329.74	1,670,760.00	3.32
USD	19,700	Dominion Energy Inc	1,020,677.34	1,596,882.00	3.17
USD	23,400	DowDuPont Inc Reg	746,440.14	1,666,548.00	3.31
USD	17,900	Duke Energy Corp	1,333,728.11	1,505,569.00	2.99
USD	10,000	EOG Resources Inc	1,011,156.00	1,079,100.00	2.14
USD	12,750	Exxon Mobil Corp	971,373.23	1,066,410.00	2.12
USD	8,500	Facebook Inc A	1,053,027.60	1,499,910.00	2.98
USD	7,100	Fedex Corp	696,411.84	1,771,734.00	3.52
USD	22,650	Intercontinental Exchang Inc	1,082,965.89	1,598,184.00	3.18
USD	9,000	Johnson & Johnson	1,001,983.50	1,257,480.00	2.50
USD	17,700	Kraft Heinz Co (The)	1,570,191.18	1,376,352.00	2.73
USD	20,000	Lowe's Companies Inc	1,505,454.03	1,858,800.00	3.69
USD	24,400	Merck & Co Inc	995,365.07	1,372,988.00	2.73
USD	18,100	Microsoft Corp	504,381.34	1,548,274.00	3.08
USD	39,300	Mondelez Intl Inc	1,743,573.07	1,682,040.00	3.34
USD	30,100	Oracle Corp	975,318.12	1,423,128.00	2.83
USD	45,600	Pfizer Inc	914,082.59	1,651,632.00	3.28
USD	12,800	Philip Morris Intl Inc	1,108,478.18	1,352,320.00	2.69
USD	39,600	PPL Corp	1,055,325.07	1,225,620.00	2.43
USD	28,350	Starbucks Corp	1,142,669.12	1,628,140.50	3.23
USD	6,650	Thermo Fisher Scientific Inc	550,155.08	1,262,702.00	2.51
USD	7,600	United Health Group Inc	950,154.04	1,675,496.00	3.33
USD	15,100	Visa Inc A	668,790.65	1,721,702.00	3.42
Total investments in securities			32,804,929.64	47,850,487.00	95.06
Cash at banks				2,525,165.99	5.02
Bank overdrafts				-1,129.72	0.00
Other net assets/(liabilities)				-37,414.17	-0.08
Total				50,337,109.10	100.00

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

THE STRALEM FUND - US EQUITY

Industrial and geographical classification of investments

as at 31st December 2017

Industrial classification

(in percentage of net assets)

Healthcare	21.33 %
Technologies	17.67 %
Non-cyclical consumer goods	11.99 %
Financials	8.60 %
Utilities	8.59 %
Cyclical consumer goods	7.09 %
Industrials	6.84 %
Energy	6.40 %
Raw materials	3.31 %
Telecommunications services	3.24 %
Total	<u>95.06 %</u>

Geographical classification

(by domicile of the issuer)

(in percentage of net assets)

United States of America	86.80 %
Jersey	3.40 %
Singapore	2.86 %
Switzerland	2.00 %
Total	<u>95.06 %</u>

THE STRALEM FUND - US EQUITY

Statement of changes in investments from 1st July 2017 to 31st December 2017

Currency	Description	Purchases	Sales	Other
<u>Shares</u>				
USD	Abbott Laboratories	2,750	4,000	0
USD	Adobe Systems Inc	0	3,900	0
USD	Alphabet Inc A	0	400	0
USD	Amgen Inc	0	600	0
USD	Aptiv Plc Reg	20,200	0	0
USD	AT&T Inc	7,900	4,300	0
USD	Broadcom Ltd	0	1,800	0
USD	Celgene Corp	4,300	1,200	0
USD	Chevron Corp	0	1,600	0
USD	Chubb Ltd N	0	800	0
USD	Danaher Corp	1,300	0	0
USD	Delphi Technologies Plc Reg	0	5,000	5,000
USD	Dominion Energy Inc	1,100	2,000	0
USD	Dow Chemical Co	0	0	-24,900
USD	DowDuPont Inc Reg	0	1,500	24,900
USD	Duke Energy Corp	0	1,400	0
USD	EOG Resources Inc	0	1,200	0
USD	Facebook Inc A	0	2,700	0
USD	Fedex Corp	0	1,300	0
USD	Intercontinental Exchange Inc	0	4,600	0
USD	Johnson & Johnson	1,500	1,000	0
USD	Johnson Controls Intl Plc	0	36,134	0
USD	Kraft Heinz Co (The)	1,900	1,800	0
USD	Merck & Co Inc	0	1,000	0
USD	Microsoft Corp	0	6,300	0
USD	Mondelez Intl Inc	3,700	0	0
USD	Oracle Corp	0	5,900	0
USD	Pfizer Inc	0	2,000	0
USD	Philip Morris Intl Inc	0	1,500	0
USD	PPL Corp	0	2,400	0
USD	Schlumberger Ltd	0	20,200	0
USD	Starbucks Corp	2,750	0	0
USD	Thermo Fisher Scientific Inc	1,050	1,500	0
USD	United Health Group Inc	1,000	3,000	0
USD	Visa Inc A	0	3,200	0
USD	Walt Disney Co (The)	0	13,700	0

