FINALTIS FUNDS

Investment Company with Variable Capital ("SICAV")
governed by Luxembourg law

Organisme de Placement Collectif en Valeurs Mobilières ("OPCVM")

Audited Annual Report
as at 31 December 2022

R.C.S. Luxembourg B 70.453

The subscriptions can only be accepted on the basis of the current prospectus including the identification sheets of each sub-fund and on the basis of the key investor information document ("Key Information"). The prospectus can only be transmitted if accompanied by the latest annual and the most recent semi-annual report, if published thereafter.

Only the French version of the present Annual Report has been reviewed by the auditors. Consequently, the auditor's report only refers to the French version of the Annual Report; other versions result from a conscientious translation made under the responsibility of the Board of Directors. In case of differences between the French version and the translation, the French version should be retained.

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Organisation

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12, rue Eugène Ruppert, L-2453 Luxembourg

Date of incorporation :

9 July 1999

Board of Directors of the fund :

Chairman :

- Christophe OLIVIER, Independent administrator

Members :

- Denis BEAUDOIN, Chairman
  FINALTIS S.A.S.
- Bruno BERNSTEIN, Director of Investment
  FINALTIS S.A.S.

Management Company :

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Organisation

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FINALTIS FUNDS

General information of the Fund

FINALTIS FUNDS (“the Fund” or “the SICAV”) is a Société d'Investissement à Capital Variable (“SICAV”) incorporated in Luxembourg on 9 July 1999 for an indefinite period under the law on public limited company. The Company is subject to the amended law of 10 August 1915 concerning commercial companies and the law of 17 December 2010, notably Part I, concerning undertakings for collective investment.

Its Articles are registered with the « Greffe du Tribunal d’Arrondissement » of Luxembourg where they are available for inspection. Copies may be obtained there.

Semi-annual and annual financial reports, the net asset value, the subscription price and the redemption price along with any other notices to the shareholders are available at the registered office of the SICAV, at the registered office of the Management Company and near all distributors.

As at 31 December 2022, the SICAV has only one Sub-Fund :
- FINALTIS FUNDS – DIGITAL LEADERS.

FINALTIS FUNDS – DIGITAL LEADERS is made up of five classes of shares, which are differentiated by type of investors, the reference currency, the management fees and the hedging policy :
- The « I » class, denominated in EUR, intended for all types of investors ;
- The « R » class, denominated in EUR, intended for persons and legal entities ;
- The « D» class, denominated in GBP, intended for persons and legal entities, this class can offer dividend distribution ;
- The « RH » class, denominated in EUR, intended for persons and legal entities ;
- The « USD » class, denominated in USD, is intended for persons and legal entities.

The "RH" class benefits from a management policy designed to hedge as much as possible the exchange risk associated with the USD and with currencies strongly correlated with the USD. The hedging process used is a periodical roll-over of forward foreign exchanges EUR/USD.

The net asset value per share is dated of each Luxembourg working day (“Valuation Day”) and will be calculated and published on the working day following the Valuation Day, based on the closing prices published by the stock exchanges concerned on the Valuation Day in question.

FINALTIS FUNDS

Manager's Report

The Digital Leaders compartment was managed over the 2022 financial year in accordance with the investment policy defined in its prospectus.

The performance of Class I of the Digital Leaders sub-fund was -36.1% during the financial year ended December 30, 2022, underperforming the MSCI World NR (EUR) index down - 12.8%.

After a review of the macro-economic and market environment, analyzed quarter after quarter, this report will describe the main changes made to the portfolio, month after month, during the financial year under review.

Macro-economic and market environment

First quarter 2022

The accumulated risk factors weighed heavily on the equity markets during the first month of the year. Among these, we will particularly note: (i) the inflationary risk and its corollary, less accommodating central banks, (ii) an economic slowdown due, in particular, to the deflation of the Chinese real estate bubble, (iii) an energy crisis likely to weigh on companies' margins, (iv) an omnipresent geopolitical risk, in particular, in Ukraine and Taiwan and, finally, (v) risks linked to the pandemic, its resurgence within a China with a sparse population and poorly vaccinated and the appearance of new variants…

In such a context, and in order to deal with the inflationary risk in particular, it seemed important to us to focus our investments on companies that combine strong pricing power (allowing them to transfer the increase in their costs to their customers without harming their volume of ' business) and a dynamic of growth independent of the economic cycle, and to avoid those whose margins fluctuate directly according to the price of energy.

In February, the market corrected sharply. For an investor with a time horizon greater than or equal to 3 years, the volatility observed on the markets can be considered as good news. Indeed, market fluctuations offer the opportunity to become a shareholder of companies that combine growth, visibility and resistance to crises and whose only defect is often a high valuation. As Warren Buffet frequently reminds his shareholders: "It is much more interesting to buy a great company at an average price, than to buy an average company at an awesome price "... a particularly relevant adage during February, stock prices of some of the world's finest companies having fallen sharply, under the combined effect of the change in the Fed's discourse and the Russian aggression in Ukraine. We can cite, among many examples, a few stocks that we have particularly worked on in our funds: (i) Givaudan , the Swiss flavors and fragrances giant, whose valuation has fallen by a quarter in just over a month, (ii) Ecolab , world leader in water, health and safety solutions and services, whose share price lost 25% over the same period, (iii) Hermès, whose profitability reached a record level of 25% of the turnover, whose action has lost almost a third of its value in 3 and a half months.

In March, the war in Ukraine began to lead to a significant revision of growth prospects around the world, with the IMF and the World Bank announcing that they will lower their forecasts in mid-April. The massive depreciation of the ruble will have major consequences on the purchasing power of Russian citizens and significant repercussions on the neighboring countries of Central Asia, the Baltic countries, the Caucasus, Moldova, etc... For the rest of the world, the economic shock will be the direct consequence of the rise in commodity prices, which began at the start of the year. Whether it is hydrocarbons (Brent +62% since the start of the year), metals (Nickel, doubling since the start of the year) or even agricultural raw materials

(Wheat +64% since the 1st January), the tensions are considerable and in particular raise fears of a major food crisis.

This context further complicates the action of central bankers, at the very moment when the FED decided on March 16, for the first time since 2018, to raise its key rates by a quarter of a point. The risk of a monetary policy error has never been so great, the American issuing institution having to find a way between two risks: raising rates sharply, which could break the growth dynamic on the one hand, or do little to preserve the economy, but give up the credibility of its fight against inflation, on the other hand. Consequently, the specter of stagflation resurfaces and justifies, at the end of this first quarter, to focus, more than ever, the portfolios on companies which benefit from their own growth dynamic, on strong themes such as the digitalization of modes of life, energy efficiency or artificial intelligence in the real world.

Second quarter 2022

At the start of the year, we mentioned six main risks that could weigh on the global economy and financial markets: (i) risk of inflation accelerating, (ii) risk of economic slowdown, (iii) risk of bond “crash”, (iv) geopolitical risk(s), (v) risk of rising commodity prices, (vi) health risk. We had not anticipated that these six risks would materialize simultaneously and… in a few weeks. This exceptional situation led to the worst half-year performance for the S&P500 in 52 years, with a contraction of $16 trillion in global market capitalization, an all-time high. Nevertheless, in this very difficult context, there are more positive and constructive signs: 1) The valuations reflected by the major global equity indices have corrected sharply. Thus, the valuation (measured by the average PER) of the CAC 40 index at the start of 2021 was equivalent to that of the Nasdaq at the end of June (24X); the valuation of the Parisian index is now only 11X the results expected in 2022. 2) The economic slowdown that is currently materializing is likely to stabilize or even reduce inflation, to put pressure on the long end of the sovereign yield curve and, finally, to encourage central bankers to change their rhetoric on the need to raise interest rates quickly and sharply. 3) It seems adventurous to us to wait (before investing) for the absorption of the two major exogenous risks, the health crisis in China and the war in Ukraine, both of which are particularly difficult to assess. Indeed, while the valuations, particularly those of our investment universes (Titan stocks and leaders in digitalisation), already seem to integrate these risks well, any improvement on one or other of these subjects will likely have a substantial and rapid positive impact. This market phase, and the valuation levels reached, therefore seem to us to justify, or even demand, that investors climb the famous “ wall of worry ”. According to our analysis, the most solid stocks in the digital universe seem, after their sharp decline, to offer interesting qualities to prepare for the next market phase: solid balance sheets, significant barriers to entry, pricing power” and, finally, a lower dependence on the economic cycle. This last point seems crucial to us because the American and European economies will probably not escape a phase of recession. More than ever, the construction of our portfolios is based on two management pillars: 1) As a priority, " investment grade equities " shares of companies combining growth, visibility, resistance to crises but also barriers to entry and innovation 2) Particularly , among these companies, those whose compressed valuations seem to us to harbor particular resilience in the event of a further deterioration in the market environment, and a particularly significant potential for a rebound in the event of an improvement.

