

# FINALTIS FUNDS

SICAV à compartiments multiples  
de droit luxembourgeois

Audited Annual Report  
As at December 31<sup>st</sup>, 2017

Luxembourg Trade and Companies Register (R.C.S.) No. 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.

# FINALTIS FUNDS

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# FINALTIS FUNDS

## Organization

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### **Registered Office :**

12, rue Eugène Ruppert, L-2453 Luxembourg

### **Date of Constitution :**

July 9<sup>th</sup>, 1999

### **Board of Directors :**

#### **Chairman :**

- Mr Christophe Olivier, Executive Director, FINALTIS

#### **Directors :**

- Mr Benoît Flamant, Deputy General Director, FINALTIS
- Mr Thierry Rigoulet, Member of the Directory, FINALTIS
- Mrs Anne-Marie Goffinet, Deputy Director, Banque Degroof Petercam Luxembourg S.A.
- Mr John Pauly, Director, Banque Degroof Petercam Luxembourg S.A.

### **Management Company :**

Degroof Petercam Asset Services S.A.  
12, rue Eugène Ruppert, L-2453 Luxembourg

### **Manager :**

FINALTIS S.A.S. (« FINALTIS »)  
63, avenue des Champs-Élysées, F-75008 Paris

### **Custodian, Domiciliary Agent, Administrative Agent, Paying and Transfer Agent :**

Banque Degroof Petercam Luxembourg S.A.  
12, rue Eugène Ruppert, L-2453 Luxembourg

### **Cabinet de Révision Agréé :**

KPMG Luxembourg, Société coopérative  
39, avenue John F. Kennedy, L-1855 Luxembourg

### **Representative Agent and Paying Agent in Switzerland :**

Landolt & Cie S.A.  
6, chemin de Roseneck, Lausanne

### **Global Distributor :**

FINALTIS S.A.S. (« FINALTIS »)  
63, avenue des Champs-Élysées, F-75008 Paris

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.

NOTE FOR THE DISTRIBUTION IN SWITZERLAND : the prospectus, the key investor information document, the articles of association, the half- and yearly reports may be obtained free of charge at the registered office of the Representative Agent.

# FINALTIS FUNDS

## General Information of the Fund

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FINALTIS FUNDS 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 August 10<sup>th</sup>, 1915 concerning commercial companies and the law of December 17<sup>th</sup>, 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 December 31<sup>st</sup>, 2017, 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, reference currency, the management fees and the hedging policy :

- The « I » class, denominated in EUR, intended for institutional 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

## Board of Directors' Report

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### **The investment themes of FINALTIS FUNDS - DIGITAL LEADERS**

By way of reminder, FINALTIS FUNDS - DIGITAL LEADERS is a global equities sub-fund for investing in the digitisation of the economy. A 'digital leader' is a company whose main growth factor is digital technology, thus de-correlating it from the macroeconomic cycle. Our industrial approach, based on our past experience with digital companies, has led us to construct a digital investment universe of some 200 companies meeting our investment criteria.

In 2017 we continued to develop our main investment themes: cloud computing, the digitisation of payments, e-commerce, digital entertainment, security, digital advertising, advisory services on digitisation, etc. These themes are structural factors of change, which will continue for several years. For example, cloud computing accounted for just 18% of IT workloads in 2017, offering significant growth prospects. The same is true of e-commerce, which grew by 25% in 2017 but still accounts for only 10% of worldwide retail sales<sup>1</sup>. FINALTIS FUNDS - DIGITAL LEADERS intends to continue to capitalise on these growth-driving themes of structural change.

### **Performance 2017**

2017 was really a good year for global equity markets. Concerns and bad news (nuclear tests in North Korea, devastating hurricanes in America, political uncertainty in German and Spain, terrorist attacks, etc.) had only a small impact on markets which were optimistic and momentum-driven.

One of the highlights of the year was the vote to carry out major tax reforms in the US, the first such reform since the 1980s when Ronald Reagan was president. The corporate income tax rate will go from 35% to 21%. Cash held outside the US can be repatriated once only at the tax rate of 15% instead of the current 30%. We have drawn up an initial balance sheet of the consequences for our portfolio companies, a balance which comes out positive overall. While it is difficult to estimate this impact with precision, the result for the sub-fund will be positive for 26% of the US companies in the sub-fund (including GrubHub) which should benefit from a more favourable tax rate, while for 16% of them the effect of the reform will be neutral or negative (one of them being PayPal). Accenture was one of the first companies to make an announcement on this subject, saying that its tax rate would remain stable or increase negligibly. Gauging the overall impact of this change is made all the more difficult by the fact that some companies that do not derive any advantage from the new tax rate will be able to benefit from the reduced tax on cash brought home from abroad (Alphabet being an example). This estimate will be refined by the US companies with the publication of Q4 2017 earnings results.