THE STRALEM FUND

Notes to the financial statements

as at 31st December 2017

Note 1 - Significant accounting policies

a) Presentation of the financial statements

The financial statements of the Company are prepared in accordance with Luxembourg legal and regulatory requirements (Luxembourg GAAP) concerning Undertakings for Collective Investment.

b) Valuation of assets

- 1) The valuation of any transferable securities traded or listed on a stock exchange is made on the basis of the closing price as at the Valuation Day unless such price is not representative.
- 2) The value of any transferable securities traded on another regulated market is determined on the basis of the closing price as at the Valuation Day.
- 3) If transferable securities on a dedicated Valuation Day are neither officially traded nor listed on an exchange or regulated market, or in the case where, for securities officially listed or traded on a stock exchange or another regulated market, the price as determined pursuant to paragraphs 1 and 2 here above is not representative of the true value of such transferable securities, the valuation is made on the basis of their likely value of realisation, estimated with due care and good faith by the Board of Directors of the Company.

c) Acquisition cost of securities in the portfolio

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

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

The realised gains and losses on sales of securities are calculated on the basis of the average acquisition cost and are disclosed net in the statement of operations and other changes in net assets.

e) Investment portfolio income

Dividend income is disclosed at the ex-date, net of any withholding tax.

f) Conversion of foreign currencies

Cash at banks, other net assets, liabilities and the market value of the securities in portfolio expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the financial statements. Income and expenses expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the transaction. Net realised gains or losses on foreign exchange are disclosed in the statement of operations and other changes in net assets.

g) Combined financial statements

The combined financial statements of the Company are expressed in USD and are equal to the corresponding items in the financial statements of the Sub-Fund.

THE STRALEM FUND - US EQUITY

Notes to the financial statements (continued)

from 1st July 2017 to 31st December 2017

h) Transaction fees

Transaction costs disclosed under the item "Transaction fees" in the expenses of the statement of operations and other changes in net assets are mainly composed of broker fees incurred by the Company and of fees relating to liquidation of transactions paid to the depositary.

Note 2 - Management Company and Investment Management fees

The Board of Directors of the Company has appointed KREDIETRUST LUXEMBOURG S.A. as the Management Company to provide management and administration services.

In consideration of its services, the Management Company is entitled to a Management Company fee payable monthly and calculated on the basis of the average net assets of the Sub-Fund at the annual rate of 0.03% with an annual minimum of EUR 20,000.

The Management Company has appointed STRALEM & COMPANY INCORPORATED as the Investment Manager of the assets of the Company.

The Investment Manager is entitled to an Investment Management fee payable monthly and calculated on the basis of the average net assets of the Sub-Fund at an effective annual rate of 1.3% for Category A shares and 0.8% for Category I and Category DI shares.

The Investment Management fee is disclosed in the statement of operations and other changes in net assets under the item "Management Company and Investment Management fees" together with the Management Company fee.

The Board of Directors of the Company decided to implement a limitation of the fees borne by the Company through the use of a Total Expense Ratio Cap ("TER Cap"). Further information is provided in Note 7.

Note 3 - Marketing coordinator fee

The Company and the Management Company have appointed two Marketing Coordinators (IPA INVESTMENT PRODUCTS ADVISORY S.A., FREIENBACH and AMIRA-CAPITAL GmbH, NEU-ISENBURG) who, acting under the oversight of the Management Company and under direction of the Board of Directors of the Company, assist in the development of the Company by proposing new marketing initiatives and ideas for entry into new markets. The Marketing Coordinators also help produce and maintain marketing support materials such as product literature and technical guides for Distributors.

For their services, the Marketing Coordinators receive an incentive fee of 0.2% on the contributed net assets p.a. for Category A shares and 0.144% on the contributed net assets p.a. for Category I and Category DI shares.

This fee is disclosed in the statement of operations and other changes in net assets under the item "General Distribution and Marketing fees".

THE STRALEM FUND - US EQUITY

Notes to the financial statements (continued)

from 1st July 2017 to 31st December 2017

Note 4 - General distributor fee

The Management Company has appointed CARNEGIE FUND SERVICES S.A. as the General Distributor of the shares of the Company.

The General Distributor is entitled to an annual fee payable monthly and calculated on the basis of the average net assets of the Sub-Fund at the annual rates of 0.08% for Category A shares and 0.055% for Category I and Category DI shares.

This fee is disclosed in the statement of operations and other changes in net assets under the item "General Distribution and Marketing fees".

Note 5 - Administration costs

The item "Administration costs" disclosed in the statement of operations and other changes in net assets is mainly composed by the fees incurred for the administration of the Company.

Note 6 - Subscription duty ("*taxe d'abonnement*")

The Company is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the Company is subject to an annual subscription duty ("*taxe d'abonnement*") of 0.05% for Category A shares and 0.01% for Category I and Category DI shares (reserved to Institutional Investors) which is payable quarterly and calculated on the basis of the net assets of each category of shares on the last day of each quarter.

Note 7 - Total expense ratio ("TER")

The TER disclosed under "Statistical information" of this report is calculated in accordance with the "Guidelines on the calculation and disclosure of the TER of collective investment schemes" issued by the Swiss Funds & Asset Management Association "SFAMA" on 9th August 2017 as modified on 20th April 2015.

The TER is calculated for the last 12 months preceding the date of these financial statements.

Transaction fees are not taken into account in the calculation of the TER.

By way of a circular resolution taken by the Board of Directors on 7th June 2011, the Board of Directors of the Company decided to implement a limitation of the fees borne by the Company through the use of a Total Expense Ratio Cap ("TER Cap").

By way of a circular resolution taken by the Board of Directors on 9th August 2017, the TER Cap percentages are fixed for the accounting year 1st July 2017 - 30th June 2018 as follows:

TER Cap Category A and DA shares: 2.19%,
TER Cap Category I and DI shares: 1.53%.

The TER Cap is expressed as a percentage of the Net Asset Value for each Category of shares. The defined TER Cap includes any and all fees paid by the Company with respect to each Category of shares (notably the Investment Management fees, the General Distribution and Marketing fees, the Management Company, Depositary and Administrative Agent fees, as well as all other costs and expenses borne by the Company) excluding the transaction costs relating to purchases on sales of securities.

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Notes to the financial statements (continued)

from 1st July 2017 to 31st December 2017

The Sponsor has agreed to bear the risk of any Category of shares exceeding its defined TER Cap. If the TER actually incurred for a given Category of share exceeds its TER Cap, the Sponsor will reimburse the difference to the Company. In the event that the TER actually incurred for a given Category of shares falls below its TER Cap, the residual amount of the TER after deduction of all fees paid by the Company and costs and expenses borne by the Company shall be used to reimburse any outlays made by the Sponsor during the fiscal year. Any residual amount not used to reimburse the actual outlays of the Sponsor shall remain in favour of the Company. The TER of a given Category of shares will in no event exceed such Category of share' TER Cap.

During the period ending 31st December 2017 the effective TER exceeded the "TER Cap". A provision of USD 32,395.05, classified under other receivables in the combined statement of net assets, corresponding to the exceeding amount has been accrued which might be considered as a reimbursement from the Sponsor.

THE STRALEM FUND

Additional information
as at 31st December 2017

1 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")

At the date of the financial statements the Company is not in the scope of the publication requirements of SFTR. No transactions were carried out during the reporting period.