Third quarter 2022

In the third quarter, equity and bond markets both suffered. The S&P500 (TR) fell more than 6%, the MSCI World (TR) more than 7%; over the same period, 10-year US Treasury bond rates tightened by more than 80 basis points, putting pressure on all government and corporate debt.

FINALTIS FUNDS

Manager's Report

More than two years after the start of the covid pandemic, the time has come to suffer the economic and monetary consequences. The proactive decision by central banks to provide liquidity when the world had practically come to a standstill caused an inflationary demand shock; Russian aggression in Ukraine in February this year added a supply shock. The world today combines excessive demand and shortages of labor and raw materials, which mechanically leads to high inflation. In this context, nearly 90 central banks around the world - with the notable exception of the Japanese issuing institution - have started monetary tightening which will necessarily lead to a slowdown in global growth and an increase in financing costs for issuers, whether sovereign or private.

Anticipating very poor conditions for businesses (inflation, recession, etc.), the equity markets fell sharply in the second half, reaching a low point in mid-June.

At the end of June, the equity market correction corresponded to a drop in capitalization of nearly $16 trillion since the beginning of the year, the largest (in current dollars) in all modern economic history. In this context, the start of the second half promised to be strategic for sovereign wealth funds and pension funds: maintaining their long-term return objectives could involve rebalancing their allocations in favor of equities. The third quarter was much more contrasted than the geopolitical context and the macro-economic outlook predicted, linking two very distinct periods: a clear rebound in the markets and an easing of interest rates from mid-June to mid-August, then a fall in equities and clear tensions on interest rates and spreads until the end of September. Each of the periods was initiated by a communication from the US Federal Reserve (Fed).

On June 15, the Fed's monetary policy committee decided to raise its key rate by 75 basis points, the largest increase since November 1994. Many observers thought that this proactive action by the American monetary institution, with other tightening likely to follow, would lead to an almost certain continuation of the fall in equities, while the analysis of historical comparables is much more mixed. Thus, after the rise of November 1994, the S&P500 (TR) had ended the year in equilibrium, then had chained three years of strong increases: +37% in 1995, +24% in 1996 and +30% in 1997 Moreover, during the last cycle of key rate hikes, which saw Fed rates rise from 1% in June 2004 to 5.2% in June 2006, the S&P500 (TR) rose by nearly +34% on the same period.

In fact, after hitting a low point on June 17, equity markets began a sharp rebound during the third week of the month. In a context where, more than ever, “ bad news is good news”, weaker than expected industrial production figures, likely to curb inflation, reassured; on June 22, Jerome Powell assured the Senate committee hearing him that the Fed would demonstrate pragmatism and be "agile", which also comforted investors, feeding the idea that the Fed could not pursue its policy for long of a rate hike, these remarks thus materializing a "pivot".

Investors' reception of objectively rather good second quarter corporate results during the month of July was rather positive for two main reasons, according to our analysis: a) the sensitivity of corporate profits to the economic cycle and to the tightening monetary policy finally seems less strong than expected by analysts, b) the market valuations reached after the sharp drop in the second quarter can be considered as already very pessimistic; thus, announcements of results, even average or mediocre, and apart from very specific cases justified by the company's own activity, did not systematically lead to the sharp drop in prices observed in the previous quarter.

Looking more specifically at Europe, the moderation in wage increases explained, initially, inflation figures lower than their counterparts across the Atlantic, a short-lived comfort for Europeans who, in the turmoil of the crisis energy, finally posted double-digit inflation, identical to that observed in the United States. This situation concentrates the impact of inflation on employees and taxpayers: it seems untenable to us because it brings the seeds of social and political destabilization to several European countries in the medium term. The fight against inflation, and therefore rate hikes, postponed by an ECB aware of European growth and worse employment figures than in the United States, is essential: the European Central Bank has thus announced in July to lower its main interest rate from -0.50% to 0, a first for 11 years.

This decision marks the end of the era of negative rates which began in 2014 to deal with the combined effects of the subprime financial crisis (2008) and the European debt crisis (2011). The institution of Frankfurt had prepared the spirits for an increase of only 25 points. A few days before its monetary policy committee, it moved to finally raise the interest rate on the main refinancing operations to 0.50%, the marginal lending facility to 0.75% and the deposit facility to 0.00 % from July 27, 2022. The objective is the same as for the FED: to reduce the money supply in circulation and curb inflation close to 9% in the Euro zone. The ECB had until then remained in the background of the other central banks, which had been active for several months on the inflation front. Indeed, the trade-off between rising prices and maintaining growth is particularly difficult to resolve for the Board of Governors made up of the six members of the bank's executive board and the governors of the central banks of the nineteen euro zone countries: they must integrate a conflict in Ukraine posing a risk to the continent's energy supply, a political crisis in Italy and the fall of the euro. Moreover, the specter of a new sovereign debt crisis is still present and the specialists in Frankfurt must redouble their imagination in order to keep the “spreads” between the issues of the various borrowing countries in the zone under control.

Like the “pivot” of the Fed, the determined tightening of monetary policy by the ECB could nevertheless turn out to be less durable than expected. The reasons leading to similar effects on both sides of the Atlantic are nevertheless different: the forecasts of sustained growth in the euro zone, +2.8% in 2022 and +2.1% in 2023, on which the ECB's scenario is at this stage seem far too optimistic, particularly in the event of an embargo on Russian natural gas...

The perception of a Fed "pivot", the implicit limits to ECB rate hikes and the price levels reached after the drop in the second quarter when corporate results, in particular "Titans" stocks, were rather bonds fueled a sharp rebound in the equity market until August 15th. This rebound reached more than 10% on the EuroStoxx50, nearly 13% for the S&P500 and nearly 18% for the Nasdaq. At the same time, the 10-year German government bond rate (Bund) eased by almost 80 basis points, and the 10-year US government bond rate by more than 100 basis points . Finally, the rate differential (spread) between German and Italian sovereign issues eased by almost 40 points over the first 15 days of August.

This renewed optimism ends on August 26 with Jerome Powell's speech in Jackson Hole (Wyoming), where the presidents of the main central banks have met every year since 1982. In a "short and direct" message, he recalled the determination of the Fed to fight inflation, reaffirming the objective of 2% at an annual rate, far from the 8.5% of consumer prices (CPI) in July. Hopes for an accommodating “pivot” have died; at the same time, rumors of an upcoming 75 bp rate hike at the next ECB meeting are amplifying the downward pressure on equities and bonds.

The equity markets corrected sharply until the end of the quarter: at the end of September, the EuroStoxx lost almost 13% on the high points of August, the SP500 almost 17% and the Nasdaq almost 20 %. Rates are tightening again, with the German 10-year sovereign rate increasing by 120 basis points and the spread between German and Italian issues falling back from the 40 points of relaxation of the summer.

We must of course mention the specific case of the United Kingdom, which adds to the tensions with the announcement of unfunded measures by Chancellor of the Exchequer Kwasi Liz Truss government's kwarteng : the pound sterling loses more than 10% in a few days, reaching a 40-year low against the US dollar. The 10-year rates of English sovereign issues (Gilt) increased by more than 150 basis points over the same period.

The successes of the Ukrainian army were confirmed in September, increasing the unpredictability of a Russian government in a bad military and political position. Some international backers, including China and India, are beginning to challenge the continuation of so-called special operations in Ukraine. The announcement of a “partial mobilization” of 300,000 reservists on September 21 only confirmed to the Russian population the nature of these “operations” and the great military difficulties encountered. Illegal referendums aimed at annexing four Ukrainian oblasts largely occupied by Russian or separatist troops, the rapid ratification of their surreal results, the sabotage of Nordstream pipelines and the frequency of nuclear threats by regime officials are fueling geopolitical instability and degradation. macro-economic which is spreading to all markets, in particular through the volatility of commodity prices: Crude (WTI West Texas Intermediate) fell by more than $30 over the period, thus erasing all of its rise in the first 6 months of the year.

For the fourth quarter, the continuation of the stock market correction, a stabilization or its reversal should raise questions for us. According to our analysis, and under the dual condition of a sufficiently long investment horizon and the quality of the assets chosen, without prejudging the timing of a repayment, we are convinced that the creation or strengthening of positions in equities presents the better prospects. Of course, with the expected persistence of inflation and an economic cycle with negative dynamics, the search for the best return-risk profile requires selecting only shares of companies that have three rare characteristics: (i) " price power", i.e. an ability to increase selling prices at the same rate as inflation, (ii) a potential for structural growth linked to their sector, their leading position and/or their capacity innovation, and finally (iii) a low level of indebtedness, or even excess cash allowing them to wait for the best time to raise debt or better still to obtain a positive risk-free return on their cash.