This past year was also an excellent vintage for the FINALTIS FUNDS - DIGITAL LEADERS Sub-Fund, which generated good performances, both in absolute terms (+14,78% for class I EUR) and in relative terms (+7% relative to its benchmark, the MSCI World NR (+8% in euros)).

The impact of the euro/dollar exchange rate was significant since the unit denominated in USD (USD class) was up by 30,79% relative to the +22% of the MSCI World NR index. The hedged class (in euros, class RH) was up by 24,79%, which gives a fair idea of the sub-fund's performance at constant exchange rates. This outperformance was thanks to the solidity and structural nature of the digital transformation defining the sub-fund's investment universe. The theme-based industrial approach and the construction of the portfolio are two other factors that contributed to this good performance.

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<sup>1</sup> Source: eMarketer, January 2018.

# FINALTIS FUNDS

## Board of Directors' Report

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Among the less good contributors to the performance were Publicis, Criteo and Pandora Media. Publicis is in the throes of a complete transformation aimed at becoming a veritable digitisation accelerator for its clients. This change involves profound reorganisation of its activities and functioning. The plan was embarked upon two years ago now and should start to bear fruit from this year. Criteo for its part has been the victim of the blocking of collection of users' tracking data in certain Apple products. The stock market reaction seems to us overdone. Pandora Media was removed from the sub-fund following problems of execution and fierce competition in the subscription-based music streaming segment.

As for the top contributors, Tencent, MercadoLibre and PayPal are among the star performers. Tencent, one of the leaders of the Internet in China, continues to diversify its activities beyond video games (which are still growing), notably thanks to advertising. MercadoLibre, the equivalent of Amazon on the South American continent, pursues the digitisation of e-commerce and payments in countries where shopping and payments are still mostly physical. Lastly PayPal, abandoning a head-on battle with Visa and MasterCard to become their allies, saw growth in new users accelerate.

### **The impact of the “seven sisters” on the market**

The “seven sisters”, Alibaba, **Alphabet**, **Amazon.com**, Apple, **Facebook**, **Microsoft** and **Tencent**, ended the year with very good performances. They contributed significantly to the rise in the indices. The sub-fund has holdings in five of them (those underlined in bold). The weight of these seven companies in the sub-fund at the end of the year was 12,98% (as against 12,74% in 2016). It seems to us important to keep in mind the momentum aspect, the weight of these securities in the indices as well as their correlation, even though these securities are not all in the same markets. If the fundamentals are solid, our portfolio construction and our risk management policy allow us to benefit from the positive trajectory of these securities while at the same time regularly taking profits so as not to be carried away by excessive enthusiasm.

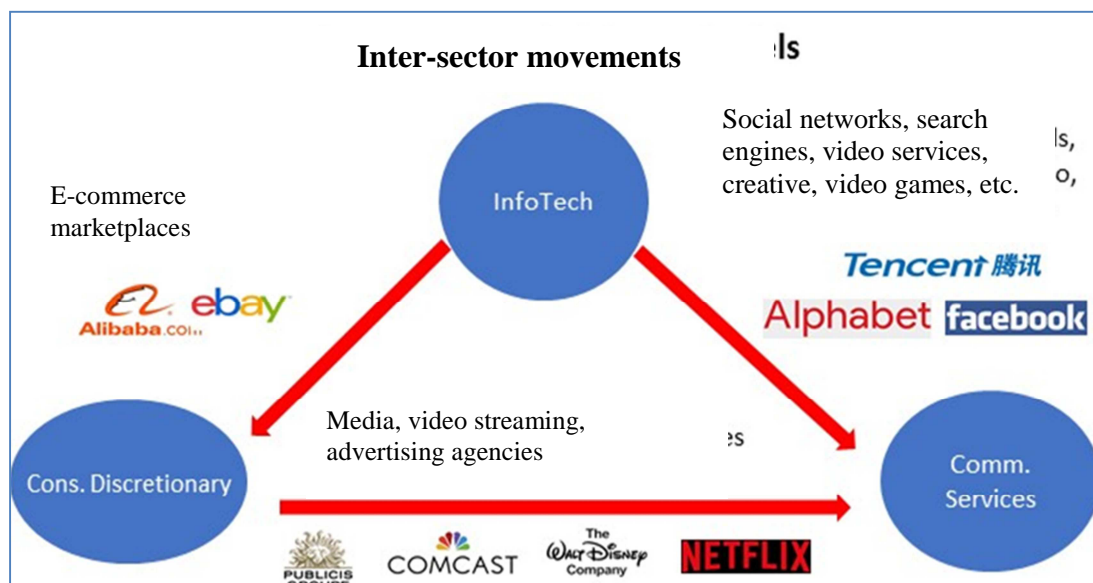
### **The GICS sector classification start to take account of digital themes**

In November a very important announcement passed largely unnoticed: the two producers of stock exchange indices, S&P Dow Jones Indices and MSCI, co-sponsors of the GICS (Global Industry Classification Standard), are going to overhaul the classification by sector of digital companies.

