

# FINALTIS FUNDS

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

Audited Annual Report  
as at 31 December 2019

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.



# FINALTIS FUNDS

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# FINALTIS FUNDS

## Organisation

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### **Registered office :**

12, rue Eugène Ruppert, L-2453 Luxembourg

### **Date of incorporation :**

9 July 1999

### **Board of Directors of the fund :**

#### **Chairman :**

- Christophe OLIVIER, Director of investments  
FINALTIS

#### **Members :**

- Benoît FLAMANT, Senior Manager, (Until 30 April 2019)  
FINALTIS
- John PAULY, Director and Member of the Board of Directors  
Degroof Petercam Asset Services S.A.
- Thierry RIGOLET, Member of the Supervisory Board  
FINALTIS

### **Management Company :**

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

### **Manager :**

FINALTIS S.A.S.  
63, avenue des Champs-Élysées, F-75008 Paris

### **Depository and Paying Agent :**

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

### **Domiciliary Agent, Administrative Agent, Transfer Agent and Register Agent :**

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

### **Auditor :**

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

# FINALTIS FUNDS

## Organisation

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### **Agents in Switzerland :**

Landolt & Cie S.A., (until 31 August 2019)  
6, chemin de Roseneck, CH-1006 Lausanne

Carnegie Fund Services S:A., (since 1 September 2019)  
11, rue du Général-Dufour, CH-1204 Genève

### **Financial Service Agent in Switzerland :**

Landolt & Cie S.A., (until 31 August 2019)  
6, chemin de Roseneck, CH-1006 Lausanne

Banque Cantonale de Genève (since 1 September 2019)  
17, quai de l'île, CH-1204 Genève

### **Global Distributor :**

FINALTIS S.A.S.  
63, avenue des Champs-Élysées, F-75008 Paris

# FINALTIS FUNDS

## General information of the Fund

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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 décembre 2019, 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 institutional investors until 30 June 2019, and intended for all types of investors now ;
- 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.

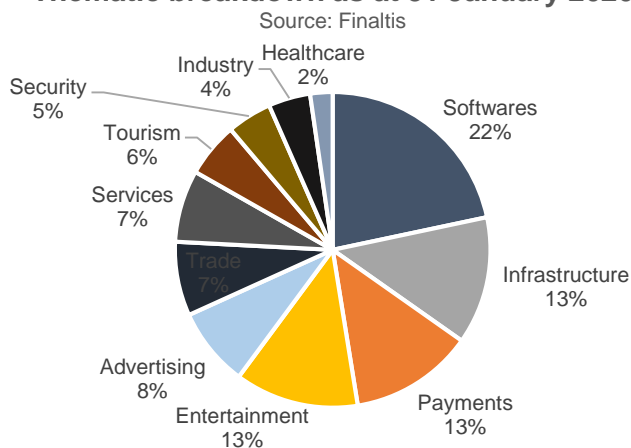
The net asset value per share is dated of each Luxembourg working day (“Valuation Day”) and will be calculated and published on the working day following the Valuation Day, based on the closing prices published by the stock exchanges concerned on the Valuation Day in question.

# FINALTIS FUNDS

## Manager's Report

2019 was a year of records: the S&P 500 index generated its best performance to the end of November in 21 years in the wake of an easing in trade tensions between China and the US; two companies exceeded the \$1,000 billion mark for market capitalization (Apple and Microsoft) and two others have this threshold in their sights (Alphabet and Amazon); and finally, Uber raised \$8.1 billion, making it the largest IPO since Alibaba in 2014 despite a frosty reception. Against this background, Finaltis Digital Leaders outperformed the global MSCI World index thanks to: (i) its positioning in promising themes in the digital economy; (ii) highly selective management focused on resilience (barriers to entry, sound balance sheets, positive free cash flows); and (iii) portfolio diversification across a number of strong geographical and sector trends.