To sum up and conclude, without in any way minimizing either the current crisis or complex externalities to anticipate such as the war in Ukraine, the energy crisis or the zero covid policy in China, without rejecting the discount rate, very much linked to the price of government bonds, to assess the profitability of an investment, it always seems important to us to remember the crucial role, in the investment decision, of the detailed analysis, on a case-by-case basis, of the intrinsic qualities of each company. While the current period seems to us to mark the end of a long deflationary cycle, which will probably force the Fed and the ECB to "capitulate to inflation" by raising their annual price increase targets, currently set at 2% , and at a time when a quasi-eschatological prism skews the flow of information, it seems important to us to go back to basics:

- Markets exaggerate in the short term to find an equilibrium in the medium term,
- The activities of the companies whose actions are today at the heart of our mandates have demonstrated their ability to deploy in all types of monetary and economic environment,
- What is valid for these companies with particular qualities cannot be generalized: certain companies, more exposed to cycles, more indebted, less well managed will not be able to avoid very dilutive recapitalizations, will be forced to take over, or even disappear like the healthy competitive mechanisms of destruction creative require it,

Higher yields on bonds offer attractive additional opportunities provided they limit the risk of further rising rates and avoid defaults that tougher economic conditions and more costly refinancings make more likely : the first point justifies keeping a short duration, especially since the slope of the yield curve is low, and the second point requires avoiding, except for very specific opportunities, issuers whose situations are the most uncertain...

Fourth quarter 2022

The famous economist John Kenneth Galbraith said: "God created economic forecasters in order to make astrologers more respectable"... It is a call to humility when, after a difficult stock market year, forecasts on inflation, stock indices or bond prices. Modeling inflation involves integrating the habits of several billion consumers who spend their resources choosing from more than a hundred thousand different goods and services. At present, no model is capable of this and, even if it existed, it would remain incapable of integrating complex externalities, such as the temporality and impact of a pandemic or the first inter-State armed confrontation in Europe for 75 years. We can therefore "excuse" the failure of the inflation forecasts of the more than 400 doctors in economics of the American Federal Reserve. However, without making predictions, let us recall a few points that seem to us to be common sense: (i) the level of public debt as a proportion of GDP has never been so high in the modern history of the United States (97%), Italy (177%) or France (131%), (ii) central banks are today very dependent on national public treasuries and therefore on political power, (iii) and in this context, it have, in addition to their explicit mandates (price stability, job market, etc.), an increasingly significant implicit mandate: the financing of states and financial stability. This implicit mandate is an important restoring force which, from our point of view, justifies dismissing the most pessimistic scenarios of rate hikes.

While investors were impatiently awaiting the effects on the inflation figures of the violent tightening of financial conditions initiated by the FED, these improved very significantly from October. It now seems highly likely that the peak of US inflation has been reached in 2022. The year nevertheless remains particularly difficult with a marked underperformance of the best rated bonds as well as stocks of companies oriented towards quality and growth. According to our analysis, this configuration is not linked to company results, but rather to the mechanical effect of rate increases on the discounting of future flows taken into account to value prices and risks. In fact, the financial results of the companies we favor in the portfolios have remained robust.

An atypical year in many respects, let us focus for this last management report of 2022 on just two events with particularly pronounced consequences for investors: (i) the return of war in Europe, (ii) the rise in US rates and the underperformance of securities issued by growth companies. The attempted Russian military invasion of Ukraine, the first inter-state armed conflict in Europe since the Second World War, is the major event of 2022. After ten months of fighting, there is no prospect of peace in the short term. The human, geopolitical and economic consequences of the conflict will be profound and lasting: we note in particular the continued fracturing of the World, which is reminiscent of the times of the Cold War, capitalism no longer being questioned at the bottom but in its form, liberal or not. Second event, with fortunately a less dramatic human cost, but a spectacular impact on the valuation of assets: entirely in its fight against inflation resulting from its previous policies, the FED began in March the cycle of monetary tightening the most violent since the 1980s, accepting the prospect of a recession.

Today, it seems to us that a large number of growth stocks have undemanding valuations. Of course, their short-term evolution will remain highly dependent on the evolution of inflation figures and monetary policy decisions. Over the long term, earnings per share growth is, however, strongly correlated to price movements, which is why we focus most of our research efforts on companies with the highest probability of EPS growth and whose rate increases, strongly impacting the discounting of expected future cash flows, have caused the price of their shares to fall. As 2022 draws to a close, let’s project ourselves towards 2023, keeping in mind the effects of the future discounting mechanisms at work on the markets: stock market valuations thus find their low point 6 to 12 months before that of downward revisions to corporate earnings outlooks, as seen in all US recessions of the past 50 years (1957, 1974, 1982, 1990, 2009, 2020). The market general timing and its cognitive biases therefore seem particularly dangerous to us. Focusing one’s work as an investor on the earnings prospects of the most resilient companies seems to us, on the contrary, the most relevant approach.

Financial management (stocks and sectors) – monthly analyzes

JANUARY 2022:

Finaltis Digital Leaders is down -7.6% in January, compared to -3.9% for its benchmark index, the MSCI World NR (in EUR). The top three contributors for the month are Activision Blizzard, Mastercard and Visa which together brought in 0.9%, while Dassault Systèmes, Shopify and Netflix cost a total of 2.6% over the period. After being initiated in December, the exposure to Twitter was reinforced; at the end of January, 2.1% of Finaltis Digital Leader's portfolio was invested in the company. Created in 2006 by Jack Dorsey, Twitter is a platform for public self-expression and real-time conversation, constituting today a leading social network: 326 million monthly active users (including 12.8 million in France), of which 80% on mobiles, nearly 10,000 tweets posted every second. The turnover comes from the marketing of targeted advertising space allowing advertisers to create and develop an audience interested in the company or its products. Jack Dorsey's decision to leave his post as CEO of the social network at the end of November 2021, while retaining 2.2% of its capital, should allow Twitter to begin a new phase in its history that is more attentive to advertisers and shareholders. The title rose by nearly 10% the day of the announcement of his departure, much criticized for his simultaneous piloting of Block (ex-Square), of which Jack Dorsey holds 17%, and of Twitter, as well as for his very views politicized, potentially damaging to the neutrality of the social network. Three activist investment funds, Lone Pine Capital (2.7% stake), Elliott (1.25%) and Silver Lake (0.7%), ended up winning their case. Parag Agrawal, CTO (chief technology officer) since 2017, a recognized specialist in artificial intelligence, now presides over the destiny of the company, with the aim of attracting new investors to a social network that is better protected from malicious comments, through the use of AI. While in October 2021, Twitter was valued almost 70X the expected results in 2022, its valuation is around 37X. More generally, while the stocks of digitization stocks showing recurring losses have been suffering on the stock market since February 2021, the portfolio reflects a central conviction: the way that seems to us to be the safest to benefit from the power of global transformation of digital themes is to select investments in the capital of companies that have already demonstrated their quality and profitability, as evidenced by the strong growth over the last 12 months of securities such as Accenture (nearly +40%), Alphabet (nearly +40%), Charles Schwab (+63%) or Microsoft (nearly +28%).

FEBRUARY 2022:

Finaltis Digital Leaders was down -7.6% in February, compared to -2.7% for its benchmark index, the MSCI World NR (in EUR). The top three contributors for the month are Worldline, Amazon and Activision Blizzard which together brought in 0.4%, while Shopify , Meta and Paypal together cost 3.8%. Under the combined effect of the Fed's change in rhetoric and Russian aggression in Ukraine, technology stocks continued their correction. With more than 1,600 stocks of the Nasdaq composite down 50% on their highest level, out of the 2,238 stocks making up the index in total, this correction is comparable to the famous crash of technology stocks in 2000. We have increased our exposure to shares of the Palantir company , to reach 1.5% of the portfolio of Finaltis Digital Leaders. While the company is famous for its work with the US military, CIA and other government agencies, it is becoming increasingly clear that the next stage of Palantir's growth will come primarily from commercial contracts with large private companies . . Indeed, the company, which only agrees to supply its software to the United States and its allies, tripled the number of its commercial customers in 2021. The software developer says it won, in the quarter alone, 64 new contracts worth more than one million dollars with companies and administrations, including 19 for more than $10 million. Palantir 's offensive towards the private sector will continue and should even accelerate significantly thanks to the launch of the " Foundry for builders " platform , which will make its software accessible to start-ups in the form of a subscription at preferential rates. It is also about a communication offensive making it possible to dismiss certain criticisms. Indeed, Palantir is a controversial company due to (i) its ties to US agencies, the CIA having participated in one of its early fundraisers and the NSA being one of its main clients and (ii) the use of its technologies for mass surveillance. The stock was valued at nearly 130X earnings in October 2021; the valuation is now close to 50X, which seems consistent given its annual revenue growth regularly above 30%. While market behavior between profitable stocks and others is increasingly divergent, the Finaltis Digital Leaders portfolio reflects a central conviction: the least risky way to benefit from the transformative power of digital themes is to focus our investments on companies that have already demonstrated their profitability.