So this new industrial reality on which FINALTIS FUNDS - DIGITAL LEADERS is based and in which it invests, is going to be taken into account in the stock market indices. This major change will throw light on the true nature of digital companies and contribute to bringing an end to the confusion between technological companies and digital companies. What a difference indeed between the digital giants such as Alphabet, Amazon, Netflix, PayPal, Tencent, Visa and Alibaba and the suppliers of technology such as HP, IBM, Microsoft and Oracle! The new GICS classification is a major step in the right direction, which does not however go so far as to recognise the in-depth nature of digital companies, particularly the “digital conquerors” whose plasticity and mobility are ill-suited to the constraints of strictly sector-based analysis.

# FINALTIS FUNDS

## Board of Directors' Report



This change re-centres the Technology and Information sector on providers of technology. This new classification will be used by the stock exchange indices such as the S&P, the MSCI World and the MSCI Information Technology indices. In January 2018 the changes of category were announced for companies with the largest market capitalisations and therefore the biggest impact on sector indices (i.e. Facebook, Alphabet, Tencent, Alibaba, Twitter and Netflix). The change will be effective from October 1<sup>st</sup>, 2018.

The FINALTIS FUNDS - DIGITAL LEADERS creed is to invest in companies whose main growth driver is the digital transformation and which thus benefit from growth that is de-correlated from world growth. As reminder, since the end of 2008 when the current management team was formed, FINALTIS FUNDS - DIGITAL LEADERS has grown by 315% (for class I) compared with 220% for global equities (MSCI World DNR) and 155% for the STOXX Europe 660.

- Companies underlined in bold were held in the sub-fund as at December 29<sup>th</sup>, 2017.
- Performances are in local currency and, unless indicated otherwise, to December 29<sup>th</sup>, 2017.

To the Shareholders of  
FINALTIS FUNDS  
12, rue Eugène Ruppert  
L-2453 Luxembourg

## **REPORT OF THE REVISEUR D'ENTREPRISES AGREE**

### *Report on the audit of the financial statements*

#### *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 December 31<sup>st</sup>, 2017 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 December 31<sup>st</sup>, 2017, and of the results of its operation and changes in its net asset 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 those Law and standards are further described in the « Responsibilities of “Réviseur d’Entreprises agréé” for the Audit of the Financial Statements » section of our report. We are also independent of the Fund in accordance with the International 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 included in the annual report but does not include the financial statements and our report of Réviseur d’Entreprises agréé thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.



## REPORT OF THE REVISEUR D'ENTREPRISES AGREE (Continued)

### *Responsibilities of Board of Directors of the Fund for the financial statements*

The Board of Directors of the 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 Réviseur d'Entreprises agréé for the audit of the financial statements*

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law 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 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 "Réviseur d'Entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.



## **REPORT OF THE REVISEUR D'ENTREPRISES AGREE (Continued)**

- 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, February 27<sup>th</sup>, 2018

KPMG Luxembourg,  
Société coopérative  
Cabinet de révision agréé

Patrice Perichon  
Associé

# FINALTIS FUNDS

## Statement of Net Assets as at December 31<sup>st</sup>, 2017

	Notes	FINALTIS FUNDS - DIGITAL LEADERS (in EUR)
<b>Assets</b>		
Investments in securities	1a	24.598.949,36
Cash at banks		1.634.286,58
Interest receivable on cash account		714,20
Dividends receivable on shares		133,08
Amounts receivable on subscriptions		4.655,08
Unrealised gain on forward exchange contracts	6	8.460,03
Guaranty deposit		12.595,76
<b>Total Assets</b>		<b>26.259.794,09</b>
<b>Liabilities</b>		
Taxes and expenses payable	2	230.479,40
Overdraft at banks		25.052,73
Overdraft interest payable		47,91
Amounts payable on redemptions		368.075,09
<b>Total Liabilities</b>		<b>623.655,13</b>
<b>Net assets at the end of the year</b>		<b>25.636.138,96</b>
Number of Shares Outstanding (at the end of the year)		
- I (EUR)		10.756,877
- R (EUR)		4.525,320
- RH (EUR)		1.762,592
- USD (USD)		6.196,873
- D (GBP)		442,416
Net Asset Value per Share (at the end of the year)		
- I (EUR)		1.289,83
- R (EUR)		1.163,58
- RH (EUR)		917,11
- USD (USD)		832,60
- D (GBP)		1.169,30