**Thematic breakdown as at 31 January 2020**



2019 was characterized by a high number of IPOs in the digital sector. The approach of Finaltis Digital Leaders was to avoid participation in all of these for three major reasons:

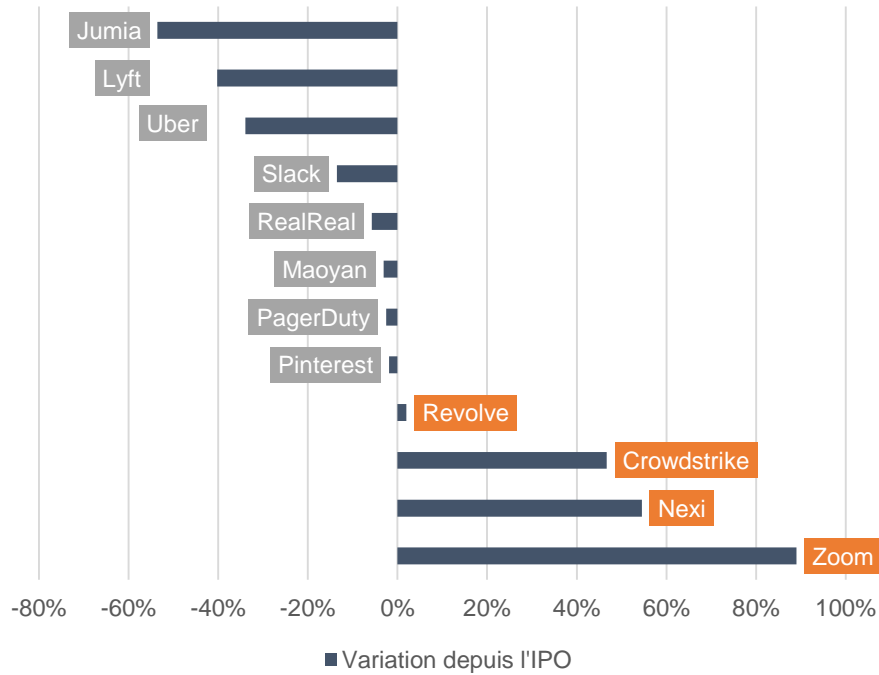
- (1) Valuations are prone to exaggeration so that previous investors can exit at rather high multiples whilst “insiders” (management, employees, etc.) tend to liquidate their holdings rapidly after the end of the lock-up period;
- (2) We believe it is appropriate to wait for the test of the quarterly reports detailing the strategy and demonstrating the existing management’s ability to deliver;
- (3) The 2019 crop of IPOs was characterized by a large number of companies with negative cash flows that had been well financed by private equity players; with no visibility on a potential return on investment for shareholders, these companies were introduced to the market at a relatively late stage (Uber, Lyft, etc.) resulting in mostly negative performances. What’s more, the year ended with the WeWork fiasco. The IPO was nipped in the bud by the Softbank Group as the company’s business model was so unprofitable, and it ended in a rescue plan valuing the company at \$8 billion versus \$47 billion at the time of the last funding round.

# FINALTIS FUNDS

## Manager's Report

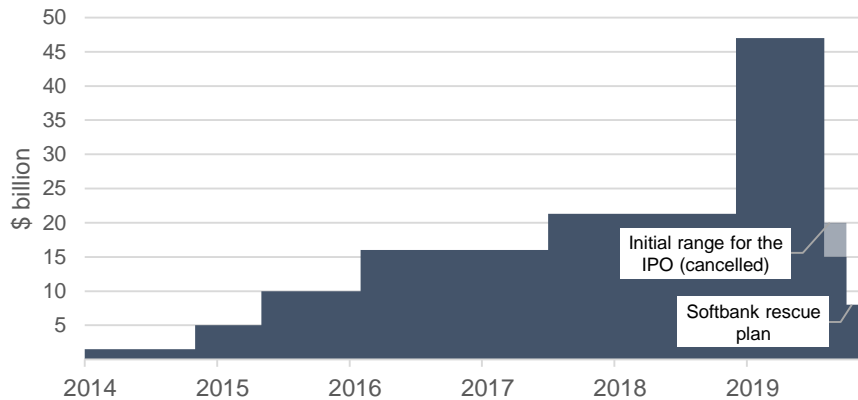
### IPOs in H1 2019 in the digital sector

Sources: Finaltis, Bloomberg (data as at 31 December 2019)