MARCH 2022:

Finaltis Digital Leaders is up +3.0% over the month of March, compared to +3.7% for its benchmark index, the MSCI World NR (in EUR). The top three contributors of the month are Tesla INC, Nvidia and Palantir technologies INC which together returned 1.8%, while Netflix, Worldline and Tencent cost -0.9% in total over the period. The war in Ukraine will lead to a major revision of growth prospects in the world; the IMF and the World Bank have already announced that they will lower their forecasts in mid-April. The economic shock will be the direct consequence of the rise in commodity prices since the start of the year . first time since 2018, to raise its key rates by a quarter of a point. The risk of a monetary policy error has never been so great, the American issuing institution having to find a way between two risks: (i) raising rates sharply at the risk of breaking the growth dynamic, (ii) do little to preserve the economy but give up the credibility of its fight against inflation. From then on, the specter of stagflation reappears. Digital stocks have their own growth dynamic based on secular changes (sustainable energy, artificial intelligence, blockchain, virtualization, industry 4.0, life engineering, etc.) and expose them less to this context, from which they can even sometimes to profit from. Over the month, the position in Adobe Inc. shares was strengthened. World leader in software for the creation, publication and visual distribution of content, Adobe Inc. enjoys remarkable visibility with a turnover made up of 92% of subscriptions. The company is perfectly positioned in the "experiential" economy where every interaction must be personal, where everyone has "a story to tell", where every moment spent on social networks must be an opportunity to make purchases. The stock has been heavily discounted, its valuation multiple falling from 48x the results at the start of December 2021 to less than 30x during March, even though annual growth in turnover is expected to be nearly 15% over the next three years. In fact, Adobe is now a title whose valuation pays less than twice its growth (PEG of 1.9). While geopolitical and macroeconomic uncertainties are major, the portfolio reflects a central conviction: the surest way to benefit from the transformative power of digital themes is to focus our investments on companies that have already proven their profitability.

APRIL 2022

Finaltis Digital Leaders is down -11.9% in April, compared to -3.3% for its benchmark index, the MSCI World NR (in EUR). The top three contributors for the month were Twitter, Tencent and JD.com which together brought in 0.8%, while Shopify , Nvidia and Netflix cost a combined 4.3% over the period. The theme of growth did not have the favor of investors, and even less the theme of digital growth. The Nasdaq composite index achieved $12,854.80, its worst monthly performance since March 2020, when the first effects of the Covid 19 pandemic had devastated the markets. The origin of the decline today is of a very different nature: the major leaders of the digital economy must "digest" their exceptional operational performance and their remarkable growth during the period when the pandemic was raging. The two or three years gained on a normal growth plan are now paying for a phase of slowing growth, or even a temporary decline. If it was absurd to imagine that the exceptional growth rates of the COVID period would last over time, it seems to us just as absurd to extrapolate over several years the marked slowdown in growth observed in recent months. This modeling, which is particularly difficult for analysts, asset managers and the companies themselves, feeds uncertainty and restlessness, which explains the sudden variations in share prices, both up and down, at the announcement. their results: -35% for Netflix on April 20, +18% for Meta and +11% for Paypal on April 28, -11% for Amazon on April 29, etc… Without completely renouncing to navigate these movements as well as possible, our attention must remain focused on the fundamental quality of the business model and that of the published accounts. Our best contribution of the month is Twitter (+70 bps). We took a position on this stock at the end of last year when its CEO and founder Jack Dorsey left. The announcement of the thunderous arrival of Elon Musk in the capital of the company allowed the title to gain more than 27% on April 4. We sold the position on April 19 to realize a strong gain because the security's risk profile seemed less favorable to us. While modeling uncertainties create volatility, particularly for companies whose sometimes minute variations in customer bases can be over-interpreted by analysts, the portfolio reflects a major conviction: the surest way to take advantage of the power transformation of digital themes is to choose companies that have already demonstrated solid profitability.

MAY 2022

Finaltis Digital Leaders was down -5.3% in May, compared to -1.4% for its benchmark index, the MSCI World NR (in USD). The top three contributors for the month were Charles Schwab, Adobe and TSMC which together brought in 0.6%, while Illumina , Tesla and Workday cost a combined 1.4% over the period. Since the start of the year, geopolitical tensions and the Fed's tougher stance have greatly benefited the US dollar, to the detriment of the euro (+5.6%), allowing European indices to post losses well lower than those of the American indices. Since the beginning of the year, the American equity markets have posted an impressive number of bearish records: (i) 7 consecutive weeks of decline of the S&P 500, (ii) 8 consecutive weeks of decline of the Dow Jones, which had not been observed since 1932, (iii) the largest market capitalization destruction on the Nasdaq since its creation in 1975: $8 trillion between mid-December 2021 and the end of May 2022... According to our analysis, the strongest stocks in the world digital seem, after their sharp decline, to offer interesting qualities to prepare for the next phase of the market: solid balance sheets, significant barriers to entry, "pricing power" and, finally, a low dependence on the cycle economic. The significant drop in Nasdaq valuations offers, according to our analysis, an attractive entry point into digital stocks, provided however that these are companies that are already profitable. At 26X the estimated 12-month results, the Nasdaq has thus returned to its median valuation levels since its creation in 1975, even though profits were rare within the Nasdaq until 2000. It therefore seems to us that the Nasdaq deserves today a valuation premium compared to the period when most of the index included stocks which, for lack of tangible profits, were particularly difficult to value. The MSCI World Information Technology sector index is now valued at less than 20X the results, which seems little compared to the MSCI World Consumers Staples , valued 22X the results, while consumer goods are structurally suffering from a lack of growth. In December 2021, the valuations were 30X and 20X the results, respectively for these two indices. The portfolio always reflects a central conviction: the surest way to benefit from the transformative power of digital themes is to choose companies that have already proven their profitability, whose activities have demonstrated their ability to withstand economic phases. opponents.

JUNE 2022:

Finaltis Digital Leaders was down -7.8% in June, compared to -6.4% for its benchmark index, the MSCI World NR (in USD). The top three contributors of the month are Alibaba, Veeva Systems and Salesforce which together returned 0.9%, while Nvidia , Booking and Shopify cost -3.3% in total over the period. On June 15, the FED's monetary policy committee decided to raise its key rate by 75 basis points, the largest increase since November 1994. Many observers believe that this proactive action by the American monetary institution will lead to an almost certain decline in equities. After the rise of November 1994, the S&P500 (TR) had ended the year stable, then had chained three years of spectacular rises: +37% in 1995, +24% in 1996 and +30% in 1997. During the last cycle increase in key rates which had seen the FED rates go from 1% in June 2004 to 5.2% in June 2006, the S&P500 (TR) had progressed by nearly +34% over the same period. After hitting a low point on June 17, the market began to rebound. In a context where " bad news is good news", weaker than expected industrial production figures reassured; on June 22, Jérôme Powell assures the senatorial commission that the FED will show pragmatism and will be "agile". The equity market correction corresponds to a fall in capitalization of nearly $16,000 billion since the beginning of the year; it is the largest in all economic history. Nasdaq stocks, which had underperformed the S&P500 by more than 10% since the beginning of the year to the end of May, remained down in the same proportions as the S&P500 in June. With a recession that now seems difficult to avoid, the most robust digital stocks could represent great opportunities in relative and absolute terms. The exposure to Booking.com, initiated last April, was increased to reach 3.5%. Its valuation multiple has gone from 45X earnings (12-month forward) to around 16.5X earnings today. With nearly $80 billion in market capitalization, its size is nearly 4X larger than that of Trip.com or Expedia Group, its competitors. The company has excess cash and should well exceed $17 billion in sales in 2022. The company benefited from the improvement in the health environment, with a 61% increase in sales in 2021, and 60% expected in 2022 (Bloomberg consensus estimate). The portfolio continues to reflect a central conviction: the surest way to harness the transformative power of digital themes is to select companies that have already proven their profitability.

JULY 2022:

Finaltis Digital Leaders is up + 14.2% over the month of July, compared to +10.7% for its benchmark index, the MSCI World NR (in USD). The top three contributors for the month were Shopify , Tesla and Amazon which together brought in 3.5%, while JDCOM, Tencent and Alibaba cost -1.1% in total over the period. In July, the European Central Bank lowered its main interest rate from -0.50% to 0, a first for 11 years. This decision marks the end of the era of negative rates that began in 2014 to deal with the combined effects of the subprime financial crisis (2008) and the European debt crisis (2011). The reception of the second quarter results by investors is rather positive for two main reasons: a) the sensitivity of corporate profits to the economic cycle and to monetary tightening finally seems weaker than expected, b) the announcements of results, even average or mediocre, do not systematically lead to the sharp fall in prices observed 3 months ago, which seems to indicate that the scenario crystallized in market valuations today is very dark. In this context, we favor a core portfolio exposed to global companies, not very sensitive to the economic cycle and changes in energy prices, and mostly exposed to Chinese and American consumers, rather than European ones. NVIDIA, the third contributor of the month, is the leader in graphics chip (GPU) design. It continues to perform well in all segments, from PC gaming to data centers benefiting from large customers' adoption of deep learning for processing their data. Even though the adoption of autonomous driving – a form of artificial intelligence – will take several more years, the rise in GPU needs of the automotive segment is also noteworthy. During the month, we initiated a position in Airbnb, an American online rental giant capitalizing nearly $70 billion. The company should, according to our analysis, manage to approach $1.5 billion in net income in 2022, ten times more than in 2021. Moreover, with a PEG (Price Earning to Growth, ie multiple of earnings compared to growth) below 0.7, the valuation seems reasonable to us. The Finaltis Digital Leaders portfolio reflects a central conviction: the surest way to take advantage of the transformative power of digital themes is to favor stocks from companies that have already proven their profitability.