# FINALTIS FUNDS

## Statement of Operations and Changes in Net Assets from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2017

	Notes	FINALTIS FUNDS - DIGITAL LEADERS (in EUR)
<b>Income</b>		
Dividends	1f	137.506,37
Interest on Cash Accounts		5.066,37
<b>Total Income</b>		<b>142.572,74</b>
<b>Expenses</b>		
Performance Fees	5	144.409,51
Management Fees	5	382.538,11
Custodian Fees		16.978,97
Subscription Tax	4	7.819,54
Administration Fees		58.944,46
Miscellaneous Fees		51.397,57
Transactions Fees		10.589,56
Overdraft Interest		1.637,51
Taxes Paid to Foreign Authorities		12.024,76
<b>Total Expenses</b>		<b>686.339,99</b>
<b>Net profit / (loss)</b>		<b>-543.767,25</b>
<b>Net Realised Profit / (Loss)</b>		
- on investments	1b	2.712.182,42
- on currencies		-111.769,80
- on forward exchange contracts		259.953,09
- on futures		3.668,01
<b>Net realised profit / (loss)</b>		<b>2.320.266,47</b>
<b>Change in Net Unrealised Appreciation / (Depreciation)</b>	1e	
- on investments		1.488.314,79
- on forward exchange contracts		-12.776,76
- on futures		1.898,86
<b>Result of Operations</b>		<b>3.797.703,36</b>
Subscriptions		7.752.942,48
Redemptions		-11.756.833,70
<b>Net Changes in Net Assets for the Year</b>		<b>-206.187,86</b>
<b>Net Assets at the Beginning of the Year</b>		<b>25.842.326,82</b>
<b>Net Assets at the End of the Year</b>		<b>25.636.138,96</b>

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

# FINALTIS FUNDS

## Schedule of Investments as at December 31<sup>st</sup>, 2017

FINALTIS FUNDS - DIGITAL LEADERS					
DESCRIPTION	QUANTITY/ NOMINAL	CCY	ACQUISITION COST (IN EUR)	MARKET VALUE (IN EUR)	% NET ASSETS
<b>Transferable Securities admitted to an Official Stock Exchange or dealt in on Another Regulated Market</b>					
<b>Shares &amp; Related Securities</b>					
AVIGILON CORP.	41.170	CAD	584.561,01	577.118,84	2,25%
<b>Total CANADIAN DOLLAR</b>			<b>584.561,01</b>	<b>577.118,84</b>	<b>2,25%</b>
BALYO S.A.	22.457	EUR	108.641,73	144.847,65	0,57%
CAPGEMINI SE	7.625	EUR	603.312,01	754.036,25	2,94%
DIALOG SEMICONDUCTOR PLC	7.105	EUR	173.741,60	184.374,75	0,72%
ILIAD S.A.	2.470	EUR	501.284,06	493.382,50	1,92%
INGENICO	9.315	EUR	919.344,98	829.128,15	3,23%
PUBLICIS GROUPE S.A.	12.560	EUR	736.702,69	711.524,00	2,78%
WORLDLINE S.A.	20.092	EUR	646.135,25	817.141,64	3,19%
X-FAB SILICON FOUNDRIES SE	12.500	EUR	100.000,00	120.037,50	0,47%
<b>Total EURO</b>			<b>3.789.162,32</b>	<b>4.054.472,44</b>	<b>15,82%</b>
CHINA LITERATURE LTD	14.615	HKD	126.820,64	129.770,30	0,51%
TENCENT HLDG LTD	13.700	HKD	51.001,88	592.539,72	2,31%
<b>Total HONG-KONG DOLLAR</b>			<b>177.822,52</b>	<b>722.310,02</b>	<b>2,82%</b>
TAIWAN SEMICONDUCTOR MANUFACTURING	73.218	TWD	166.514,74	470.239,30	1,83%
<b>Total TAIWAN DOLLAR</b>			<b>166.514,74</b>	<b>470.239,30</b>	<b>1,83%</b>
ACCENTURE PLC -A-	6.055	USD	571.626,29	771.951,99	3,01%
AKAMAI TECHNOLOGIES INC.	12.121	USD	504.852,79	656.520,52	2,56%
ALPHABET INC. -A-	996	USD	371.556,25	873.739,51	3,41%