### WeWork: valuation history

Sources: Finaltis, Dow Jones VentureSource



The second outstanding feature of the year was the rotation into cyclical sectors in the second half of the year, in particular into semiconductors, provoked by (i) easing trade tensions, (ii) an expected bounce in demand for smartphones, and (iii) the need for components in various underlying areas (5G, automobile, industrial robotics, artificial intelligence, etc.). The SOX index of the major listed semiconductor suppliers in the US rose by +60.1% in 2019; for the record, it fell by -7.8% in 2018. This is its best year since 2009 (+69.6%, after -48.0% in 2008). The cyclical nature and high level of maturity of the smartphone market justify the fund's low structural exposure, with the exception of two resilient stocks.

As part of this rotation, flows moved in masse into cyclical value stocks. Growth stocks such as those in the cloud space have been neglected, with their valuation multiples coming under pressure.



# FINALTIS FUNDS

## Manager's Report

### Outperformance of the semiconductor sector in 2019

Sources: Finaltis, Bloomberg



However, the impact on Finaltis Digital Leaders has been limited, as the fund avoids risk concentration in one theme or specific segment, and valuations that are not supported by fundamentals. The portfolio even benefitted from opportunities to take profits and top up holdings at interesting levels. The management team also made more changes in the portfolio than in the past with a turnover rate (securities purchases + sales) of 166% in 2019 versus 108% in 2018.

The fund (Class I) rose by 36.69% in the year ended 31 December 2019.

Luxembourg, 13 February 2020



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

## **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 2019 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 2019, 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 "Reviser 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 "Reviser 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.

### ***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.

We also provide corporate governance officials with a statement that we have complied with the relevant ethical rules regarding independence and disclose to them all relationships and other factors that can reasonably be considered likely to affect our independence and related safeguards, if any.

Luxembourg, 26 February 2020

KPMG Luxembourg  
Société coopérative  
Cabinet de révision agréé

P. Perichon

Partner

# FINALTIS FUNDS

## Statement of net assets as at 31 December 2019

<b>DIGITAL LEADERS</b>		
	<b>NOTES</b>	<b>VALUE (IN EUR)</b>
<b>Assets</b>		
Investments in securities	1a	17,013,662.46
Cash at banks		584,186.96
Interest receivable on cash account		482.45
Dividends receivable on shares		2,654.02
Amounts receivable on subscriptions		196,620.60
Unrealised gain on forward exchange contracts	6	10,648.28
<b>Total Assets</b>		<b>17,808,254.77</b>
<b>Liabilities</b>		
Taxes and Expenses payable	2	287,351.24
Overdraft at banks		64,216.93
Overdraft interest		267.24
Amounts payable on redemptions		7,302.81
<b>Total Liabilities</b>		<b>359,138.22</b>
<b>Net assets at the end of the year</b>		<b>17,449,116.55</b>
Number of Shares Outstanding (at the end of the exercise)		
- D (GBP)		<b>310.963</b>
- I		<b>3,880.419</b>
- R		<b>4,113.249</b>
- RH		<b>979.257</b>
- USD (USD)		<b>1,974.223</b>
Net Asset Value per Share (at the end of the exercise)		
- D (GBP)		<b>1,632.25</b>
- I		<b>1,830.71</b>
- R		<b>1,624.81</b>
- RH (USD)		<b>1,157.60</b>
- USD		<b>1,096.99</b>