AUGUST 2008:

Finaltis Digital Leaders was down -4.5% in May, compared to -2.9% for its benchmark index, the MSCI World NR (in USD). The top three contributors for the month were Paypal , Tencent and Meta which together returned 0.6%, while Salesforce, Palantir and Nvidia cost -1.9% in total over the period. After a remarkable increase of more than 23% by the Nasdaq between June 16, the low point of the year, and August 16, the American index of technology stocks and the main equity markets lost strength to finally experience a of the worst sessions of the year on August 26, the day of Jerome Powell's speech in Jackson Hole. As every year since 1982, the majestic mountains of Grand Teton (Wyoming) served as the backdrop for the economic policy “symposium” which brings together the presidents of the largest central banks. On this occasion, the Chairman of the Board of Governors of the Federal Reserve put an end to the summer euphoria. Paypal , the second contributor of the month, reacted positively to the announcement of a $2 billion equity investment by Elliott Management, the famous New York activist fund headed by Paul Singer. The management of the San Jose (California) payment service provider is said to be in discussions with Singer's fund to define the measures to be taken to increase the value of the action. The stock ended the month up nearly 30% from its lowest level. Thanks to the power of its brand and the trust of more than 400 million users, Paypal , a former subsidiary of online auctioneer eBay, is still the world leader in e-commerce payments and money transfers between individuals. With a PER (Price- Earnings -Ratio) of 20X its anticipated 12-month results and an expected revenue growth of +22% in 2022 and +19% in 2023 (Bloomberg consensus), the share attracted attention of Elliott Management teams, which have accumulated Paypal securities when the company's market capitalization is close to $100 billion, compared to $360 billion in July 2021. The Finaltis Digital Leaders portfolio continues to reflect a central conviction: the surest way to take advantage of the transformative power of digital themes is to favor the stocks of companies that have already demonstrated their profitability.

SEPTEMBER 2022 :

Finaltis Digital Leaders was down -8.7% in September, compared to -6.9% for its benchmark index, the MSCI World NR (in USD). The top three contributors for the month were Netflix, Palantir and Charles Schwab which together brought in 0.3%, while Meta, TSMC and Adobe cost -2.4% in total over the period. More than two years after the start of the covid pandemic, the time has come to suffer the economic and monetary consequences. The proactive decision by central banks to provide liquidity when the world had practically come to a standstill caused an inflationary demand shock; Russian aggression in Ukraine in February this year added a supply shock. The world today combines excessive demand and shortages of labor and raw materials, which mechanically leads to high inflation. In this context, nearly 90 central banks around the world – with the notable exception of the Japanese issuing institution – have started monetary tightening which will necessarily lead to a slowdown in global growth. In this context, the equity markets corrected sharply. The continuation of this correction, a stabilization or its reversal must question us. According to our analysis, and under the dual condition of a sufficiently long investment horizon (at least 3 years in the case of Finaltis Digital Leaders) and the quality of the assets chosen, without prejudging the timing of a repayment, we are convinced that creating or strengthening equity positions offers the best prospects. It should of course be kept in mind that high-growth companies, such as the leaders in digitalization at the heart of our portfolio, are particularly sensitive to the discount rate of their future cash flows, which is itself closely linked to the government bond prices. Indeed, the profitable digital companies that we select have an anticipated growth in profits often greater than 10 or 15%: the bulk of the company's valuation therefore does not come from current tangible or intangible assets (patents, customers, brands ,…) but from the growth in cash flows expected over the next few years. The more the company's economic model is under construction, the further the horizon of expected future profits and the higher the sensitivity of the current valuation to the discount rate... Our choice to favor companies with proven profitability mitigates this effect, without however eliminating it, reflecting our conviction: the surest way to take advantage of the transformative power of digital themes is to exclusively select companies that have already proven their profitability.

OCTOBER 2022 :

Finaltis Digital Leaders rose by +3.4% in October, compared to +6.2% for its benchmark index, the MSCI World NR (in USD). The top three contributors for the month were Intuitive Surgical , Netflix and SAP which together brought in +2.4%, while Alibaba, Tencent and Meta cost -2.6% in total over the period. According to the famous economist John Kenneth Galbraith, “God created economic forecasters in order to make astrologers more respectable”: a call for humility when forecasts on inflation, stock indices or bond prices flourish... Modeling inflation would require integrating the habits of billions of consumers who spend their resources on hundreds of thousands of goods and services. Even if such a model existed, it would be false by construction, because it is incapable of integrating complex externalities such as a pandemic or the first armed confrontation on European soil for 75 years. The 400 PhDs in economics at the US Federal Reserve have also completely failed to forecast inflation… Company results are on the whole solid for the sectors and stocks in our investment universe. Note Netflix, the leading contributor over the month, up 25% over the period thanks to results that exceeded expectations. The broadcaster announced the addition of 2.41 million net subscribers worldwide (1.43 million in Asia) during the quarter, double its forecast. Netflix will start cracking down on password sharing next year and will provide access to discounted packages that include advertising. Shopify , Intuitive Surgical and Mastercard also announced brilliant results. Tesla, after a rebound of almost 40% this summer, is returning to its June levels. The company announced solid results, despite a turnover below expectations, burdened by logistics problems. The stock fell 14% with an impact on Finaltis Digital Leaders of nearly -0.58 bps over the month. According to our analysis, Tesla continues to offer the best innovation/financial strength/profitability mix. The company has an impressive launch schedule with the Tesla Semi hauler, Cybertruck , and upcoming Teslabot , not to mention speculation of an entry-level "Model 2." The GAFAMs are disappointing, facing the slowdown in demand, even if the annual profits remain generous: around $27 billion expected for Meta and $18 billion for Amazon. Meta shareholders are encouraging Mark Zuckerberg to better leverage the power of his audience (3 billion unique daily users!) and to slow down his investments related to the Metaverse , which is struggling to convince customers.

NOVEMBER 2022:

Finaltis Digital Leaders is up +2.8% in November, compared to +2.7% for its benchmark index, the MSCI World NR (in USD). The top three contributors for the month are Tencent , NVIDIA and TSMC which together returned 2.8%, while Amazon, Palantir and Tesla cost -1.2% in total over the period. As investors began to despair of seeing the violent tightening of financial conditions initiated by the FED produce effects on inflation figures, the consumer price index in the United States (“CPI”), came out at 7.7% on November 10, confirming a fourth consecutive month of inflation moderation and, above all, well below consensus expectations (7.9%). This good news was confirmed a few days later by a producer price index (“PPI”) of 6.7%, whereas 7.2% was expected. As soon as the figure was announced, the equity markets soared during the session and the next day: the Nasdaq 100 rose by a total of +9.44% on November 10 & 11, the S&P500 by +6.52%, the Eurostoxx 50 by +3.77% and the CAC, ahead this year thanks in particular to the weight of Total Energies, by a more modest +2.55%. The fund particularly benefited from its exposure to semiconductors, through TSMC, ASML and NVIDIA, which combined a positive monthly contribution of more than 2.5%. Meta's monthly contribution is high; its president Mark Zuckerberg, without giving up his ambitions on the metaverse , must now take care of shareholders who have been put to the test in recent months. Meta is not the only company seeing a bright future in the metaverse : Microsoft, Intuitive Surgical or even BMW use immersive applications for their teams or their customers. To date, however, the end consumer does not seem ready to move as quickly as the Meta teams would like from browsing “on” the Internet to virtual evolution “in” the Internet. Tesla costs -0.6% to the fund's performance over the month. Elon Musk's time spent turning around Twitter Inc. is seen as damaging to Tesla, affecting its stock price over the past two months. While the stock traded nearly 200 times earnings at the end of 2020, the current price today values less than 30 times earnings. All the stocks in the Finaltis Digital Leaders portfolio continue to reflect a central conviction: taking advantage of the powerful rise of the digital theme while reducing the inherent risks requires giving preference to companies that have already demonstrated their profitability.