# FINALTIS FUNDS

## Schedule of Investments as at December 31<sup>st</sup>, 2017

### FINALTIS FUNDS - DIGITAL LEADERS

DESCRIPTION	QUANTITY/ NOMINAL	CCY	ACQUISITION COST (IN EUR)	MARKET VALUE (IN EUR)	% NET ASSETS
AMAZON.COM INC.	561	USD	176.714,37	546.362,98	2,13%
ANSYS INC.	5.594	USD	352.642,04	687.557,01	2,68%
ASPEN TECHNOLOGY INC.	13.446	USD	521.669,20	741.276,82	2,89%
COGNIZANT TECHNOLOGY SOLUTIONS CORP.	12.117	USD	474.204,75	716.646,69	2,80%
CRITEO -ADR-	18.695	USD	645.135,64	405.255,54	1,58%
CTRIIP.COM INTERNATIONAL LTD -ADR-	13.300	USD	617.224,91	488.449,37	1,91%
ELECTRONICS FOR IMAGING INC.	15.986	USD	582.143,31	393.126,73	1,53%
EPAM SYSTEMS INC.	6.792	USD	401.575,40	607.648,70	2,37%
EQUINIX INC.	700	USD	264.870,24	264.202,20	1,03%
FACEBOOK INC. -A-	3.878	USD	141.408,15	569.879,98	2,22%
GENPACT LTD	29.669	USD	490.121,68	784.222,24	3,06%
GRUBHUB INC.	8.082	USD	295.023,14	483.250,83	1,89%
IMAX CORP.	25.477	USD	493.731,07	491.166,35	1,92%
LOGMEIN INC.	5.154	USD	201.228,72	491.449,87	1,92%
MERCADOLIBRE INC.	1.522	USD	266.372,78	398.827,88	1,56%
MICROSOFT CORP.	10.474	USD	538.042,69	746.124,22	2,91%
NICE LTD -ADR-	10.383	USD	361.067,14	794.721,46	3,10%
NIELSEN HLDG PLC	15.264	USD	641.540,32	462.699,53	1,80%
PAYPAL HLDG INC.	10.655	USD	340.819,16	653.248,75	2,55%
PROOFPOINT INC.	4.675	USD	236.189,82	345.758,45	1,35%
RED HAT INC.	5.892	USD	240.706,19	589.298,13	2,30%
S&P GLOBAL INC.	5.029	USD	411.601,29	709.454,20	2,77%
SALESFORCE.COM INC.	8.790	USD	505.289,56	748.299,26	2,92%
SECUREWORKS CORP. -A-	14.683	USD	122.800,64	108.459,54	0,42%
SERVICENOW INC.	3.799	USD	198.777,09	412.518,00	1,61%
SPLUNK INC.	7.320	USD	401.208,75	504.987,34	1,97%
TALEND S.A. -ADR-	11.328	USD	385.072,58	353.575,48	1,38%
VEEVA SYSTEMS INC -A-	7.040	USD	153.674,10	324.093,27	1,26%
VISA INC. -A-	8.683	USD	604.130,52	824.480,06	3,22%

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

# FINALTIS FUNDS

## Schedule of Investments as at December 31<sup>st</sup>, 2017

FINALTIS FUNDS - DIGITAL LEADERS					
DESCRIPTION	QUANTITY/ NOMINAL	CCY	ACQUISITION COST (IN EUR)	MARKET VALUE (IN EUR)	% NET ASSETS
VMWARE INC. -A-	4.512	USD	285.356,67	470.889,27	1,84%
WORKDAY INC. -A-	4.186	USD	322.846,98	354.666,59	1,38%
<b>Total U.S. DOLLAR</b>			<b>13.121.224,23</b>	<b>18.774.808,76</b>	<b>73,24%</b>
<b>Total Shares &amp; Related Securities</b>			<b>17.839.284,82</b>	<b>24.598.949,36</b>	<b>95,95%</b>
<b>Total Transferable Securities admitted to an Official Stock Exchange or dealt in on Another Regulated Market</b>			<b>17.839.284,82</b>	<b>24.598.949,36</b>	<b>95,95%</b>
<b>Total Portfolio</b>			<b>17.839.284,82</b>	<b>24.598.949,36</b>	<b>95,95%</b>

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

# FINALTIS FUNDS

## Geographic Allocation as at December 31<sup>st</sup>, 2017

FINALTIS FUNDS - DIGITAL LEADERS	% Total Net Assets
UNITED STATES OF AMERICA	55,48%
FRANCE	17,59%
CAYMAN ISLANDS	4,72%
CANADA	4,17%
ISRAEL	3,10%
BERMUDA	3,06%
IRELAND	3,01%
UNITED KINGDOM	2,52%
TAIWAN	1,83%
BELGIUM	0,47%
<b>Total Portfolio</b>	<b>95,95%</b>

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.



# FINALTIS FUNDS

## Economic Allocation as at December 31<sup>st</sup>, 2017

FINALTIS FUNDS - DIGITAL LEADERS	% Total Net Assets
IT & INTERNET	49,28%
ELECTRIC & ELECTRONIC COMPONENTS	8,51%
FINANCIAL SERVICES - HOLDINGS	7,41%
TELECOMMUNICATIONS	6,94%
OTHER SERVICES	6,40%
PUBLISHING & BROADCASTING	5,54%
INFORMATION, TECHNOLOGY & COPIERS	3,49%
MISCELLANEOUS CONSUMER GOODS	3,01%
ELECTRIC & ELECTRONIC MATERIALS	2,10%
FOOD & CLEANING MATERIALS	1,89%
MISCELLANEOUS	1,38%
<b>Total Portfolio</b>	<b>95,95%</b>

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 as at December 31<sup>st</sup>, 2017

FINALTIS FUNDS - DIGITAL LEADERS	% Total Net Assets
U.S. DOLLAR	73,24%
EURO	15,82%
HONG-KONG DOLLAR	2,82%
CANADIAN DOLLAR	2,25%
TAIWAN DOLLAR	1,83%
<b>Total Portfolio</b>	<b>95,95%</b>

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

# FINALTIS FUNDS

## Change in the number of shares

	FINALTIS FUNDS – DIGITAL LEADERS
Shares outstanding at the beginning of the financial year	
- I (EUR)	12.739,460
- R (EUR)	4.347,801
- RH (EUR)	2.728,315
- USD (USD)	7.527,117
- D (GBP)	490,549
Shares issued during the financial year	
- I (EUR)	3.291,376
- R (EUR)	1.004,693
- RH (EUR)	2.195,592
- USD (USD)	963,000
- D (GBP)	0,000
Shares redeemed during the financial year	
- I (EUR)	5.273,959
- R (EUR)	827,174
- RH (EUR)	3.161,315
- USD (USD)	2.293,244
- D (GBP)	48,133
Shares outstanding at the end of the financial year	
- I (EUR)	10.756,877
- R (EUR)	4.525,320
- RH (EUR)	1.762,592
- USD (USD)	6.196,873
- D (GBP)	442,416

# FINALTIS FUNDS

## Changes in Capital, Total Net Assets and Net Asset Value per Share

Sub-Fund	Valuation Date	Shares Outstanding	Total Net Assets (in EUR)	Share Price (in Class Currency)
FINALTIS FUNDS - DIGITAL LEADERS	31/12/2015	26.155,692 I (EUR)	43.069.828,83	1.017,54 I (EUR)
		5.700,394 R (EUR)		929,86 R (EUR)
		5.510,422 RH (EUR)		698,13 RH (EUR)
		12.437,141 USD (USD)		593,89 USD (USD)
		495,007 D (GBP)		756,95 D (GBP)
	31/12/2016	12.739,460 I (EUR)	25.842.326,82	1.123,79 I (EUR)
		4.347,801 R (EUR)		1.016,29 R (EUR)
		2.728,315 RH (EUR)		735,65 RH (EUR)
		7.527,117 USD (USD)		636,58 USD (USD)
		490,549 D (GBP)		969,69 D (GBP)
	31/12/2017	10.756,877 I (EUR)	25.636.138,96	1.289,83 I (EUR)
		4.525,320 R (EUR)		1.163,58 R (EUR)
		1.762,592 RH (EUR)		917,11 RH (EUR)
		6.196,873 USD (USD)		832,60 USD (USD)
		442,416 D (GBP)		1.169,30 D (GBP)

# FINALTIS FUNDS

## Notes to the Financial Statements as at December 31<sup>st</sup>, 2017

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### Note 1 – Accounting principles and methods

#### a) Valuation of investments

The value of any security traded or admitted to official quotation is based on the last available price in Luxembourg on December 31<sup>st</sup>, 2017, or, if there are several markets, on the last available price of the main relevant market.

The value of derivative instruments (options and futures) which are negotiated or listed on a stock market or a regulated market will be determined by their latest settlement prices available on December 31<sup>st</sup>, 2017 in question on the stock market or the regulated market on which these instruments are traded, with the proviso that if one of the above-mentioned derivative instruments cannot be settled on the day used to establish the applicable values, the value of this/these derivative instrument(s) will be determined in a cautious and reasonable manner by the Board of Directors.

Forward Exchange Contracts are valued at the “forward rate” prevailing on December 31<sup>st</sup>, 2017.

#### b) Net realised profit 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

All assets expressed in currencies other than the concerned Sub-Fund’s currency are converted into the Sub-Fund’s currency at the exchange rate prevailing on closing date in Luxembourg.

#### d) Acquisition cost of investments

The costs of investments expressed in currencies other than Euro are converted into Euro at the exchange rate prevailing on purchase date.

#### e) Variation of the unrealised profit or loss on investments

The variation of the unrealised profit or loss on investments at the end of the Financial Year is accounted in “Statement of Operations” in the financial statements.

#### f) Income

Provision for interest is made on a daily basis and dividends are recorded “ex-date”. Interest and income are entered net of non-recoverable advance levies on income from securities.

#### g) Currency of the SICAV

The accounts of the SICAV are expressed in EURO. As the SICAV has only one Sub-Fund as of December 31<sup>st</sup>, 2017, and that this Sub-Fund is in EUR, all accounts of the SICAV are identical to these of the Sub-Fund.

### Note 2 - Taxes and other expenses payable

Management fees (note 5)	32.299,70	EUR
Depositary fees	4.429,64	EUR
Subscription tax (note 4)	1.817,30	EUR
Performance fees (note 5)	141.339,23	EUR
Other fees	50.593,53	EUR
Total	230.479,40	EUR

# FINALTIS FUNDS

## Notes to the Financial Statements as at December 31<sup>st</sup>, 2017 (continued)

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### Note 3 - Commissions on subscriptions

In each class and each shares of FINALTIS FUNDS – DIGITAL LEADERS, the subscription price is made up of:

- (i) The net asset value of a share, and
- (ii) an admission fee which may not exceed:
  - 3% of the NAV of a share “I”, “R”, “RH” and “USD” of the Sub-Fund;
  - 5% of the NAV of a share “D” of the Sub-Fund.

These commissions can be returned, partly or totally, to authorised distributors.

### 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 and performance fees

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% 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.

# FINALTIS FUNDS

## Notes to the Financial Statements as at December 31<sup>st</sup>, 2017 (continued)

### Note 5 - Management and performance fees (continued)

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 classes, the first High Water Mark will be the NAV for December 31<sup>st</sup>, 2013 (the “First High Water Mark”) and the index used for comparison purposes is also as of December 31<sup>st</sup>, 2013.

For subsequent financial years, the High Water Mark will be the higher of:

- (i) the highest previous NAV per share that a performance fee was 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.

The performance fee amounts to EUR 144.409,51 for the concerned year.

### Note 6 - Forward foreign exchange contract

As at December 31<sup>st</sup>, 2017, the forward foreign exchange contract, dealt with Banque Degroof Petercam Luxembourg S.A., is as follows :

DUE DATE	CCY	NOMINAL BOUGHT	CCY	NOMINAL SOLD	UNREALISED GAIN / (LOSS) (IN EUR)	COMMITMENT (IN EUR)
31/01/2018	EUR	1.297.201,39	USD	1.550.000,00	8.460,03	1.290.806,06
				Total	8.460,03	1.290.806,06

### Note 7 - Futures contracts

The following trade on futures, dealt with Banque Degroof Petercam Luxembourg S.A., is outstanding as of December 31<sup>st</sup>, 2017 :

CCY	NUMBER OF CONTRACTS BOUGHT / SOLD	DESCRIPTION	SIZE OF THE CONTRACTS	UNREALISED GAIN / (LOSS) (IN EUR)	COMMITMENT (IN EUR)
USD	5	MINI RUSSELL 2000 FUTURE MARS 2018	50	2.240,17	319.890,89
			Total	2.240,17	319.890,89

### Note 8 – Exchange rates as of December 31<sup>st</sup>, 2017

1 EUR = 0,88765 GBP      1 EUR = 1,2008 USD

# FINALTIS FUNDS

## Other Unaudited Information

### TER

FINALTIS FUNDS – DIGITAL LEADERS	Without performance fees (in %)	With performance fees (in %)
- I (EUR)	1,70	2,53
- R (EUR)	2,74	2,83
- RH (EUR)	2,75	2,84
- USD (USD)	1,74	2,50
- D (GBP)	1,54	1,54

This index is calculated in accordance with the calculation and publication guideline of the Swiss Investment Fund Association (SFA) issued on May 16<sup>th</sup>, 2008. It expresses all fees and commissions charged, retrospectively as a percentage of the net assets of the fund (operating expenses). The TER does not include the transaction fees and fees linked to the hedging of currency risks.