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

# FINALTIS FUNDS

## Statement of Operations and Changes in Net Assets from 1 January 2019 to the 31 December 2019

<b>DIGITAL LEADERS</b>		
	NOTES	VALUE (IN EUR)
<b>Income</b>		
Dividends, net of taxes	1f	79,479.60
Interest on cash accounts		8,484.32
<b>Total Income</b>		<b>87,963.92</b>
<b>Expenses</b>		
Performance fee	5	375,690.58
Management Fee	5	312,965.60
Depository fees		13,671.13
Subscription tax	4	7,588.86
Administration fees		75,626.74
Miscellaneous fees		63,579.10
Transaction fees		13,504.53
Overdraft interest		2,286.61
Taxes paid to foreign authorities		3,048.04
<b>Total Expenses</b>		<b>867,961.19</b>
<b>Net Profit / (Loss)</b>		<b>-779,997.27</b>
<b>Net Realised Profit / (Loss)</b>		
- on investments	1b	5,942,374.20
- on currencies		1,091.06
- on forward exchange contracts		-48,044.40
<b>Total Net Realised Profit / (Loss)</b>		<b>5,115,423.59</b>
<b>Change in Net Unrealised Appreciation or Depreciation</b>		
- on investments	1e	1,512,573.94
- on forward exchange contracts		8,832.02
<b>Result of operations</b>		<b>6,636,829.55</b>
- Subscriptions		6,662,877.83
- Redemptions		-17,195,233.57
<b>Net changes in Net Assets</b>		<b>-3,895,526.19</b>
<b>Net assets at the beginning of the year</b>		<b>21,344,642.74</b>
<b>Net assets at the end of the year</b>		<b>17,449,116.55</b>

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

# FINALTIS FUNDS

## Securities portfolio statement as at 31 December 2019

DIGITAL LEADERS					
Investment	Quantity	CCY	Cost (in EUR)	Evaluation value (in EUR)	% Total 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>					
TEMENOS A.G.	3,700	CHF	537,402.17	521,471.94	2.99%
<b>Total SWISS FRANC</b>			<b>537,402.17</b>	<b>521,471.94</b>	<b>2.99%</b>
AMADEUS IT GROUP S.A.	8,687	EUR	592,782.08	632,413.60	3.62%
DASSAULT SYSTEMES S.A.	3,000	EUR	399,949.09	439,650.00	2.52%
WORLDLINE S.A.	9,233	EUR	353,338.56	583,063.95	3.34%
<b>Total EURO</b>			<b>1,346,069.73</b>	<b>1,655,127.55</b>	<b>9.49%</b>
TENCENT HOLDINGS LTD	14,600	HKD	304,374.43	626,980.55	3.59%
<b>Total HONG KONG DOLLAR</b>			<b>304,374.43</b>	<b>626,980.55</b>	<b>3.59%</b>
SONY CORP.	10,000	JPY	564,261.79	606,700.51	3.48%
<b>Total JAPANESE YEN</b>			<b>564,261.79</b>	<b>606,700.51</b>	<b>3.48%</b>
TAIWAN SEMICONDUCTOR MANUFACTURING	45,218	TWD	187,939.91	444,800.48	2.55%
<b>Total TAIWAN DOLLAR</b>			<b>187,939.91</b>	<b>444,800.48</b>	<b>2.55%</b>
ACCENTURE PLC -A-	2,900	USD	312,773.37	544,011.58	3.12%
ACTIVISION BLIZZARD INC.	10,000	USD	410,467.26	529,354.12	3.03%
AKAMAI TECHNOLOGIES INC.	5,200	USD	266,226.21	400,156.79	2.29%
ALIBABA GROUP HLDG LTD -ADR-	3,000	USD	503,571.33	566,859.69	3.25%
ALPHABET INC. -A-	550	USD	261,093.12	656,271.27	3.76%
AMAZON.COM INC	410	USD	431,048.45	674,934.88	3.87%
ANSYS	1,700	USD	139,107.76	389,841.43	2.23%
ARISTA NETWORKS INC.	1,567	USD	362,197.21	283,944.59	1.63%
COUPA SOFTWARE INC. -REG-	2,000	USD	253,699.69	260,579.06	1.49%
EPAM SYSTEMS INC.	1,842	USD	121,799.44	348,150.31	2.00%
EQUINIX INC.	800	USD	288,172.21	416,000.00	2.38%
FACEBOOK INC. -A-	3,600	USD	358,097.58	658,262.81	3.77%
GENPACT LTD	9,000	USD	173,296.35	338,111.36	1.94%
INTUITIVE SURGICAL INC	783	USD	349,666.55	412,356.75	2.36%
MASTERCARD INC. -A-	1,800	USD	413,509.80	478,808.02	2.74%
MICROSOFT CORP.	4,800	USD	277,853.33	674,351.89	3.86%
NICE LTD -ADR-	2,500	USD	130,586.41	345,545.66	1.98%
NVIDIA CORP.	2,300	USD	289,444.87	482,129.18	2.76%
PAYPAL HLDG INC.	5,581	USD	232,680.35	537,814.49	3.08%
PROOFPOINT INC.	4,000	USD	369,232.33	409,015.59	2.34%
SALESFORCE.COM INC.	4,600	USD	395,828.06	666,375.06	3.82%
SERVICENOW INC.	1,400	USD	142,392.01	352,114.03	2.02%
TRIP COM GROUP LTD-ADR	16,200	USD	635,079.69	484,051.67	2.77%
VARONIS SYSTEMS INC.	4,600	USD	259,809.19	318,455.23	1.83%
VEEVA SYSTEMS INC -A-	2,600	USD	144,358.40	325,804.90	1.87%
VISA INC-A-	3,900	USD	387,842.07	652,837.42	3.74%

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

# FINALTIS FUNDS

## Securities portfolio statement as at 31 December 2019

DIGITAL LEADERS					
Investment	Quantity	CCY	Cost (in EUR)	Evaluation value (in EUR)	% Total Net Assets
VMWARE INC. -A-	3,900	USD	362,766.10	527,377.28	3.02%
WORKDAY INC. -A-	2,900	USD	369,816.01	425,066.37	2.44%
<b>Total U.S. DOLLAR</b>			<b>8,642,415.15</b>	<b>13,158,581.43</b>	<b>75.41%</b>
<b>Total Shares &amp; Related Securities</b>			<b>11,582,463.18</b>	<b>17,013,662.46</b>	<b>97.50%</b>
<b>Total Transferable securities admitted to an official stock exchange or dealt in on another regulated market</b>			<b>11,582,463.18</b>	<b>17,013,662.46</b>	<b>97.50%</b>
<b>Total Portfolio</b>			<b>11,582,463.18</b>	<b>17,013,662.46</b>	<b>97.50%</b>



# FINALTIS FUNDS

## Geographical allocation of the securities portfolio as at 31 December 2019

<b>DIGITAL LEADERS</b>	<b>% TOTAL NET ASSETS</b>
UNITED STATES OF AMERICA	62.34 %
CAYMAN ISLANDS	9.62 %
FRANCE	5.86 %
SPAIN	3.62 %
JAPAN	3.48 %
IRELAND	3.12 %
SWITZERLAND	2.99 %
TAIWAN	2.55 %
ISRAEL	1.98 %
BERMUDA	1.94 %
<b>Total Portfolio</b>	<b>97.50 %</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 of the securities portfolio as at 31 December 2019

<b>DIGITAL LEADERS</b>	<b>% TOTAL NET ASSETS</b>
IT & INTERNET	62.47 %
OTHER SERVICES	7.08 %
FINANCIAL SERVICES - HOLDINGS	6.51 %
ELECTRIC & ELECTRONIC COMPONENTS	6.03 %
MISCELLANEOUS CONSUMER GOODS	3.12 %
PHOTOGRAPHY & OPTICAL	2.77 %
BANKS	2.74 %
MISCELLANEOUS	2.44 %
PHARMACOLOGY & PERSONAL CARE	2.36 %
TELECOMMUNICATIONS	1.98 %
<b>Total Portfolio</b>	<b>97.50 %</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 of the securities portfolio as at 31 December 2019

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<b>DIGITAL LEADERS</b>	<b>% TOTAL NET ASSETS</b>
U.S. DOLLAR	75.40 %
EURO	9.49 %
HONG KONG DOLLAR	3.59 %
JAPANESE YEN	3.48 %
SWISS FRANC	2.99 %
TAIWAN DOLLAR	2.55 %
<b>Total Portfolio</b>	<b>97.50 %</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

## Changes occurring in the number of shares

### DIGITAL LEADERS

Shares outstanding at the beginning of the exercise	- D (GBP)	364.456
	- I	9,025.467
	- R	5,206.888
	- RH	870.688
	- USD (USD)	2,414.576
Shares issued during the exercise	- D (GBP)	0.000
	- I	2,271.210
	- R	1,218.211
	- RH	444.920
	- USD (USD)	337.000
Shares redeemed during the exercise	- D (GBP)	53.493
	- I	7,416.258
	- R	2,311.850
	- RH	336.351
	- USD (USD)	777.353
Shares outstanding at the end of the exercise	- D (GBP)	310.963
	- I	3,880.419
	- R	4,113.249
	- RH	979.257
	- USD (USD)	1,974.223

# 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)	31.12.2017	25,636,138.96	- D	442.416	1,169.30	GBP
			- I	10,756.877	1,289.83	EUR
			- R	4,525.320	1,163.58	EUR
			- RH	1,762.592	917.11	EUR
			- USD	6,196.873	832.60	USD
	31.12.2018	21,344,642.74	- D	364.456	1,241.24	GBP
			- I	9,025.467	1,339.30	EUR
			- R	5,206.888	1,196.25	EUR
			- RH	870.688	883.48	EUR
			- USD	2,414.576	830.79	USD
	31.12.2019	17,449,116.55	- D	310.963	1,632.25	GBP
			- I	3,880.419	1,830.71	EUR
			- R	4,113.249	1,624.81	EUR
			- RH	979.257	1,157.60	EUR
			- USD	1,974.223	1,096.99	USD

# FINALTIS FUNDS

## Notes to the financial statements as at 31 December 2019

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### 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 the official net asset values calculated at the end of the financial year.

#### a) Securities portfolio valuation

The value of any security traded or admitted to official quotation is based on the last available price in Luxembourg on 31 December 2019, 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 2019.

#### 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 Luxembourg 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 unrealised gain and loss

The variation of the 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 2019 and that this Sub-Fund is in EUR, all accounts of the SICAV are identical to those of the Sub-Fund.

#### h) Change in the securities portfolio

# FINALTIS FUNDS

## Notes to the financial statements as at 31 December 2019

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

Performance fee	229,315.03	EUR
Management fee	24,872.40	EUR
Depositary fees	3,080.22	EUR
Subscription tax	2,180.70	EUR
Miscellaneous fees	27,902.89	EUR
Total	287,351.24	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 “I”, “R”, “RH” and “USD” 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.

Since July 2019, the subscription cost for classes «I» and «USD» has been abolished.

### 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.

# FINALTIS FUNDS

## Notes to the financial statements as at 31 December 2019

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. The performance fee amounts to EUR 375.690,58 for the year under review.

### NOTE 6 - FORWARD FOREIGN EXCHANGE CONTRACTS

As at 31 December 2019, 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)
31/01/2020	EUR	899,847.03	USD	1,000,000.00	10,648.28	890,868.60
				<b>Total</b>	<b>10,648.28</b>	<b>890,868.60</b>



# FINALTIS FUNDS

## Notes to the financial statements as at 31 December 2019

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### NOTE 7 - EXCHANGE RATE

1 EUR =	0.84735 GBP
1 EUR =	1.12250 USD

### NOTE 8 - EVENTS AFTER THE PERIOD

Since 1 July 2019, the Class I share is issued for all kind of investors.

The subscription price for Classes I and USD has been waived.

# FINALTIS FUNDS

## Additional information (unaudited) as at 31 December 2019

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### 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 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 31 December 2019, this ratio equals 71.82%.

# FINALTIS FUNDS

## Additional information (unaudited) as at 31 December 2019

As of 31 December 2019, DPAS is Management Company for a total AuM of 29,137 billion 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.

### 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 (**)	4	802,543	567,557	234,986
Identified staff (***)	4	175,395	124,778	50,617
Other staff	111	5,511,383	4,642,912	868,471
		<b>6,489,321</b>	<b>5,335,247</b>	<b>1,154,074</b>

(\*) No proportionality applied

(\*\*) Management Board

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

All figures refer to the 2019 calendar year.

### D) Carried Interest paid by the UCITS

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

### E) Remuneration Policy review

The remuneration policy of DPAS is subject to an annual review, as a minimum. It was reviewed and updated in 2019.

The remuneration policy of DPAS was approved by the Board of Management on 11 June 2019 and notified to the Supervisory Board on 26 August 2019.

### 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.