DECEMBER 2022 :

Finaltis Digital Leaders was down -10.7% in December, compared to -7.5% for its benchmark index, the MSCI World NR (in USD). The top three contributors for the month were Tencent , Alibaba and Meta which together returned 0.9%, while Nvidia , Salesforce and Tesla cost -2.7% in total over the period. Three years after the outbreak of Covid-19, the Nasdaq is back on an index level close to 10,000 points and on an average valuation of less than 24X earnings for the next 12 months. As often, analysts anticipated a continuation of the spectacular growth of the Covid period on the values of the index... Today, these same professionals are extending the slowdown in profit growth in this segment over many years. If the markets are good mechanisms for seeking balance in the long term, it is normal for the cognitive biases of the players to cause short-term exaggerations... The analysis of the forces at work in the segment makes it possible to find the trend of long term: the digital revolution is not only underway, but its disruptive effects are faster than ever in many economic sectors. Thus, in 2022, 3 direct applications of artificial intelligence have experienced very wide distribution: (i) the capacity for fully autonomous driving (authorized in the USA provided that the driver remains vigilant), with profound changes induced on the transport economy, (ii) applications capable of creating images (and soon videos) from textual descriptions, generating upheavals for the publishing, communication, art and even learning and education, (iii) several conversational agents based on large language models (LLM, "Large Language Model") which will profoundly change customer and technical support and content production. For many stocks, their decline is reminiscent of the crash of the 2000s. However, the Nasdaq covers very different realities. It seems particularly important to us to remember that it is necessary to distinguish the stocks of this segment offering visibility, profitability, abundant cash, resilient activity and barriers to entry from those which promise investors profits without ever having demonstrated their earning capacity. . For an investor with a medium to long-term horizon, it seems reasonable to us to invest in the former, whose fall in price is essentially linked to the rise in interest rates...and unreasonable to invest in the seconds. After the drop in 2022, the most solid and profitable companies in the sector seem to us to be attractively priced.

Luxembourg, 14 February 2023

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To the Shareholders of
FINALTIS FUNDS
12, Rue Eugène Ruppert
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the accompanying financial statements of FINALTIS FUNDS ("the Fund"), which comprise the statement of net assets and the schedule of investments as at 31 December 2022 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 FINALTIS FUNDS as at 31 December 2022, and of the results of its operations and changes in its 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 23 July 2016 on the audit profession ("Law of 23 July 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 23 July 2016 and ISAs are further described in the « Responsibilities of "Reviseur d'Entreprises agree" for the Audit of the Financial Statements » section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional 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 "Reviseur d'Entreprises agree" 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.

KPMG Audit S.à r.l., a Luxembourg entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
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R.C.S. Luxembourg B 149133

Responsibilities of 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 these 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 "Reviseur d 'Entreprises agree" 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 "Reviseur d'Entreprises agree" 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 of 23 July 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 of 23 July 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's 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 "Reviseur d'Entreprises agree" 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 "Reviseur d'Entreprises agree". 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.

Luxembourg, 13 March 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

Engin Ircag
Associate

Statement of net assets as at 31 December 2022

DIGITAL LEADERS

	NOTES	VALUE (IN EUR)
Assets		
Investments in securities	1a	13,076,865.51
Cash at banks		197,790.42
Interest receivable on cash account		304.97
Dividends receivable on shares		2,878.67
Amounts receivable on subscriptions		4,595.17
Unrealised gain on forward exchange contracts	1a, 6	5,477.40
Total Assets		**13,287,912.14**
Liabilities		
Taxes and Expenses payable	2	62,760.13
Overdraft interest		56.64
Amounts payable on redemptions		22,290.28
Total Liabilities		**85,107.05**
Net assets at the end of the year		**13,202,805.09**
Number of Shares Outstanding (at the end of the exercice)		
- D (GBP)		**196.448**
- I		**3,475.976**
- R		**3,003.571**
- RH		**2,403.701**
- USD (USD)		**435.327**
Net Asset Value per Share (at the end of the exercice)		
- D (GBP)		**1,637.06**
- I		**1,674.36**
- R		**1,458.67**
- RH		**934.43**
- USD (USD)		**963.50**

The accompanying notes form an integral part of these Financial Statements.

FINALTIS FUNDS

Statement of Operations and Changes in Net Assets

from 1 January 2022 to the 31 December 2022

DIGITAL LEADERS

	NOTES	VALUE (IN EUR)
Income		
Dividends, net of taxes	1f	58,376.20
Interest on cash accounts		1,698.11
Tax claim		648.76
Total Income		**60,723.07**
Expenses		
Management Fee	5	274,919.44
Distribution fees		2,925.00
Depositary fees		11,671.15
Subscription tax	4	7,608.75
Administration fees		59,106.04
Miscellaneous fees		86,461.28
Transaction fees		4,518.67
Overdraft interest		1,025.03
Taxes paid to foreign authorities		7,106.48
Total Expenses		**455,341.84**
Net Profit / (Loss)		**-394,618.77**
Net Realised Profit / (Loss)		
- on investments	1b	964,738.50
- on currencies		24,237.27
- on forward exchange contracts		-172,701.43
Total Net Realised Profit / (Loss)		**421,655.57**
Change in Net Unrealised Appreciation or Depreciation		
- on investments	1e	-8,586,179.28
- on forward exchange contracts		-3,372.74
Result of operations		**-8,167,896.45**
- Subscriptions		2,244,641.31
- Redemptions		-3,645,823.55
Net changes in Net Assets		**-9,569,078.69**
Net assets at the beginning of the year		**22,771,883.78**
Net assets at the end of the year		**13,202,805.09**

The accompanying notes form an integral part of these Financial Statements.

FINALTIS FUNDS

Securities portfolio statement as at 31 December 2022

DIGITAL LEADERS

Investment	Quantity	CCY	Cost (in EUR)	Evaluation value (in EUR)	% Total Net Assets
Transferable securities admitted to an official stock exchange or dealt in on another regulated market					
Shares & Related Securities					
ADYEN	170	EUR	308,001.25	219,028.00	1.66%
ASML HOLDING NV	970	EUR	584,652.40	488,686.00	3.70%
DASSAULT SYSTEMES SE	15,220	EUR	492,232.50	509,793.90	3.86%
SAP SE	4,720	EUR	512,398.01	454,960.80	3.45%
Total EURO			**1,897,284.16**	**1,672,468.70**	**12.67%**
ALIBABA GROUP HLDG LTD	37,100	HKD	913,133.10	384,145.57	2.91%
TENCENT HLDG LTD	13,500	HKD	430,091.11	541,306.27	4.10%
Total HONG KONG DOLLAR			**1,343,224.21**	**925,451.84**	**7.01%**
TAIWAN SEMICONDUCTOR MANUFACTURING	40,218	TWD	411,777.14	549,891.03	4.16%
Total TAIWAN DOLLAR			**411,777.14**	**549,891.03**	**4.16%**
ACCENTURE PLC -A-	1,975	USD	312,381.51	493,800.89	3.74%
ADOBE INC.	1,600	USD	788,887.33	504,519.09	3.82%
AIRBNB INC.	4,600	USD	491,457.08	368,517.22	2.79%
ALPHABET INC. -A-	6,030	USD	320,633.47	498,502.60	3.78%
AMAZON.COM INC.	6,020	USD	513,717.65	473,815.88	3.59%
APPLE INC.	4,000	USD	399,734.71	486,971.19	3.69%
BOOKING HLDG INC.	275	USD	560,968.91	519,280.39	3.93%
CHARLES SCHWAB CORP.	6,790	USD	421,575.20	529,712.25	4.01%
ILLUMINA INC.	1,430	USD	389,670.74	270,926.21	2.05%
INTUIT INC.	1,270	USD	578,300.45	463,161.77	3.51%
INTUITIVE SURGICAL INC.	2,130	USD	394,679.57	529,581.17	4.01%
MASTERCARD INC. -A-	1,613	USD	499,838.93	525,545.55	3.98%
META PLATFORMS INC.	3,915	USD	689,311.60	441,443.99	3.34%
MICROSOFT CORP.	2,415	USD	283,093.95	542,670.70	4.11%
NETFLIX INC.	1,890	USD	805,130.59	522,204.92	3.96%
NVIDIA CORP.	3,450	USD	316,455.77	472,413.21	3.58%
PALANTIR TECHNOLOGIES INC. -A-	39,430	USD	592,263.46	237,189.60	1.80%
PAYPAL HLDG INC.	6,240	USD	637,769.16	416,409.28	3.15%
SALESFORCE INC.	4,265	USD	667,525.81	529,863.06	4.01%
SHOPIFY INC. -A-	7,350	USD	741,298.66	239,042.87	1.81%
TELADOC INC.	4,620	USD	576,645.71	102,378.07	0.78%
TESLA INC.	3,089	USD	583,795.17	356,526.61	2.70%
VISA INC. -A-	830	USD	167,925.72	161,574.89	1.22%
WORKDAY INC. -A-	1,550	USD	204,164.90	243,002.53	1.84%
Total U.S. DOLLAR			**11,937,226.05**	**9,929,053.94**	**75.20%**
Total Shares & Related Securities			**15,589,511.56**	**13,076,865.51**	**99.05%**
Total Transferable securities admitted to an official stock exchange or dealt in on another regulated market			**15,589,511.56**	**13,076,865.51**	**99.05%**
Total Portfolio			**15,589,511.56**	**13,076,865.51**	**99.05%**

The accompanying notes form an integral part of these Financial Statements.