### PERFORMANCE

FINALTIS FUNDS – DIGITAL LEADERS	I (EUR)	R (EUR)	RH (EUR)	USD (USD)	D (GBP)
NAV per share					
- 31/12/2017	1.289,83	1.163,58	917,11	832,60	1.169,30
- 31/12/2016	1.123,79	1.016,29	735,65	636,58	969,69
- 31/12/2015	1.017,54	929,86	698,13	593,89	756,95
Performance CH (in procent)					
31/12/2017	14,78	14,49	24,67	30,79	20,58
31/12/2016	10,44	9,29	5,37	7,19	28,10
31/12/2015	11,56	10,53	0,66	0,20	6,85

The historical performance does not represent any indicator for a current or future performance.

The performance's figures do not consider commissions taken on issue or redemption of shares.

### RISK MANAGEMENT

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%.



# FINALTIS FUNDS

## Other Unaudited Information (continued)

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### REMUNERATION DISCLOSURE

#### A) 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.

#### B) 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”).

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. Based on the AuM as of December 31<sup>st</sup>, 2017, this ratio equals 88%.

As of December 31<sup>st</sup>, 2017, DPAS is Management Company for a total AuM of 25,834 billion EUR.

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.

# FINALTIS FUNDS

## Other Unaudited Information (continued)

### C) 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**	3	686.254	533.880	152.374
Identified staff (IS)***				
Other staff	26	1.787.716	1.639.129	148.587
	<b>29</b>	<b>2.473.970</b>	<b>2.173.009</b>	<b>300.961</b>

(\*) No proportionality applied

(\*\*) Management Board

(\*\*\*) Identified Staff not already reported in Senior Management

All figures refer to the 2017 calendar year.

### D) Carried Interest paid by UCITS

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

# FINALTIS FUNDS

## Other Unaudited Information (continued)

<p>Changes in the securities portfolio  from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2017  FINALTIS FUNDS – DIGITAL LEADERS</p>
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Ccy	Description	Purchases	Sales	Allotments
CAD	AVIGILON CORP	0	22,937	0
EUR	BALYO S.A.	22,457	0	0
	CAPGEMINI	0	2,599	0
	DIALOG SEMICONDUCTOR	0	2,570	0
	ILIAD SA	286	1,330	0
	INGENICO	183	1,948	0
	PUBLICIS NEW	2,018	1,824	0
	RELX N.V.	527	47,276	0
	WORLDLINE SA	22,824	2,732	0
	X-FAB SILICON F RG	12,500	0	0
GBP	AVANTI COMS GROUP	0	88,680	0
HKD	CN LITERATURE	14,615	0	0
	TENCENT HLDGS	0	11,200	0
	TENCENT HOLDINGS LTD	13	13	0
TWD	TAIWAN SEMICONDUCTOR	0	18,000	0
USD	ACCENTURE CLASS A	1,657	1,723	0
	AKAMAI	6,412	2,390	0
	ALPHABET INC -A-	149	170	0
	AMAZON COM	0	125	0
	ANSYS INC	0	4,806	0
	ASPEN TECHNOLOGY INC	2,150	5,205	0
	COGNIZANT TECHNOLOGY	0	5,624	0
	CRITEO	7,700	8,877	0
	CTRIIP.COM INTL	13,300	0	0
	ELECTRONIC IMAGING	0	6,213	0
	EPAM SYSTEMS INC	0	2,275	0
	EQUINIX INC	700	0	0
	FACEBOOK-A	0	2,295	0
	GENPACT LTD	0	4,107	0
	GRUBHUB	5,657	8,851	0
	IMAX CORP	14,678	5,120	0
	LOGMEIN INC	1,202	0	0

# FINALTIS FUNDS

## Other Unaudited Information (continued)

Changes in the securities portfolio  
from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2017  
FINALTIS FUNDS – DIGITAL LEADERS

Ccy	Description	Purchases	Sales	Allotments
USD	MERCADOLIBRE INC	1,021	2,817	0
	MICROSOFT	1,850	5,154	0
	NICE LTD ADR	0	2,997	0
	NIELSEN HLD	15,264	0	0
	PANDORA MEDIA INC	0	29,501	0
	PAYPAL HOLDINGS-WI	2,800	7,671	0
	PROOFPOINT INC	1,806	1,935	0
	PTC INC	0	14,667	0
	RED HAT	307	3,191	0
	SALESFORCE.COM	2,855	4,912	0
	SECUREWORKS-A	14,683	0	0
	SERVICENOW INC	1,550	4,117	0
	SP GLOBAL	0	821	0
	SPLUNK INC	3,720	0	0
	TALEND	11,328	0	0
	VEEVA SYSTEMS-A	0	6,672	0
	VISA-A	0	3,317	0
	VMWARE	0	2,406	0
WORKDAY INC -A-	0	2,965	0	