FINALTIS FUNDS

Geographical allocation of the securities portfolio as at 31 December 2022

DIGITAL LEADERS	% TOTAL NET ASSETS
UNITED STATES OF AMERICA	69.66 %
CAYMAN ISLANDS	7.01 %
NETHERLANDS	5.36 %
TAIWAN	4.16 %
FRANCE	3.86 %
IRELAND	3.74 %
GERMANY	3.45 %
CANADA	1.81 %
Total Portfolio	**99.05 %**

These allocations of assets were established on basis of data (gross) used by the administrative agent and do not reflect inevitably the geographic analysis which directed the assets selection.

Economic Allocation of the securities portfolio as at 31 December 2022

DIGITAL LEADERS	% TOTAL NET ASSETS
IT & INTERNET	39.43 %
ELECTRIC & ELECTRONIC COMPONENTS	11.44 %
FINANCIAL SERVICES - HOLDINGS	11.10 %
PHOTOGRAPHY & OPTICAL	6.50 %
PHARMACOLOGY & PERSONAL CARE	6.06 %
OTHER SERVICES	4.01 %
BANKS	3.98 %
PUBLISHING & BROADCASTING	3.78 %
MISCELLANEOUS CONSUMER GOODS	3.74 %
TELECOMMUNICATIONS	3.69 %
ROAD VEHICLES	2.70 %
MISCELLANEOUS	1.84 %
HEALTH CARE & SERVICES	0.78 %
Total Portfolio	**99.05 %**

These allocations of assets were established on basis of data (gross) used by the administrative agent and do not reflect inevitably the economic analysis which directed the assets selection.

FINALTIS FUNDS

Allocation by Currency of the securities portfolio as at 31 December 2022

DIGITAL LEADERS	% TOTAL NET ASSETS
U.S. DOLLAR	75.21 %
EURO	12.67 %
HONG KONG DOLLAR	7.01 %
TAIWAN DOLLAR	4.16 %
Total Portfolio	**99.05 %**

These allocations of assets were established on basis of data (gross) used by the administrative agent and do not reflect inevitably the analysis by currencies which directed the assets selection.

FINALTIS FUNDS

Changes occuring in the number of shares

DIGITAL LEADERS

Shares outstanding at the beginning of the exercise	- D (GBP)	208.273
	- I	4,151.432
	- R	3,311.588
	- RH	1,831.582
	- USD (USD)	508.327
Shares issued during the exercise	- D (GBP)	0.000
	- I	269.840
	- R	323.862
	- RH	962.000
	- USD (USD)	14.000
Shares redeemed during the exercise	- D (GBP)	11.825
	- I	945.296
	- R	631.879
	- RH	389.881
	- USD (USD)	87.000
Shares outstanding at the end of the exercise	- D (GBP)	196.448
	- I	3,475.976
	- R	3,003.571
	- RH	2,403.701
	- USD (USD)	435.327

FINALTIS FUNDS

Changes in capital, total net assets and share value

SUB-FUND	VALUATION DATE	TOTAL NET ASSETS	SHARE CLASS	SHARES OUTSTANDING	SHARE VALUE	CCY
DIGITAL LEADERS (EUR)	31.12.2020	20,766,495.48	- D (GBP)	303.656	2,153.69	GBP
			- I	4,465.224	2,192.17	EUR
			- R	3,789.928	1,948.50	EUR
			- RH	1,435.892	1,450.08	EUR
			- USD (USD)	660.327	1,446.25	USD
	31.12.2021	22,771,883.78	- D (GBP)	208.273	2,419.91	GBP
			- I	4,151.432	2,620.71	EUR
			- R	3,311.588	2,306.07	EUR
			- RH	1,831.582	1,603.46	EUR
			- USD (USD)	508.327	1,606.92	USD
	31.12.2022	13,202,805.09	- D (GBP)	196.448	1,637.06	GBP
			- I	3,475.976	1,674.36	EUR
			- R	3,003.571	1,458.67	EUR
			- RH	2,403.701	934.43	EUR
			- USD (USD)	435.327	963.50	USD

NOTE 1 - ACCOUNTING PRINCIPLES AND METHODS

The financial statements of the SICAV are prepared on a going concern basis in accordance with the legal and relevant regulations in force in Luxembourg relating to Undertakings for Collective Investment, on the basis of unofficial net asset values calculated as of 31 December 2022 for the sole purpose of these financial statements.

a) Securities portfolio valuation and derivatives

The value of any security traded or admitted to official quotation is based on the last available price in Luxembourg on 31 December 2022, or, if there are several markets, on the last available price of the main relevant market.Forward Exchange Contracts are valued at the "forward rate" prevailing on 31 December 2022.

b) Net realised gain or loss on investments

The net realised profit or loss on sale of investments is determined on the basis of the average cost of investments sold.
The net realised profit or loss on variation of exchange rates is recorded in the account "Net Realised Profit/ (loss) on currencies" on the sale date.

c) Conversion of foreign currencies

Other assets not denominated in the currencies of the Sub-Fund are converted in the Sub-Funds currency at the exchange rate in force in Luxemburg at the closing date.

d) Acquisition cost of the securities in the portfolio

Investments expressed in currencies other than Euro are converted into Euro at the exchange rate prevailing on the purchase date.

e) Change in the net unrealised gain and loss

The variation of the net unrealised appreciation or depreciation on investments at the end of the period is accounted in "Statement of Operations and Changes in Net Assets" of the financial statements.

f) Income, expenditure and related provisions

Interest income is accrued on a day-to-day basis and dividends are accrued on an ex-dividend basis.
Interest and dividend income are accounted net of irrecoverable withholding taxes.

g) Combined financial statements

The accounts of the SICAV are expressed in EURO. As the SICAV has only one Sub-Fund as of 31 December 2022 and that this Sub-Fund is in EUR, all accounts of the SICAV are identical to these of the Sub-Fund.

h) Change in the securities portfolio

The details of purchases and sales of investments may be obtained freely at the registered office of the SICAV.

NOTE 2 - TAXES AND EXPENSES PAYABLE

Management fee	19,746.37	EUR
Depositary fees	2,523.13	EUR
Subscription tax	1,650.49	EUR
Miscellaneous fees	38,840.14	EUR
Total	62,760.13	EUR

NOTE 3 - SUBSCRIPTION FEE

In each class of shares of FINALTIS FUNDS – DIGITAL LEADERS, the subscription price is made up of:
(i) The net asset value of a share, plus
(ii) an admission fee which may not exceed:
- 3% of the NAV of “R” et “RH” shares of the Sub-Fund;
- 5% of the NAV of “D” shares of the Sub-Fund,

that can be refund totally or partly to the agreed intermediaries.

There is no subscription cost for classes «I» and «USD» of the Sub-Fund.

NOTE 4 - SUBSCRIPTION TAX

The SICAV is subject to Luxembourg tax laws. Under current laws and regulations, the SICAV is subject in Luxembourg to the subscription tax at an annual rate of 0,05%, such tax being payable quarterly and calculated on the basis of the net assets at the end of the relevant quarter.
However, this rate is reduced to 0,01% for the « Institutional » classes, intended for institutional investors .

NOTE 5 - MANAGEMENT FEE AND PERFORMANCE FEE

A management fee, payable monthly, is calculated on the average net asset value of the Sub-Fund, according to the class of shares:
- 1.20% on « I » class
- 2.20% on « R » class
- 2.20% on « RH » class
- 1.20% on « USD » class
- 1.00% on « D » class

The Manager will receive directly, from the Management Company, at the cost of the SICAV, a performance fee payable annually of 15% (plus VAT, where applicable) of the outperformance of each class of the FINALTIS FUNDS – DIGITAL LEADERS (apart from the “D” class) compared with the performance of the Sub-Fund’s benchmark index MSCI World DNR (Bloomberg ticker: NDDUW1)

The index will be expressed in USD for the “USD” and “RH” classes and will be converted into Euro for the “I” and “R” classes.

Outperformance occurs if the net asset value ("NAV”) of any relevant share class, compared with the performance of the index, is positive and exceeds the annual performance of the index.

The Sub-Fund will pay 15% of the outperformance between the positive performance of the relevant share class and the annual positive performance of the index during the financial year under review.

Therefore, if the performance of the share class and the performance of the Index are positive, the sub-fund will pay 15% of the outperformance of the share class against the Index. If the performance of the share class is positive but that of the Index is negative, the sub-fund will pay 15% of the performance of the share class (for example, if the performance of the NAV is positive (1%) and that of the Index is negative (-1%), the performance of the Index should be considered 0%. It is calculated based on a differential of 1% and not 2%.) Lastly, if the performance of the share class is negative or if it is lower than that of the Index, there will be no performance fee.

For each share class, NAV per share performance is calculated by reference to a “High Water Mark” NAV. For the year in which this calculation of the performance fee is introduced, and for each of the relevant share class, the first High Water Mark will be the NAV of 31 December 2013 (the “First High Water Mark”) and the used index for comparison purposes is also as of 31 December 2013.

For the following financial years, the High Water Mark will be equal to the maximum between :
(i) the highest previous NAV per share on which a performance fee had been charged on, and
(ii) the First High Water Mark.

An annual performance fee will only be payable if the last NAV per share calculated during the financial year under review exceeds the High Water Mark in effect on that date.

The performance fee amount will be accrued on each Valuation Date and will be based on the number of shares outstanding for each of the relevant classes of the Sub-Fund at the time of the NAV per share calculation for the Valuation Date concerned.

In the event that shares are redeemed before the end of a calculation period (i.e. of the year under review), any provisioned performance commission at the level of the shares that would be repurchased will be paid to the Manager at the end of the fiscal year under review during which the repurchase(s) has/have been effected. No performance fees were charged for this period.

NOTE 6 - FORWARD FOREIGN EXCHANGE CONTRACTS

As at 31 December 2022, the forward foreign exchange contract, dealt with Banque Degroof Petercam Luxembourg S.A., is as follows :

DIGITAL LEADERS :

MATURITY	CURRENCY PURCHASE	NOMINAL PURCHASED	CURRENCY SOLD	NOMINAL SOLD	+/- UNREALISED VALUE (IN EUR)	COMMITMENTS (IN EUR)
31/01/2023	EUR	1,828,496.41	USD	1,950,000.00	5,477.40	1,827,125.82
				Total	**5,477.40**	**1,827,125.82**

Under these OTC derivative contracts, there is no collateral held with the counterparty Banque Degroof Petercam Luxembourg S.A..

NOTE 7 - EXCHANGE RATE

1	EUR	=	0.88725	GBP
1	EUR	=	1.06725	USD

NOTE 8 - EVENTS DURING THE YEAR

The COVID-19 (coronavirus) pandemic is still going strong and has been disrupting people's daily lives for almost two years now. This is obviously having an impact on the global economy, although finance in its specific sector is not the most disadvantaged sector. Authorities around the world have taken and continue to take strong and necessary measures to contain the spread of the virus, and to support individuals and businesses in these difficult times.

Impact of the Russian invasion in Ukraine.

The war led by Vladimir Putin is likely to continue for some time with heavy economic and geopolitical consequences.

The war in Ukraine has led to a surge in energy prices, highlighting the fragility of the European economy in the face of excessive dependence on its gas and oil needs. The rise in commodity prices is one of the primary channels for transmitting risk in the global economy, particularly through inflation. Although it has peaked in both Europe and the United States, inflation could remain permanently higher than in the last two decades. As a result, central banks around the world must remain vigilant in trying to combine rate hikes to slow inflation, without putting the economy into recession. The balance will remain difficult.
Russia is isolated from Western economies. However, it is finding trade partners to continue to trade with, such as China and India.

The sanctions against Russia will continue. Access to Russian financial markets will remain prohibited for some time. Even if changes were to occur in the short term, it is virtually impossible for Russia to regain its position in the equity or bond indices. The ruble is no longer tradable in the foreign exchange markets.

This war will leave traces for a long time, but it is impossible to predict a short or medium term scenario. The informed investor will take into account all these uncertainties when considering his investments.

The Board of Directors has concluded monitoring the effects of the situation on the Fund and has determined that the situation does not have an impact on the financial statements as at December 31, 2022 and on the Fund's ability to continue as a going concern.

NOTE 9 - EVENTS OCCURRING AFTER THE YEAR

There are no significant post-balance sheet events to report that could have a material impact on the financial statements at 31 December 2022.

OVERALL RISK ASSESSMENT

Each Sub-Fund shall ensure that the global exposure relating to financial derivative instruments does not exceed the total net value of their portfolio.

Global exposure is a measure designed to limit the leverage generated by each Sub-Fund through the use of financial derivative instruments. In order to calculate global exposure, each Sub-Fund will use the commitment approach, thereby aggregating the market value of the equivalent position of underlying assets.

When using the commitment approach the maximum leverage generated by the use of financial derivative instruments will be of 100%.

REMUNERATION POLICY OF DEGROOF PETERCAM ASSET SERVICES S.A.

1) General

Degroof Petercam Asset Services S.A. (“DPAS”) has implemented a Remuneration Policy that is designed as not to encourage taking excessive risks. In that context, it integrates in its performance management system, risk criteria specific to the activities of the business units concerned. DPAS has implemented a series of safeguards that refrain staff from taking undue risk compared to the activity profile.

The governance structure of the Remuneration Policy (“the Policy”) aims at preventing internal conflicts of interest. The Policy is formulated by the Remuneration Policy and approved by the Management Board. The Policy follows a defined process establishing the principles, the approval, the communication, the implementation, the review and the update of the Policy involving the Management Board, Human Resources, Internal Audit and other control functions.

Performance is assessed at Group and DPAS level. Individual staff assessments are based on a weighting of financial and non-financial targets linked to the specific job scope and role. As such, the principle of individual performance assessment is based on an assessment of objectives reached as well as an appreciation of the employee’s long-term value creation. Furthermore, the performance reflects an assessment of business and interpersonal skills and is linked to the achievement of the individual. The criteria applied to establish fixed remuneration are job complexity, level of responsibility, performance and local market conditions.

2) Methodology

DPAS is dual-licenced as a chapter 15 Management Company under law of 17 December 2010 relating to Undertakings for Collective Investment in Transferable Securities, and as an AIFM under law of 12 July 2013 on Alternative Investment Fund Manager.

In line with those regulations, the responsibilities of DPAS in its two roles are very similar. DPAS considers a fair assumption to state that its staff is remunerated similarly for tasks related to Undertakings for Collective Investment in Transferable Securities (“UCITS”) and Alternative Investment Funds (“AIF”). The Remuneration Policy is available at https://www.dpas.lu (Tab Investor Information - ‘Remuneration Policy’).

As a consequence, the remuneration as stated above is the ratio between the Assets under Management (“AuM”) of all UCITS under the responsibility of DPAS and the total AuM plus the Assets Under Administration ("AUA"). Based on the AuM and AUA as of 31 December 2022, this ratio equals 57.78%.

As of 31 December 2022, DPAS is Management Company for a total AuM of 28.438 billions EUR for the UCITS.

Would it be necessary to assess the proportion of the remuneration of the staff of the Management Company attributable to all the UCITS it manages, the above ratio is applied to the yearly remuneration of the concerned staff.

Would it be necessary to assess the proportion of the remuneration of the staff of the Management Company attributable to this UCITS, the ratio between the AuM of this UCITS and the total AuM for all UCITS is applied to the yearly remuneration of the concerned staff.

3) Allocated remuneration by category of staff

The table below represents the allocation of total remuneration of the employees of the Management Company based on the AuM of all UCITS, by category of staff:

Type of staff	Number of beneficiaries (*)	Total remuneration (in EUR)	Fixed remuneration paid (in EUR)	Variable remuneration paid (in EUR)
Senior Management (**)	4	725.013	529.072	195.941
Identified staff (***)	2	193.105	164.214	28.891
Other staff	117	5.297.259	4.862.505	434.755
	123	**6.215.378**	**5.555.791**	**659.587**

(*) No proportionality applied
(**) Management Board
(***) Identified staff not already reported in Senior Management

All figures refer to the 2022 calendar year.

4) Carried Interest paid by the UCITS

No employee of the Management Company receives Carried Interest paid by any UCITS.

5) Remuneration Policy review

- Results of Reviews on the Management Company's Annual Review of General Compensation Policy Principles and Implementation:

The DPAS Compensation Policy was reviewed and updated in 2022. The DPAS Compensation Policy was validated by the Board of Directors on 29 June 2022. No irregularities have been identified.

- Significant change to the adopted compensation policy:

The annual review of the Remuneration Policy did not result in any significant changes to the Remuneration Policy.

Transparency of securities financing transactions and reuse:

In accordance with Article 13 and Section A of the Annex to Regulation EU 2015/2365 (hereinafter the "Regulation"), the SICAV must inform investors of its use of securities financing transactions and total return swaps in the annual and semi-annual reports.

The portfolio does not contain any assets on loan as of the date of this report.

Mandatory statement pursuant to Article 7 of Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to promote sustainable investment and amending Regulation (EU) 2019/2088

In particular, in accordance with paragraph 6 of the Finaltis Funds SICAV prospectus, the management company may not have taken into account the negative impact of investment decisions on sustainability factors as defined in Regulation (EU) 2019/2088 of November 27, 2019 on sustainability reporting in the financial services sector. Indeed, the Digital Leaders sub-fund does not promote environmental, social or governance factors. Furthermore, it does not set itself a sustainable investment objective. The sub-fund is therefore categorized as "article 6" of the European Sustainable Finance Disclosure Regulation (SFDR). The investments underlying this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities.