

**Annual report including audited financial statements  
as at 31st December 2022**

# **WATERLOO SICAV**

Société d'Investissement à Capital Variable

R.C.S. Luxembourg B209184

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

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# **WATERLOO SICAV**

## **Table of contents**

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<b>Organisation .....</b>	<b>2</b>
<b>Report of the Board of Directors.....</b>	<b>5</b>
<b>Report of the réviseur d'entreprises agréé .....</b>	<b>15</b>
<b>Combined statement of net assets .....</b>	<b>18</b>
<b>Combined statement of operations and other changes in net assets .....</b>	<b>19</b>
<b>WATERLOO SICAV - Global Flexible.....</b>	<b>20</b>
Statement of net assets .....	20
Statement of operations and other changes in net assets.....	21
Statistical information .....	22
Statement of investments and other net assets.....	23
Industrial and geographical classification of investments .....	25
<b>WATERLOO SICAV - Global Balanced Selection.....</b>	<b>26</b>
Statement of net assets .....	26
Statement of operations and other changes in net assets.....	27
Statistical information .....	28
Statement of investments and other net assets.....	29
Industrial and geographical classification of investments.....	30
<b>Notes to the financial statements .....</b>	<b>31</b>
<b>Additional information (unaudited).....</b>	<b>40</b>

# **WATERLOO SICAV**

## **Organisation**

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### **Registered Office**

16, Boulevard Royal  
L-2449 LUXEMBOURG

### **Board of Directors**

#### **Chairman**

Oscar CASAS  
Manager  
FINANSWER LUXEMBOURG S.À R.L.  
23, rue Jean-Pierre Sauvage  
L-2514 LUXEMBOURG

#### **Directors**

Jérémie PULINX  
CCO  
WATERLOO ASSET MANAGEMENT S.A.  
2, Place de Paris  
L-2314 LUXEMBOURG

Aid NANIC  
CEO  
WATERLOO ASSET MANAGEMENT S.A.  
2, Place de Paris  
L-2314 LUXEMBOURG

### **Management Company and Domiciliary Agent**

BLI - BANQUE DE LUXEMBOURG INVESTMENTS  
Société Anonyme  
acting under the commercial name  
CONVENTUM THIRD PARTY SOLUTIONS  
16, Boulevard Royal  
L-2449 LUXEMBOURG

### **Board of Directors of the Management Company**

#### **Chairman**

Nicolas BUCK  
Chief Executive Officer  
AVANTERRA  
(formerly SEQVOIA)  
Société Anonyme  
33-39, Rue du Puits Romain  
L-8070 BERTRANGE

#### **Directors**

Michèle BIEL  
Administrateur Directeur  
BLI - BANQUE DE LUXEMBOURG INVESTMENTS  
Société Anonyme  
16, Boulevard Royal  
L-2449 LUXEMBOURG  
(until 30th April 2022)

Ruth BÜLTMANN  
Independent Director  
40, Rue d'Ernster  
L-6977 OBERANVEN

Fernand GRULMS  
Independent Director  
2, Rue Nicolas Flener  
L-8228 MAMER  
(until 30th April 2022)

Gary JANAWAY  
Member of the Executive Committee  
EUROPEAN FUND ADMINISTRATION  
Société Anonyme  
2, Rue d'Alsace  
L-1122 LUXEMBOURG

Fanny NOSETTI - PERROT  
Chief Executive Officer  
BLI - BANQUE DE LUXEMBOURG INVESTMENTS  
Société Anonyme  
16, Boulevard Royal  
L-2449 LUXEMBOURG  
(since 5th July 2022)

Guy WAGNER  
Chief Investment Officer  
BLI - BANQUE DE LUXEMBOURG INVESTMENTS  
Société Anonyme  
16, Boulevard Royal  
L-2449 LUXEMBOURG

**Conducting Officers of the  
Management Company**

Michèle BIEL  
Administrateur Directeur  
(until 30th April 2022)

Georges ENGEL  
Directeur  
(until 30th April 2022)

Dieter HEIN  
Directeur  
(until 30th April 2022)

Cédric LENOBLE  
Chief Operating and Chief Financial Officer

Fanny NOSETTI - PERROT  
Chief Executive Officer

Nico THILL  
Deputy Chief Executive Officer  
(since 1st May 2022)

Guy WAGNER  
Chief Investment Officer

**WATERLOO SICAV**  
**Organisation (continued)**

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**Depositary, Central Administration  
and Primary Paying Agent**

BANQUE DE LUXEMBOURG  
Société Anonyme  
14, Boulevard Royal  
L-2449 LUXEMBOURG

**Central Administration's subcontractor**

EUROPEAN FUND ADMINISTRATION S.A.  
2, Rue d'Alsace  
L-1122 LUXEMBOURG

**Investment Manager**

WATERLOO ASSET MANAGEMENT S.A  
2, Place de Paris  
L-2314 LUXEMBOURG

**Cabinet de Révision agréé**

HACA Partners S.à r.l.  
6, Route d'Esch  
L-1470 LUXEMBOURG

**1st Quarter****Equities**

The invasion of Ukraine by Russia made all forecasts of a return to normal during 2022 obsolete. It occurred when financial markets had shown great resilience to the persistence of the Omicron variant and the announced tightening of central banks' monetary policy. This was one of the worst cards to draw on the geopolitical level. These kinds of events are very difficult to balance. Even the most pessimistic scenario did not anticipate the Russian's attempt to take the Ukrainian capital.

The strong rebound of the global economy combined with the continued logistical constraints, had already led to a sharp rise in the commodities price in 2021 (+38%). It continued at the beginning of this year and reached 27% at the end of the first quarter. Ukraine and Russia are indeed major producers of raw materials.

Globally, stocks ended the first quarter decreasing by 5%. Nevertheless, this correction remains very reasonable in light of said events.

The large energy and food self-sufficiency in the US was not enough to immunize US stocks against the shock wave that Ukraine's invasion by Russia has sent to the commodity market. At the same time, the performance of US economy remained stable. US unemployment rate reached 3.6% in March. US inflation rate reached 7.9% in February. More disturbing, inflation became endogenous because the pressure on wages was effective. It is in this context that S&P 500' flagship index decreased by 4.60% this quarter.

Cereals booming price, vegetable oil, gas and crude oil had an immediate impact on purchasing power in Europe. In response to rising inflation, the European Central Bank announced it would end bond purchases by the end of September. Christine Lagarde, indicated that a first increase in interest rates could occur in 2022, specifying that rates would rise "some time" after the end of asset purchases. Euro Area annual inflation was recorded at 7.5% in March. In this very tensed context, European stocks unsurprisingly sharply fell.

The decorrelation of the Japanese stock market continued to offer a very interesting diversification opportunity in Asia. Despite a weak start of the quarter, Japanese stocks were more resilient to Ukraine's invasion aftermath than European or US stocks.

Outside Japan, Asian stock markets recorded the same decline as observed in Europe and US: "MSCI Asia excluding Japan" index fell by 6.12%.

**Bonds**

Bonds have not absorbed the shock. There were no rush to buy government debt securities, which is usually considered as a safer asset class. There are several possible explanations to this fall in the price of public debt securities, but the most likely is that the strong inflationary pressure on rates and the Federal Reserve's more radical positioning have weighed more heavily than the threat of a spread of the conflict outside Ukrainian borders.

In the US, the Federal Reserve raised interest rates by 0.25%, but several members of its "Open Market Committee" asked for a faster tightening. According to several conservative assumptions, its benchmark rate, which was at 37.5 bps, was too low and should be increased. Given the economic environment, a such increase could be made by rise of 50 bps following each of the six Federal Reserve meetings.

High inflation is not an issue as long as it is controlled and along with a solid economic growth. It is obvious that the Federal Reserve is way lagged behind in matter of raising rates and that the US economy is closer to the end of a boom cycle than its beginning. The very fast flattening of the yield curve that happened in 3 months matched the risk of an increase of the recession. Overall, in the first

quarter, the 10-year US Treasury rose from 1.51% to 2.35%, and the 2-year yield rose from 0.73% to 2.33%.

In the Euro area, the European Central Bank unexpectedly adopted a more rigid position in February. Christine Lagarde's comments indicated that rate increases were no longer ruled out for 2022 and the European Central Bank confirmed a faster cut in asset purchases.

All bond index yields continued to fall in the beginning of the year, but the magnitude of this quarterly movement is much more impressive. The decline is greater than 10% for long maturities. This is a very significant move that could mark a sustainable trend reversal. The only bond indices that ended the quarter positively were those that included inflation-linked bonds.

Investment grade corporate bonds overall underperformed medium-maturity government bonds (7 to 10 years) and held up better in the eurozone than in the US. Across all segments, corporate bonds were once again more resilient.

## **2<sup>nd</sup> Quarter**

### **Equities**

Globally, the second quarter was three times more painful than the first quarter of the year. Global stocks fell by 16%.

In the US, the Federal Reserve raised rates twice by 50 bps in May and 75 bps in June. It made it clear that other rises will follow. It also acknowledged that the decrease of inflation will most probably cause a recession, without explaining further about its magnitude. The US economy remained robust overall, even though the Purchasing Managers' Index (PMI) went down from 53.6 to 51.2 in June. This is the first sign of a deceleration of the economic growth. A smooth landing of the US economy was then the most likely scenario. It was already incorporated largely into the level of stock prices. It is in this context that the S&P 500 collapsed to 16.10% this quarter. Considering the first two quarters of this year, this was the largest half-yearly correction since 1970.

In Europe, gas supply remained a concern, especially in Germany. The country has moved to phase 2 of its contingency plan. Inflation reached 8.6% in June, against 5.9% in February. Inflation is spreading, but energy remains the main component. Given the continuing high inflation, the European Central Bank announced the increase of key interest rates during July's meeting.

Given the weakness of the economic context, raising interest rates too sharply in the euro area would be a mistake because inflation in Europe remained mainly imported. Raising key rates too sharply would cause the transformation of stagflation's risk into recession's risk without guarantee to succeed in breaking inflation. The only effective way to break it and not growth is to find an alternative to importing Russian gas and oil.

In this difficult context, European stocks unsurprisingly continued their downfall. In local currency, the performance of the major European indices declined less than in US. Nevertheless, for European investors, the strength of the dollar makes US market's performance in Euro equivalent to the European market's one.

In Japan, corporate earnings announcements in May were slightly better than expected. Given the said context and global uncertainty, companies tended to issue cautious forecasts for the following months. Since the beginning of the year, Japanese stocks have held up better than European or US stocks.



## **Bonds**

The impact of the Ukraine crisis on diversified portfolios is especially severe, not so much because of the correction in the stock market, but rather because of the simultaneous decline in the bond market. Long-term bond prices have often fallen more than the prices of major stock indices.

During the second quarter, inflation rates in the major economies reached peaks equivalent to those observed in the 70s. The US consumer price index rose by 8.6% year-on-year in May. Its breakdown showed that price increases affected all sectors. It is in this context that the Federal Reserve lowered its growth forecast for 2022 and raised two more rates, by 50 and 75 bps.

In the euro area, the European Central Bank announced it would end asset purchases at the start of the third quarter and raised rates shortly after. This caused yields to maturity on Italian debt to rise sharply in mid-June. The European Central Bank then tried to ease the concerns by convening an extraordinary meeting to discuss an "anti-fragmentation" program likely involving some form of support to heavily indebted nations.

As a result of widening credit spreads, investment grade bonds overall underperformed government bonds with the same maturity.

The key fact: corporate high-yield bonds fell drastically while it resisted until then compared to government bonds. The deteriorative growth's perspective triggered a defensive pullback.

## **3rd Quarter**

### **Equities**

While the stock market was quick to erase the losses of the previous quarter in only of six weeks during the summer, it only took one month to lose everything again.

Hopes of lower interest rates were shattered by central banks' determination to break inflation, even if they had to cause a recession to do so. The Federal Reserve, European Central Bank and Bank of England all raised their key rates this quarter.

Globally, this quarter was very similar to the first quarter 2022. Global stocks decreased by 6% over the third quarter. The correction occurred was rational given the events that have happened since the beginning of the year: a very sharp rise in commodity prices, an announced tightening of monetary policy, the invasion of Ukraine by Russia, the stagnation of the armed conflict, a further rise in inflation rates, a sharp and fast rise in interest rates, and a high risk of recession.

During this quarter, the Federal Reserve raised two more times the rates, each by 75 bps, leading its key rate to 3.25%. During summer, the market worried about slowing growth and wrongly anticipated the possibility for the Federal Reserve to lower interest rates in 2023. GDP data confirmed that US economy was in technical recession, with GDP falling by 0.6% year-on-year in the second quarter after a decrease by 1.6% in the first one. Expectations of a "reversal" tendency in monetary policy were disappointed during the central bankers' summit in August, where the Federal Reserve reaffirmed its firm commitment to fight inflation. It even indicated that an economic recession could be a necessary step for a sustainable decline of the inflation's rate.

In the euro area, year-on-year inflation reached 10% in September. The European Central Bank raised interest rates to 0.75%, leading the deposit rate to 0.75%. This did not prevent the Euro from falling to its lowest level in 20 years versus the US dollar.

## **WATERLOO SICAV**

### **Report of the Board of Directors (continued)**

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Excluding Japan, the MSCI Asia Pacific Index continued to fall (-13.6%). It has fallen by 28% since the beginning of the year, a yield that takes into account the depreciation of emerging market currencies against dollar, by about 8%.

#### **Bonds**

The bond market went through another period of high volatility in this quarter. Central banks and investors need to navigate in troubled territories amid persistent inflation and slowing growth.

In September, the Federal Reserve raised its key rate for the fifth time in 2022. This was the third consecutive increase of 75 bps. The yield to maturity on 10-year bonds rose from 2.97% to 3.83% while the 2-year yield rose from 2.93% to 4.23% in Q3. This inversion of the yield curve was then very clear which is often seen as an advanced sign of recession.

The European Central Bank raised interest rates by 75 bps in September, after a 50 bps increase in July. The euro area consumer price index reached a record high of 10% year-on-year. The German 10-year yield rose from 1.34% to 2.11%.

All government bond yields continued to decline during the third quarter. The failure of the bond market is obvious. Credit spread tended to expand because of concerns that monetary policy's tightening could jeopardize economic growth outlooks. Nevertheless, taking into account income gains in the form of coupons, corporate bonds resisted better than government bonds.

In US, investment grade corporate bonds held up slightly better than government bonds with the same maturity. Investment grade corporate bond prices also fell in the euro area, but it was less than in US. Corporate high yield bonds rebounded. The deterioration growth's perspective triggered a defensive pullback, especially at the end of the second quarter. This is probably a technical rebound.

#### **4th Quarter**

##### **Equities**

The last quarter of the year has brought new life into the market: the MSCI World Index closes with an increase by 9.89%. In light of the sharp rise in rates and the severity of geopolitical events, the decrease of the MSCI World Index, equal to 17.73% in 2022, remained under control.

During this quarter, the Federal Reserve raised its policy rate twice, by 75 and 50 bps. The rate was then between 4.25% and 4.50%. You have to go back to the early 80s to see a stronger annual increase. The Federal Reserve warned that more increases are yet to come.

US stocks benefited from greater clarity regarding the macroeconomic situation in the US, especially during the month of November. The slowdown in rates increases, signs of a lull on the inflation side, and strong corporate earnings in several sectors allowed the S&P500 to close this quarter with an increase by 7.56%.

The performance gap between growth and value stocks widened further in this quarter. The S&P 500 Value Index increased by 13.59%, while S&P 500 Growth Index increased by 1.45%. Even though technology and growth stocks levelled off in this quarter, stocks's overperformance was close to 25% in 2022.

On 15 December 2022, the European Central Bank raised its key interest rate by 50 bps. The refinancing rate was then 2.5%. Christine Lagarde indicated that the European Central Bank intended to push rates to higher levels while it should not go too high. Annual inflation slowed down from 10.6% in October to 10.1% in November. It would be a mistake to link the said slowdown to monetary tightening policy. More

likely, it results from a slowdown in the economy caused by the energy shock. Eurozone stocks rebounded strongly during this quarter. The Euro Stoxx 50 index increased by 14.33%.

In November, quarterly results of Japanese companies were once again strong, especially for large multinationals that benefited from the weakness of the yen. The stock market in Japan closed the last quarter higher by 5.29%. Over 2022, the fall was limited to 6.86%.

Excluding Japan, the "MSCI Asia Pacific" index finally rebounded (+11.68%). Nevertheless, it fell by 19.72% over 2022. The strongest quarterly rebound came from the Hong Kong Hang Seng Index (+14.86%). Chinese indexes benefited from Joe Biden and Xi Jinping's willingness to improve their relations. Beijing has also eased health restrictions that have weighed on China's economic growth since the beginning of 2020.

### **Bonds**

During this last quarter, US bond market finally went through a calm period. Investors welcomed the slowdown in rate increases. Their attention moved to the risk of slowing growth. The yield on 10-year US bonds rose from 3.83% to 3.88%, and the yield on two-year bonds rose from 4.28% to 4.42%.

The magnitude of the move in this last quarter was much more limited than during the rest of the year. Nevertheless, the failure of the bond market is obvious throughout the year. For example, in 2022, the yield on the tracker "iShares 20 Plus Year Treasury Bond", which average maturity is 26 years, fell by 32.82%. This shows how strongly the bond pocket has contributed to lower the performance of diversified portfolios exposed to stocks and bonds.

Government bonds in the euro area have held up less well than in the US because the macroeconomic situation in Europe was more difficult to manage. The latest indicators pointed out a slowdown in headline inflation, helped by lower pressures on energy prices. However, Christine Lagarde has made it clear that she intends to pursue a restrictive policy in 2023. Germany's 10-year yield rose from 2.11% to 2.57%.

The credit spread has tightened. Corporate bond investors have been less concerned about the consequences of a tighter monetary policy on the perspectives of an economic recession. Investment grade corporate bonds again held up better than government bonds with the same maturity. High yield corporate bonds ended the year slightly outperforming investment grade corporate bonds. The growth deterioration's perspective has still no significant impact on credit and bankruptcy risk. At this stage, the market is anticipating a smooth landing for the US economy.

**Waterloo Sicav - Global Balanced Selection ("WGBS")**

**Key management decisions**

**1st Quarter:**

The war in Ukraine led us to change the allocation of WGBS. Beginning of March, the Investment Manager reduced the equity exposure by a few points and decided to sell the position that had best weathered the fall, namely BL Global Flexible. Its defensive positioning (no bank, equities "value" and gold) had allowed it to fall less than its peers.

The Investment Manager therefore estimated that its ability to rebound would also be less strong when the markets would go up again.

**2nd Quarter:**

The Investment Manager did not move the core allocation. Indeed, there was no addition or removal of target funds over the period. The Investment Manager gave each selected underlying manager the freedom to show its added value over this turbulent quarter.

The sole decision was limited to not invest the incoming subscriptions cash in order to reduce the equity exposure.

**3rd Quarter:**

A new target fund was added in July, namely Capital Group Global Allocation Fund (LUX). This target fund fits perfectly with WGBS with its simple management approach (equity, bond and cash asset class), liquid and consistent over time. The objective was to benefit from the good earnings season of US companies to increase the equity weighting.

In September, given the inflation publications, the Investment Manager reduced the weighting of the most dynamic target funds (Varenne Global, Acatis Gané Value Event Fonds, Allianz Strategy 50 NT EUR and UniRak).

**4th Quarter:**

A few transactions occurred in the Sub-Fund during this quarter. In accordance with the philosophy of multi-conviction, the Investment Manager let each manager work according to its own philosophy.

The Investment Manager decided to protect WGBS from a weaker dollar and, therefore, hedged 25% of the US positions held by each of the underlying funds.

**SFDR classification:**

As stated in the latest version of the prospectus, WGBS is classified under Article 6 of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**") and does not promote environmental and/or social characteristics nor has sustainable investments as its objective.

# WATERLOO SICAV

## Report of the Board of Directors (continued)

### Performance Review

Chart showing performance of the share class R-EUR of WGBS against its Morningstar category since January 1<sup>st</sup>, 2022:

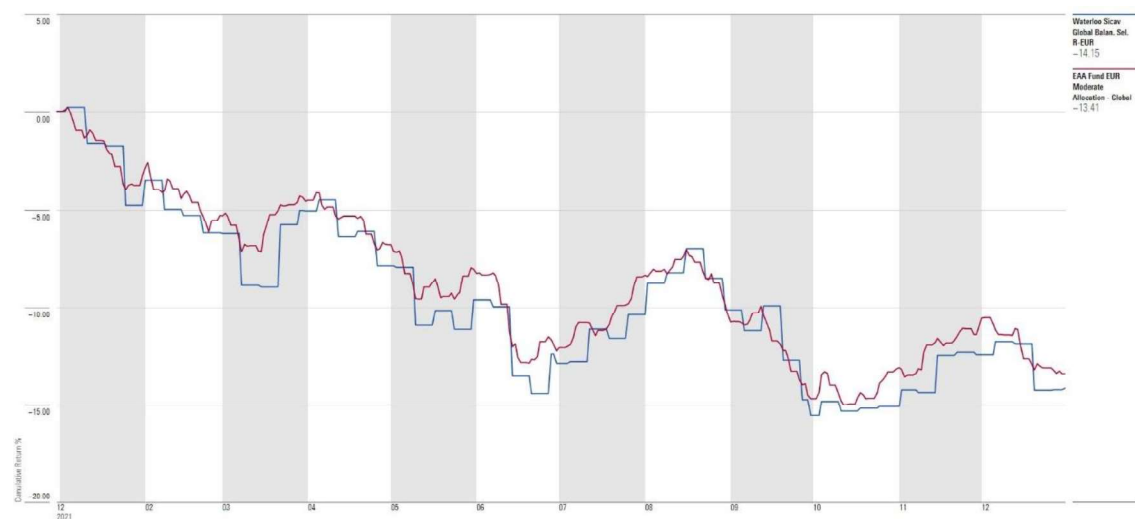
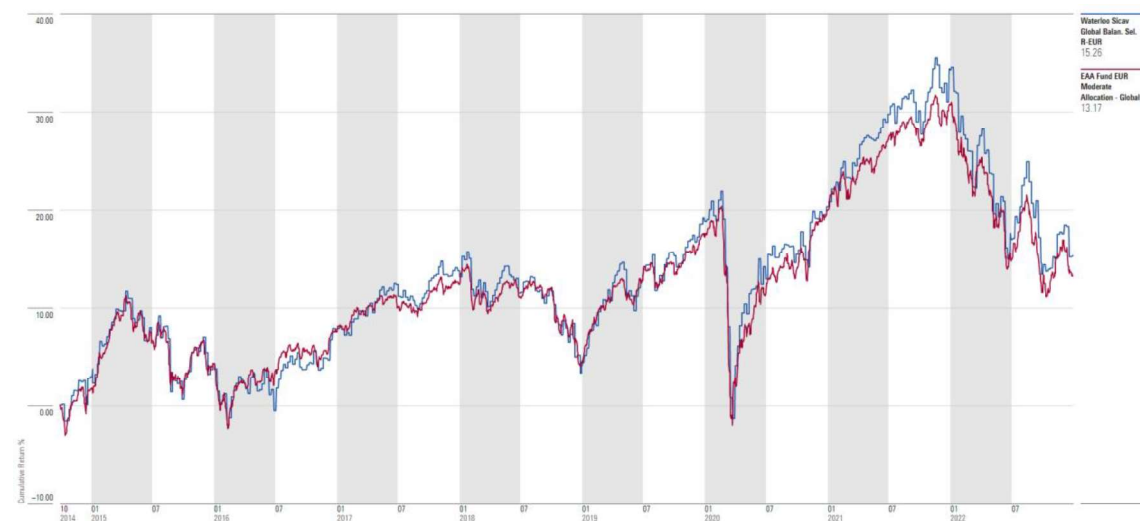


Chart showing the performance of the share class R-EUR of WGBS against its Morningstar category since September 30th, 2014 (incorporation date):



**Waterloo Sicav - Global Flexible ("WGF")**

**1st Quarter:**

The Sub-Fund started 2022 with a direct exposure to equities amounting to about 70%.. During January, the Investment Manager let the rate increase to about 74.3% assuming that the best protection against inflation announcements were equities. When the crisis in Ukraine broke out, the Investment Manager lowered the equity weight to about 67% for a few days, with the aim of reducing the volatility of the portfolio.

The Investment Manager benefited from price declines to buy back shares of companies that were part of the selection at a "good" price.

In terms of selected investments, the Investment Manager made two trade-offs. It sold shares of Walmart for the benefit of its competitor, Costco, which, with its operation in the form of "membership", manages to better retain its customers, despite the growth of online retail. Despite Walmart's efforts, this trend was not about to reverse. This principle of paid membership allows Costco to maintain high margins through controlled operating costs.

Then, the Investment Manager arbitrated Coca-Cola for the benefit of PepsiCo. Although Coca-Cola remains the undisputed leader in the field of soda, this sector has less and less success. PepsiCo understood this and has diversified its activity into salty snacks (including Lays and Quaker cereals) which, now, represents more than 65% of its profits. PepsiCo has recently invested heavily to expand its production capabilities and to optimize its presence in all markets. PepsiCo now seems better equipped to meet tomorrow's challenge in the beverage sector, and this with a valuation slightly lower than Coca-Cola.

**2nd Quarter:**

The equity exposure varied in a fairly narrow range from 68% to 72.5%. Navigating between capital incoming and securities purchases made by weakness.

The composition of the equity segment has not been changed. Indeed, no new securities were added and, except Commonwealth Bank Of Australia, no securities were sold during the quarter. The Investment Manager only took advantage of the stronger than-expected weakness of some equities to strengthen the position.

**3rd Quarter:**

The equity weighting fell slightly over the quarter to about 70% at the end of September. It firstly increased to about 75% at the end of July, to take advantage of the earnings season, secondly it was lowered in September to face new inflation data. Given the strength of the dollar, the Investment Manager started to hedge the bucket.

**Sale of Legrand:** The Legrand range is too wide and too complex. It cannot benefit from economies of scale, which will be important in the current conditions of costs rising. The company is not at the forefront of digitalization and energy saving for residential constructions (its largest market). Finally, Legrand is too focused on two markets (France and Italy) while the Investment Manager is looking for more diversification and, if possible, opportunities in the US.

**Woolworth arbitration for Ahold Delhaize:** Woolworth became very expensive (PE, PB beyond the sector). The growth of online retailing is not good news for the company, which is not very active and

profitable. Ahold, cheaper, is a pioneer and very focused on e-commerce with a strong presence in the US.

**American Tower arbitration for Prologis:** The development of 5G is holding back the growth of American Tower. Operators need less towers to expand their networks. The purchase of Coresite (datacenter) made in 2021 was very expensive and offers little synergy with the core markets of American Tower. The value is expensive. Prologis is specialized in industrial real estate in the US. This segment was quite cheap, not very complex and generates large cash flows. The valuation was reasonable for a company in constant growth.

**4th Quarter:**

During this fourth quarter, the Investment Manager maintained the equity weight around 72.5%.

There has been a change in the stock picking. Following to the publication of an article in the Time denouncing inhumane working conditions in the Colombian subsidiary (highlighting, especially, the psychological suffering generated by the mission of the Colombian Tiktok moderators), Teleperformance collapsed by more than 30% (50% at the publication date of the Time's investigation). Nevertheless, the company's income was not affected by this publication. This article has also been denied by press releases from the company. Teleperformance took the opportunity to launch a share buyback program, beginning repurchasing shares on 11 November 11 2022 under the program mandated by shareholders on annual general meeting dated 14 April 2022. The Investment Manager took advantage of these cheap buying conditions to include it into WGF.

**SFDR classification:**

As stated in the latest version of the prospectus, WGF is classified under Article 6 of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**") and does not promote environmental and/or social characteristics nor has sustainable investments as its objective.

Performance Review :

Chart showing performance of the share class R-EUR of WGF against its Morningstar category since January 1 st,2022:

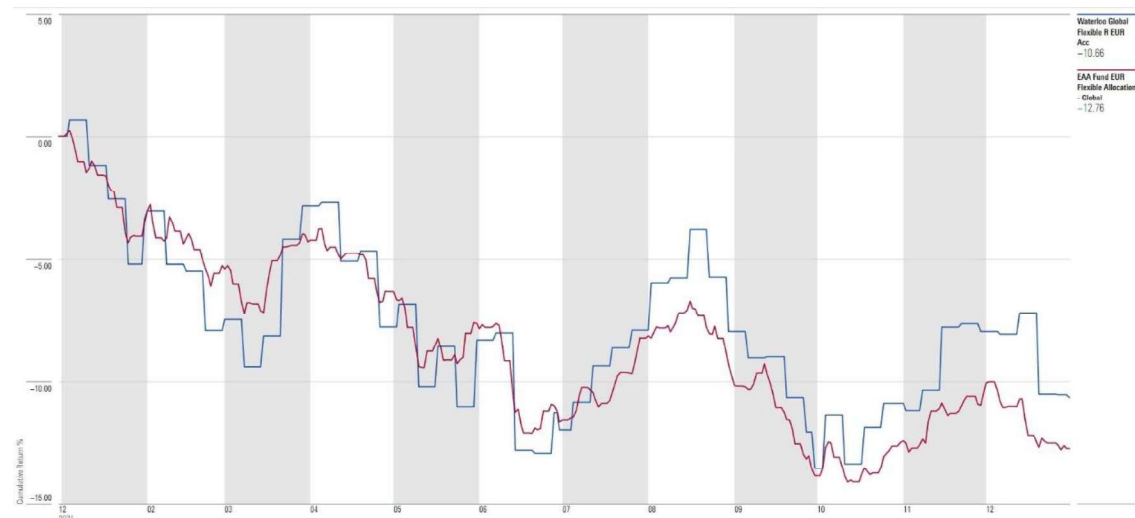


Chart showing performance of the share class R-EUR of WGF against its Morningstar category since October 24th,2016 (incorporation date):



Luxembourg, 4th April 2023

The Board of Directors

Note: The information in this report represents historical data and is not an indication of future results.





## HACA PARTNERS

Audit & Governance

### Report of the réviseur d'entreprises agréé

To the Shareholders of  
**WATERLOO SICAV**  
R.C.S. Luxembourg B209184  
16, Boulevard Royal  
L- 2449 Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGRÉÉ

### *Opinion*

We have audited the accompanying financial statements of WATERLOO SICAV and each of its sub-funds ("**the Fund**") which comprise:

- the statements of net assets as of 31 December 2022;
- the statements of operations and other changes in net assets for the year then ended;
- the statements of investments and other net assets as of 31 December 2022; and
- the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as of 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 those Law and standards are further described in the "Responsibilities of the "*Réviseur d'entreprises agréé*" for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are 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. We have fulfilled our other ethical responsibilities under those ethical requirements.

### *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.

**Report of the réviseur d'entreprises agréé (continued)**

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 identified above 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 that fact. We have nothing to report in this regard.

***Responsibilities of the Board of Directors of the Fund and those charged with governance for the financial statements***

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

***Responsibilities of the "Réviseur d'entreprises agréé" for 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;

**Report of the réviseur d'entreprises agréé (continued)**

- 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 audit report 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 audit report. 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, 4th April 2023

**HACA Partners S.à r.l.,**  
Cabinet de révision agréé

DocuSigned by:  
  
3DC7F25F527D486 Cyril Cayez  
Réviseur d'entreprises agréé

## **WATERLOO SICAV**

### **Combined statement of net assets (in EUR)** as at 31st December 2022

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#### **Assets**

Securities portfolio at market value	73,151,031.77
Cash at banks	5,468,666.41
Formation expenses, net	229.56
Income receivable on portfolio	2,375.52
Bank interest receivable	255.40
Unrealised gain on forward foreign exchange contracts	472,810.85
Prepaid expenses	8,369.12
	<hr/>
Total assets	79,103,738.63
	<hr/>

#### **Liabilities**

Expenses payable	150,845.70
	<hr/>
Total liabilities	150,845.70
	<hr/>
Net assets at the end of the year	78,952,892.93
	<hr/> <hr/>

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

## WATERLOO SICAV

### Combined statement of operations and other changes in net assets (in EUR) from 1st January 2022 to 31st December 2022

<b><u>Income</u></b>	
Dividends, net	443,556.71
Bank interest	14,775.02
Other commissions received	24,761.10
Other income	32,171.98
Total income	515,264.81
<b><u>Expenses</u></b>	
Management fees	1,150,889.96
Performance fees	67.39
Depository fees	66,641.68
Banking charges and other fees	4,208.86
Transaction fees	15,479.04
Central administration costs	69,551.25
Professional fees	23,712.05
Other administration costs	53,021.76
Subscription duty ("taxe d'abonnement")	25,150.09
Bank interest paid	32,066.98
Other expenses	24,478.67
Total expenses	1,465,267.73
Net investment loss	-950,002.92
<b><u>Net realised gain/(loss)</u></b>	
- on securities portfolio	587,324.82
- on forward foreign exchange contracts	-75,105.09
- on foreign exchange	-20,097.82
Realised result	-457,881.01
<b><u>Net variation of the unrealised gain/(loss)</u></b>	
- on securities portfolio	-10,949,427.00
- on forward foreign exchange contracts	472,810.85
Result of operations	-10,934,497.16
Dividends paid	-91,376.85
Subscriptions	15,321,094.96
Redemptions	-7,902,683.69
Total changes in net assets	-3,607,462.74
Total net assets at the beginning of the year	82,560,355.67
Total net assets at the end of the year	78,952,892.93

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

## WATERLOO SICAV - Global Flexible

### Statement of net assets (in EUR) as at 31st December 2022

#### **Assets**

Securities portfolio at market value	31,159,431.21
Cash at banks	5,014,371.20
Formation expenses, net	114.23
Income receivable on portfolio	2,375.52
Bank interest receivable	234.70
Unrealised gain on forward foreign exchange contracts	422,637.30
Prepaid expenses	3,964.90
Total assets	36,603,129.06

#### **Liabilities**

Expenses payable	78,372.07
Total liabilities	78,372.07
Net assets at the end of the year	36,524,756.99

#### **Breakdown of net assets per share class**

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in EUR)
R - EUR	126,877.034	EUR	120.115	15,239,865.20
R - D - EUR	201,109.317	EUR	105.837	21,284,891.79
				36,524,756.99

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

## **WATERLOO SICAV - Global Flexible**

### **Statement of operations and other changes in net assets (in EUR)** from 1st January 2022 to 31st December 2022

<b>Income</b>	
Dividends, net	417,073.90
Bank interest	13,253.91
Other commissions received	3,373.44
Other income	30,698.19
Total income	464,399.44
<b>Expenses</b>	
Management fees	534,219.42
Performance fees	67.39
Depositary fees	31,232.69
Banking charges and other fees	2,313.25
Transaction fees	15,181.04
Central administration costs	34,671.28
Professional fees	12,027.18
Other administration costs	20,402.44
Subscription duty ("taxe d'abonnement")	17,079.18
Bank interest paid	20,366.79
Other expenses	10,197.45
Total expenses	697,758.11
Net investment loss	-233,358.67
<b>Net realised gain/(loss)</b>	
- on securities portfolio	314,580.68
- on forward foreign exchange contracts	-75,105.09
- on foreign exchange	-20,097.82
Realised result	-13,980.90
<b>Net variation of the unrealised gain/(loss)</b>	
- on securities portfolio	-3,893,796.51
- on forward foreign exchange contracts	422,637.30
Result of operations	-3,485,140.11
Subscriptions	11,920,306.12
Redemptions	-1,469,199.82
Total changes in net assets	6,965,966.19
Total net assets at the beginning of the year	29,558,790.80
Total net assets at the end of the year	36,524,756.99

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

## WATERLOO SICAV - Global Flexible

**Statistical information (in EUR)**  
as at 31st December 2022

<b>Total net assets</b>	<b>Currency</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2022</b>
	EUR	11,456,597.03	29,558,790.80	36,524,756.99

<b>Net asset value per share class</b>	<b>Currency</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2022</b>
R - EUR	EUR	114.888	134.452	120.115
R - D - EUR	EUR	101.260	118.473	105.837

<b>Number of shares</b>	<b>outstanding at the beginning of the year</b>	<b>issued</b>	<b>redeemed</b>	<b>outstanding at the end of the year</b>
R - EUR	112,984.428	25,684.740	-11,792.134	126,877.034
R - D - EUR	121,274.404	80,086.163	-251.250	201,109.317



# WATERLOO SICAV - Global Flexible

## Statement of investments and other net assets (in EUR) as at 31st December 2022

Currency	Number/ nominal value	Description	Cost	Market value	% of total net assets *
<b>Investments in securities</b>					
<b><u>Transferable securities admitted to an official stock exchange listing</u></b>					
<b>Shares</b>					
AUD	17,970	BHP Group Ltd	442,124.15	521,157.33	1.43
AUD	12,155	Commonwealth Bank of Australia	765,123.53	792,633.88	2.17
			1,207,247.68	1,313,791.21	3.60
CHF	4,396	Nestlé SA Reg	401,188.93	477,053.41	1.31
CHF	3,010	Roche Holding Ltd	994,933.27	1,092,677.94	2.99
CHF	1,940	Sonova Holding AG	669,618.63	430,921.38	1.18
			2,065,740.83	2,000,652.73	5.48
EUR	1,988	Air Liquide SA	165,929.15	263,211.20	0.72
EUR	2,305	Allianz SE Reg	459,761.40	463,074.50	1.27
EUR	1,220	ASML Holding NV	720,255.90	614,636.00	1.68
EUR	7,310	Deutsche Post AG Reg	354,702.32	257,165.80	0.70
EUR	13,150	Deutsche Telekom AG Reg	231,599.20	245,089.70	0.67
EUR	8,246	Iberdrola SA	89,820.56	90,128.78	0.25
EUR	6,500	Koninklijke Ahold Delhaize NV	170,832.69	174,460.00	0.48
EUR	622	L'Oréal SA	119,552.63	207,499.20	0.57
EUR	1,630	Linde PLC Reg	422,715.50	497,883.50	1.36
EUR	647	LVMH Moët Hennessy L Vuit SE	293,539.39	439,895.30	1.20
EUR	13,560	Prosus NV N Reg	909,719.66	873,942.00	2.39
EUR	15,940	SAP SE	1,767,335.52	1,536,456.60	4.21
EUR	8,600	Siemens AG Reg	1,112,517.54	1,114,904.00	3.05
EUR	500	Teleperformance SE	109,925.00	111,350.00	0.30
EUR	11,205	Totalenergies SE	507,833.07	657,173.25	1.80
EUR	3,605	Unilever Plc Reg	156,552.67	168,966.35	0.46
EUR	10,355	Vonovia SE	471,097.63	228,017.10	0.62
			8,063,689.83	7,943,853.28	21.73
GBP	12,270	Compass Group Plc Reg	222,903.06	265,098.80	0.72
HKD	40,200	AIA Group Ltd	404,213.17	418,826.04	1.15
HKD	13,500	Hong Kong Sec Clearing Co Ltd	653,993.32	546,398.16	1.50
			1,058,206.49	965,224.20	2.65
JPY	2,200	Keyence Corp	861,415.39	803,243.46	2.20
JPY	12,000	Nintendo Co Ltd	543,270.70	471,363.40	1.29
JPY	5,100	Recruit Holdings Co Ltd	233,277.93	151,261.04	0.41
JPY	30,000	Toyota Motor Corp	456,926.82	386,092.81	1.06
			2,094,890.84	1,811,960.71	4.96
USD	5,700	Alphabet Inc C	584,099.82	473,802.99	1.30
USD	5,700	Amazon.com Inc	792,971.82	448,545.60	1.23
USD	7,100	Apple Inc Reg	910,322.00	864,211.91	2.37
USD	2,135	Berkshire Hathaway Inc	503,550.91	617,828.94	1.69
USD	8,000	Citigroup Inc	356,390.37	338,976.06	0.93
USD	400	Costco Wholesale Corp	180,705.66	171,061.88	0.47
USD	6,250	Exxon Mobil Corp	315,998.12	645,814.79	1.77
USD	5,060	Honeywell Intl Inc	914,783.19	1,015,839.62	2.78
USD	7,120	Johnson & Johnson	1,033,361.86	1,178,273.46	3.22
USD	7,120	JPMorgan Chase & Co	912,449.49	894,460.63	2.45
USD	870	McDonald's Corp	174,688.30	214,783.92	0.59
USD	3,595	Meta Platforms Inc A	901,419.51	405,285.77	1.11
USD	5,660	Microsoft Corp	1,379,197.52	1,271,611.04	3.48
USD	4,720	NextEra Energy Inc	339,179.27	369,658.53	1.01
USD	1,790	Nike Inc B	215,394.04	196,213.31	0.54
USD	3,860	NVIDIA Corp	664,922.67	528,456.04	1.45
USD	3,150	Pepsico Inc	482,150.48	533,120.05	1.46
USD	560	Procter & Gamble Co	62,366.32	79,510.61	0.22
USD	2,215	Tesla Inc	467,165.47	255,603.26	0.70
USD	1,300	Union Pacific Corp	252,274.79	252,181.37	0.69

\* Minor differences may arise due to rounding in the calculation of percentages.

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

# WATERLOO SICAV - Global Flexible

## Statement of investments and other net assets (in EUR) (continued) as at 31st December 2022

Currency	Number/ nominal value	Description	Cost	Market value	% of total net assets *
USD	1,375	United Health Group Inc	486,363.23	682,933.63	1.87
USD	5,450	Verizon Communications Inc	252,975.90	201,161.65	0.55
USD	1,100	Waste Management Inc	137,123.75	161,663.78	0.44
			12,319,854.49	11,800,998.84	32.32
<b>Total shares</b>			27,032,533.22	26,101,579.77	71.46
<b>Closed-ended investment funds</b>					
USD	2,800	ProLogis Inc	353,220.03	295,699.10	0.81
<b>Total closed-ended investment funds</b>			353,220.03	295,699.10	0.81
<b>Open-ended investment funds</b>					
<b>Investment funds (UCITS)</b>					
EUR	1,500	Ostrum SRI Cred Ultra Short Plus SI Cap	2,333,495.80	2,348,475.00	6.43
EUR	6,700	R-co Valor Bond Opportunities C EUR Cap	748,189.00	678,308.00	1.86
			3,081,684.80	3,026,783.00	8.29
USD	8,000	Legg Mason GI Fds Plc Brandywine Income Optimiser X USD Cap	739,426.61	682,598.72	1.87
USD	9,200	Solitaire Fd Global Bond I Cap	1,108,560.09	1,052,770.62	2.88
			1,847,986.70	1,735,369.34	4.75
<b>Total investment funds (UCITS)</b>			4,929,671.50	4,762,152.34	13.04
Total investments in securities			32,315,424.75	31,159,431.21	85.31
Cash at banks				5,014,371.20	13.73
Other net assets/(liabilities)				350,954.58	0.96
Total				36,524,756.99	100.00

\* Minor differences may arise due to rounding in the calculation of percentages.

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

## **WATERLOO SICAV - Global Flexible**

### **Industrial and geographical classification of investments** as at 31st December 2022

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#### **Industrial classification**

(in percentage of net assets)

Technologies	15.62 %
Investment funds	13.04 %
Non-cyclical consumer goods	12.02 %
Financials	10.28 %
Cyclical consumer goods	10.17 %
Healthcare	9.26 %
Industrials	4.74 %
Energy	3.57 %
Raw materials	3.51 %
Utilities	1.26 %
Telecommunications services	1.22 %
Real estate	0.62 %
Total	<u>85.31 %</u>

#### **Geographical classification**

(by domicile of the issuer)  
(in percentage of net assets)

United States of America	33.13 %
France	12.88 %
Germany	10.52 %
Switzerland	5.48 %
Japan	4.96 %
The Netherlands	4.55 %
Australia	3.60 %
Ireland	3.23 %
Principality of Liechtenstein	2.88 %
Hong Kong	2.65 %
United Kingdom	1.18 %
Spain	0.25 %
Total	<u>85.31 %</u>

## WATERLOO SICAV - Global Balanced Selection

### Statement of net assets (in EUR) as at 31st December 2022

#### **Assets**

Securities portfolio at market value	41,991,600.56
Cash at banks	454,295.21
Formation expenses, net	115.33
Bank interest receivable	20.70
Unrealised gain on forward foreign exchange contracts	50,173.55
Prepaid expenses	4,404.22
Total assets	42,500,609.57

#### **Liabilities**

Expenses payable	72,473.63
Total liabilities	72,473.63
Net assets at the end of the year	42,428,135.94

#### **Breakdown of net assets per share class**

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in EUR)
R - EUR	252,097.679	EUR	115.256	29,055,759.60
R - D - EUR	115,300.449	EUR	95.247	10,982,023.19
I - EUR	20,391.409	EUR	117.224	2,390,353.15
				42,428,135.94

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

## **WATERLOO SICAV - Global Balanced Selection**

### **Statement of operations and other changes in net assets (in EUR)** from 1st January 2022 to 31st December 2022

<b><u>Income</u></b>	
Dividends, net	26,482.81
Bank interest	1,521.11
Other commissions received	21,387.66
Other income	1,473.79
Total income	50,865.37
<b><u>Expenses</u></b>	
Management fees	616,670.54
Depositary fees	35,408.99
Banking charges and other fees	1,895.61
Transaction fees	298.00
Central administration costs	34,879.97
Professional fees	11,684.87
Other administration costs	32,619.32
Subscription duty ("taxe d'abonnement")	8,070.91
Bank interest paid	11,700.19
Other expenses	14,281.22
Total expenses	767,509.62
Net investment loss	-716,644.25
<b><u>Net realised gain/(loss)</u></b>	
- on securities portfolio	272,744.14
Realised result	-443,900.11
<b><u>Net variation of the unrealised gain/(loss)</u></b>	
- on securities portfolio	-7,055,630.49
- on forward foreign exchange contracts	50,173.55
Result of operations	-7,449,357.05
Dividends paid	-91,376.85
Subscriptions	3,400,788.84
Redemptions	-6,433,483.87
Total changes in net assets	-10,573,428.93
Total net assets at the beginning of the year	53,001,564.87
Total net assets at the end of the year	42,428,135.94

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

# WATERLOO SICAV - Global Balanced Selection

Statistical information (in EUR)  
as at 31st December 2022

Total net assets	Currency	31.12.2020	31.12.2021	31.12.2022	
	EUR	47,758,228.69	53,001,564.87	42,428,135.94	
Net asset value per share class	Currency	31.12.2020	31.12.2021	31.12.2022	
R - EUR	EUR	120.738	134.247	115.256	
R - D - EUR	EUR	100.619	111.868	95.247	
I - EUR	EUR	121.785	135.974	117.224	
Number of shares		outstanding at the beginning of the year	issued	redeemed	outstanding at the end of the year
R - EUR		282,666.859	6,827.667	-37,396.847	252,097.679
R - D - EUR		97,920.387	22,262.283	-4,882.221	115,300.449
I - EUR		30,153.400	2,534.542	-12,296.533	20,391.409
Dividends paid	Currency	Dividend per share class		Ex-dividend date	
R - D - EUR	EUR	0.8455		27.04.2022	

# WATERLOO SICAV - Global Balanced Selection

## Statement of investments and other net assets (in EUR) as at 31st December 2022

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets *
<b><u>Investments in securities</u></b>					
<b><u>Open-ended investment funds</u></b>					
<b>Investment funds (UCITS)</b>					
EUR	186.46	Acatis Value Event Fds B Dist	2,845,898.99	3,995,690.50	9.42
EUR	1,490.077	Allianz European Pension Inv Strateg 50 NT EUR Cap	2,531,748.71	2,986,918.95	7.04
EUR	1,777.454	BL Global 75 BI Cap	1,682,115.53	1,851,076.14	4.36
EUR	1,035.148	BL Global Flexible EUR BI Cap	1,098,758.24	1,090,580.18	2.57
EUR	110,522.88	BlackRock Global Fds ESG Multi-Asset D2 Cap	2,188,884.92	2,124,249.75	5.01
EUR	19,890	Blue Fd SICAV (The) Global C Cap	3,735,978.73	4,716,515.70	11.12
EUR	50,000	Capital Intl Fd Gr Gl Allocation (LUX) Z Cap	1,002,500.00	949,000.00	2.24
EUR	166,707.899	Comgest Growth Plc Global Flex I Cap	2,142,196.50	2,210,546.74	5.21
EUR	26,186.119	Flossbach von Storch Multiple Opportunities II IT Cap	3,184,970.20	4,198,682.32	9.89
EUR	5,549.312	JPMorgan Inv Fds Global Macro Opp C EUR Cap	999,929.84	931,895.96	2.20
EUR	47,580	Oddo BHF Exklusiv Polaris Balanced Uts DNWEUR Dist	2,527,449.60	2,575,505.40	6.07
EUR	2,514.1288	R-co Valor P EUR Cap	3,540,590.16	4,651,188.56	10.96
EUR	12,615.4002	Sparinvest Procedo EUR I Cap	2,383,368.37	3,012,936.03	7.10
EUR	26,777.159	UniRak Dist	3,005,889.38	3,442,739.33	8.11
EUR	27,500	Varenne UCITS Global PCap	4,106,275.00	3,254,075.00	7.67
Total investments in securities			36,976,554.17	41,991,600.56	98.97
Cash at banks				454,295.21	1.07
Other net assets/(liabilities)				-17,759.83	-0.04
Total				42,428,135.94	100.00

\* Minor differences may arise due to rounding in the calculation of percentages.

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

## **WATERLOO SICAV - Global Balanced Selection**

### **Industrial and geographical classification of investments** as at 31st December 2022

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#### **Industrial classification**

(in percentage of net assets)

Investment funds	98.97 %
Total	<u>98.97 %</u>

#### **Geographical classification**

(by domicile of the issuer)  
(in percentage of net assets)

Luxembourg	65.27 %
Germany	17.53 %
France	10.96 %
Ireland	5.21 %
Total	<u>98.97 %</u>



## WATERLOO SICAV

### Notes to the financial statements as at 31st December 2022

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#### Note 1 -General information

WATERLOO SICAV (the "**Fund**") is a Luxembourg open-ended investment company incorporated for an unlimited period of time in Luxembourg on 13th September 2016 and established as a *société d'investissement à capital variable* (investment company with variable capital) formed as a public limited liability company (*société anonyme*) in accordance with the amended Luxembourg law of 17th December 2010 concerning undertakings for collective investment (the "**Law of 2010**").

The Fund is subject, in particular, to the provisions of Part I of the Law of 2010 and to the European Directive 2009/65/EC of the European Parliament as amended.

The Fund is offering Shares of one or several separate sub-funds (individually a "**Sub-Fund**", collectively the "**Sub-Funds**") on the basis of the information contained in the prospectus of the Fund and in the documents referred to herein.

The Shares to be issued by the Fund may be of several different classes which relate to several separate Sub-Funds. For each Sub-Fund, the board of directors of the Fund (the "**Board of Directors**") may decide at any time to issue different classes of Shares (individually a "**Class**", collectively the "**Classes**") whose assets will be invested jointly according to the Sub-Fund's specific investment policy, but with specific features applicable to each Class.

A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment policy applicable to the relevant Sub-Fund as further described in the part B "Specific Information" in the prospectus of the Fund. The Board of Directors may, at any time, create additional Sub-Funds, whose investment policy may differ from those of the Sub-Funds then existing.

The financial year of the Fund starts each year on 1st January and ends on the last day of December of each year.

The Fund publishes an annual report including audited financial statements on 31st December and an unaudited semi-annual report on 30th June. These financial reports contain information on the asset situation of the Fund and separate financial statements for each Sub-Fund.

The Net Asset Value and the issue, redemption and conversion prices for the shares in each Sub-Fund may be obtained during business hours at the registered office of the Fund.

The following documents are made available to the public at the registered office of the Fund and of the Management Company:

- the Articles of Association of the Fund,
- the prospectus of the Fund including the fact sheets, (also published on [www.conventumtps.lu](http://www.conventumtps.lu)),
- the key information document ("KID") of the Sub-Funds, (also published on [www.conventumtps.lu](http://www.conventumtps.lu)),
- the financial reports of the Fund, (also published on [www.conventumtps.lu](http://www.conventumtps.lu)).

A copy of the agreements contracted with the Management Company, the Investment Managers of the Fund, the Investment Advisor of the Fund, the Depositary and the Primary Paying Agent are available free of charge at the registered office of the Fund.

The complaints handling procedure setup in accordance with the CSSF Regulation relating to the out-of-court resolution of complaints is available free of charge upon request at the registered office of the Fund.

**Note 2 - Significant accounting policies**

**a) Presentation of the financial statements**

The financial statements of the Fund are prepared in accordance with the Luxembourg legal and regulatory requirements concerning Undertakings for Collective Investment and with generally accepted accounting principles in Luxembourg.

The financial statements of the Fund have been prepared on a going concern basis.

**b) Valuation of assets**

1. The value of any cash on hand or on deposit, bills and demand notes payable and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.
2. The value of any security or other asset which is quoted or dealt in on a stock exchange is based on its last available price in Luxembourg on the stock exchange which is normally the principal market for such security.
3. The value of any security or other asset which is dealt in on any other regulated market is based on its last available price in Luxembourg.
4. In the event that any assets are not listed nor dealt in on any stock exchange or on any other regulated market, or if, with respect to assets listed or dealt in on any stock exchange or on any other regulated market as aforesaid, the price as determined pursuant to sub-paragraph 2. or 3. is not, in the opinion of the Board of Directors of the Fund, representative of the fair market value of the relevant assets, the value of such assets is based on the reasonably foreseeable sales price determined prudently and in good faith.
5. Units of undertakings for collective investment is valued at their last determined and available net asset value at the valuation date or, if such price is not, in the opinion of the Board of Directors of the Fund, representative of the fair market value of such assets, then the price shall be determined by the Board of Directors of the Fund on a fair and equitable basis.
6. The liquidating value of futures, spot, forward or options contracts not traded on stock exchanges nor on other regulated markets shall mean their net liquidating value determined, pursuant to the policies established by the Board of Directors of the Fund, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, spot, forward or options contracts traded on stock exchanges or on other regulated markets shall be based upon the last available settlement prices of these contracts on stock exchanges and regulated markets on which the particular futures, spot, forward or options contracts are traded by the Fund; provided that if a futures, spot, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors of the Fund may deem fair and reasonable. Swaps will be valued at their market value.
7. The value of money market instruments not traded on stock exchanges nor on other regulated markets and with a remaining maturity of less than 12 months and of more than 90 days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money market instruments with a remaining maturity of 90 days or less is valued by the amortized cost method, which approximates market value.
8. Interest rate swaps is valued at their market value established by reference to the applicable interest rates' curve.

## WATERLOO SICAV

### Notes to the financial statements (continued)

as at 31st December 2022

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9. All other securities and other assets is valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors of the Fund.

c) Acquisition cost of securities in the portfolio

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

d) Net realised gain / (loss) on securities portfolio

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

e) Investment portfolio income

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

Interest income accrued and payable are recorded, net of any withholding tax.

f) Valuation of forward foreign exchange contracts

Open forward foreign exchange contracts are valued at forward market rates for the remaining period from valuation date to the maturity of the contracts. Net unrealised gains or losses of open forward foreign exchange contracts are disclosed in the statement of net assets. Net variation of unrealised gains or losses and net realised gains or losses are disclosed in the statement of operations and other changes in net assets.

g) Formation expenses

Formation expenses are amortised on a straight line basis over a period of five years.

If the launch of a Sub-Fund occurs after the launch date of the Fund, the formation expenses related to the launch of the new Sub-Fund is charged to such Sub-Fund alone and may be amortised over a maximum of five years with effect as from the Sub-Fund's launch date.

h) Conversion of foreign currencies

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

At the date of the financial statements, the exchange rates used are the following:

1	EUR	=	1.5733658	AUD	Australian Dollar
			0.9872845	CHF	Swiss Franc
			0.8875078	GBP	Pound Sterling
			8.3312872	HKD	Hong Kong Dollar
			140.8340139	JPY	Japanese Yen
			1.0674500	USD	US Dollar

## WATERLOO SICAV

### Notes to the financial statements (continued) as at 31st December 2022

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#### i) Combined financial statements

The combined financial statements of the Fund are expressed in EUR and are equal to the sum of the corresponding items in the financial statements of each Sub-Fund.

#### j) Transaction fees

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

### Note 3 - Management fees

#### Management fees:

The management fees invoiced by the Management Company are composed of fees in relation with portfolio management activities and fees in relation with risk management function and other functions borne by the Management Company.

#### Portfolio management function:

For the portfolio management function, the Management Company is entitled to receive the following portfolio management fees, payable monthly and calculated on the average net assets of the respective share class of each Sub-Fund determined on each NAV date for each month during the continuance of the UCITS Portfolio Management Agreement concluded with the Management Company and as amended from time to time:

Sub-Fund	Class R (in % per p.a.)	Class R-D (in % per p.a.)	Class I (in % per p.a.)
WATERLOO SICAV - Global Flexible	1.50	1.50	1.10
WATERLOO SICAV - Global Balanced Selection	1.25	1.25	0.85

As this function has been delegated to the Investment Manager Waterloo Asset Management S.A. for both Sub-Funds, the Management Company agreed that the portfolio management fees be directly paid to the Investment Manager.

#### Other function, including the risk management function:

For the services provided, the Management Company receives a flat fee amounting to EUR 4.650 per quarter per Sub-Fund, payable in advance on the first business day of each quarter, plus a remuneration amounting to 0,04% per annum calculated on the average net assets of each Sub-Fund during the quarter in question and payable quarterly during the month following the quarter end.

### Note 4 - Ongoing costs of the underlying target funds

There might be duplication of management fees and other operating fund related expenses, each time the Sub-Funds of the Fund invest in other UCIs and/or UCITS. To reduce the risk of duplication of fees, the maximum level of cumulated management fees that may be supported by both the Sub-Funds of the Fund and UCITS and/or UCIs in which they invest is fixed at 2.80% of the Sub-Funds' net asset value.

The ongoing costs disclosed in the KIID of each share class of each Sub-Fund of WATERLOO SICAV do not include the ongoing costs taken from the underlying target funds in which the Sub-Funds of WATERLOO SICAV are invested in

## WATERLOO SICAV

### Notes to the financial statements (continued) as at 31st December 2022

The ongoing costs of the underlying target funds in portfolio of the Sub-Funds of Waterloo SICAV are determined based on the most recently available summary cost indicators figure. This may be the figure published by the target funds or their operator or management company, or a figure calculated by a reliable third-party source if more up-to-date than the published figure.

It is specified that the ongoing costs of the underlying target funds are composed of (i) the management fees and other administrative or operating costs to which the underlying target funds are subject to, and of (ii) the transaction costs paid by the underlying target funds for the transactions they performed

The ongoing costs of the underlying target funds, in portfolio of the Sub-Funds of WATERLOO SICAV as of 31st December 2022, expressed as a percentage of the Sub-Funds' NAV, are as follows:

Sub-Fund	On-going cost of the target funds (in % of Sub-Fund's NAV)
WATERLOO SICAV - Global Balanced Selection	1.13%
WATERLOO SICAV - Global Flexible	0.10%

According to the Law, the KIIDs will be replaced by the PRIIPS KID as from 01/01/2023. The PRIIPS KID foresees that the ongoing costs do include the on-going costs of the underlying target funds.

#### Note 5 - Management fee retrocession

Management fee retrocessions received by each Sub-Fund and related to its investments in UCITS or other UCIs are disclosed under the item "Other commissions received" in the statement of operations and other changes in net assets.

#### Note 6 - Performance fee

##### WATERLOO SICAV - Global Balanced Selection

The Sub-Fund is not subject to performance fees.

##### WATERLOO SICAV - Global Flexible

The Investment Manager is entitled to a performance fee of 10% ("**Performance Fee Rate**") based on the high watermark ("**HWM**") principle. The HWM used for the purpose of the performance fee calculation is assessed on the NAV of the last business day ("**Valuation Point**") of the calendar year ("**Calculation Period**") and corresponds to the highest NAV of any previous Valuation Point. The first Calculation Period begins on 31st December 2020 and ends on the following Valuation Point. In case of a class of shares is launched after the beginning of the first Calculation Period, the HWM will be the Initial Offering Price of the share class.

The performance fee is accrued at each NAV calculation and paid to the Investment Manager within 25 days following the end of each Calculation Period. In case of NAV decrease during the Calculation Period, the accrued performance fee is adjusted accordingly. If these provisions are reduced to zero at the end of the Calculation Period, no performance fee will be charged.

The performance fees are calculated based on the formula as disclosed in the pre-contractual documents (prospectus and KIIDs, if any).

The performance fee accrual calculation is adjusted for subscriptions and redemptions recorded during the Calculation Period.

In case of redemptions recorded during a Calculation Period, the corresponding performance fee will be crystallized and paid at the end of the relevant Calculation Period.

## WATERLOO SICAV

### Notes to the financial statements (continued)

as at 31st December 2022

In case of subscriptions recorded during a Calculation Period, the calculation of the performance fee is adjusted to prevent the subscriptions having an impact on the amount of accruals for performance fees. For such adjustments, the outperformance of the NAV per share compared with the HWM up to the subscription date is not taken into account when calculating the Performance Fee. The provision set aside for the Performance Fee will be reduced by 10% of the Outperformance determined on the Valuation Day on which the subscriptions were deducted, multiplied by the number of shares subscribed.

At the date of the financial statements, the performance fee was recorded for the following Sub-Fund and amounted to :

Sub-Fund	Share class	Performance fee amount in Sub-Fund currency		Performance fee ratio in % of average total net assets
WATERLOO SICAV - Global Flexible	R - EUR	67.39	EUR	0.00%
		<u>67.39</u>	EUR	

#### Note 7 - Depositary fees

The remuneration for depositary services are included in the item "Depositary fees" disclosed in the statement of operations and other changes in net assets.

#### Note 8 - Central administration costs

The item "Central administration costs" disclosed in the statement of operations and other changes in net assets is composed of the administrative agent commission, transfer agent commission and of the domiciliation fees.

#### Note 9 - Belgian subscription duty ("taxe d'abonnement belge")

The Belgian regulation (the "Code des droits et taxes divers, Art. 201.20-201.28") imposes to Undertakings for Collective Investment, which are authorised to market their shares publicly in Belgium, the payment of an annual tax. This tax amounts to 0.0925% on the total of the net sums placed in Belgium, at 31st December of the previous year, starting from their registration with the "Financial Services and Markets Authority" ("FSMA").

The Fund is required to pay this tax by 31st March of each year.

#### Note 10 - Subscription duty ("Taxe d'abonnement")

The Fund is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the Fund is subject to an annual "taxe d'abonnement" of 0.05% p.a. applicable for Classes R, reserved to retail investors, and 0.01% p.a. applicable for Classes I, reserved to institutional investors, which is payable quarterly and calculated on the basis of the net assets of each Sub-Fund on the last day of each quarter.

Pursuant to Article 175 (a) of the amended law of 17th December 2010, the net assets invested in undertakings for collective investment already subject to the "taxe d'abonnement" are exempt from this tax.

## WATERLOO SICAV

### Notes to the financial statements (continued) as at 31st December 2022

#### Note 11 -Compliance fees

As contractually defined in the Compliance Support Agreement, the Fund has appointed Compliance Tree to provide compliance and legal support to the Fund in relation with the requirements of the Luxembourg Law of 12 November 2004 (the “**AML/CFT Law**”). Pursuant to the Compliance Support Agreement concluded, Compliance Tree is entitled to receive from the Fund a gross annual flat fee (“**compliance fees**”) of EUR 14,000.00.

#### Note 12 -Director fees

In consideration of the provision of the services rendered by the Independent Director to the Fund, the Fund shall pay an annual fee of EUR 7,500.00 payable quarterly in advance.

Those fees are disclosed under the item "Other expenses" in the statement of operations and other changes in net assets.

#### Note 13 -Forward foreign exchange contracts

As at 31st December 2022, the following Sub-Funds are committed in the following forward foreign exchange contracts:

##### WATERLOO SICAV - Global Flexible

Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in EUR)
<b>Forward foreign exchange contracts</b>					
EUR	3,494,464.77	USD	3,500,000.00	31.01.2023	222,513.06
EUR	3,449,839.34	USD	3,500,000.00	10.05.2023	200,124.24
					<u>422,637.30</u>

##### WATERLOO SICAV - Global Balanced Selection

Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in EUR)
<b>Forward foreign exchange contracts</b>					
EUR	1,657,630.21	USD	1,750,000.00	09.03.2023	25,775.41
EUR	1,647,021.62	USD	1,750,000.00	09.06.2023	24,398.14
					<u>50,173.55</u>

#### Note 14 -Changes in investments

The statement of changes in investments for the period in reference to the report is available free of charge at the registered office of the Fund.

#### Note 15 -Events

Deadline for payment of subscription

The deadline for payment of subscriptions by the investors has been changed from two to three Business Days following the Valuation Day (as such term is defined in the prospectus of the Fund) for both Sub-Funds with effect as from 3rd January 2022.

## WATERLOO SICAV

### Notes to the financial statements (continued) as at 31st December 2022

#### Taxonomy Regulation

A dedicated section providing information to the investors in accordance with Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "Taxonomy Regulation") was added in the prospectus of the Fund, dated 3rd January 2022.

Accordingly, the specific information sheets in the part B of the prospectus dedicated to the Sub-Funds WATERLOO SICAV - Global Balanced Selection and WATERLOO SICAV - Global Flexible were amended as follows:

"The Investment underlying this financial product do not take into account the EU Criteria for environmentally sustainable economic activities".

#### Dividend distribution

On 20th April 2022, the Board of Directors of the Fund resolved to proceed, for distributing share classes with the payment of the following dividends:

Sub-Fund and share class	ISIN	Currency	Dividend amount per share	Record Date	Last NAV cumulated dividend	1st NAV excluding dividend	Execution Date	Payment Date
WATERLOO SICAV - Global Bond class R-D-EUR	LU2096656629	EUR	0.8455	26/04/22	26/04/22	27/04/22	27/04/22	02/05/22

#### Update on Russia-Ukraine war

Russian President Vladimir Putin launched a military assault on Ukraine in the early hours of 24th February 2022. President Putin announced what he characterised as a "special military operation" to demilitarise and "denazify" Ukraine, and made a barely coded threat of nuclear strikes upon any outside power that might come to its aid. In response, the United States, the European Union and other nations resolved a series of unprecedented economic and financial sanctions on Russia, Belorussia and key persons involved or facilitating such action. This military conflict had an overall impact, especially in relation with energy prices. Over the financial year 2022, inflation was spreading in several economies, especially in Europe, with energy being the main component.

The Sub-Funds of the Fund are not directly exposed to Russia and Belorussia. In addition, the Ukrainian war has had no direct impact on the operations of the Fund. Service providers have suitable business contingency plans and these have been unaffected by the war in Ukraine. Investment decisions have been considering the economic and corporate impacts of the war but global factors like these are considered as part of overall investment decisions for the Fund.

#### **Note 16 - Subsequent events**

##### Amendment of the prospectus

The prospectus of the Fund was amended on 25 January 2023. The two main amendments relate to:

- The description of the performance fee mechanism of the sub-fund WATERLOO SICAV - Global Flexible.

In accordance with the ESMA Guideline on Performance Fees, concrete examples on how performance fee is calculated for this Sub-Fund were included in the description of the performance fee mechanism.



- Holding of ancillary liquid assets (i.e. bank deposits at sight) for up to 20% of the net assets of the Sub-Fund, except under exceptional circumstance when the Sub-Funds may temporarily, if this is considered justified in view of the interests of investors, hold more than 20% of their net assets in bank deposit at sight.

The investment policy of each Sub-Fund of the Fund was updated, as aforementioned, in accordance with the CSSF FAQs published on 3<sup>rd</sup> November 2021 in relation to the holding of ancillary liquid assets by UCITS.

#### Termination of agreements

The Board of Directors of the Fund received on 23rd March 2023 a termination letter from the management company, BLI - BANQUE DE LUXEMBOURG INVESTMENTS acting under the commercial name CONVENTUM THIRD PARTY SOLUTIONS, informing the Fund of its decision to terminate the following agreements effective 30 June 2023:

- The UCITS Management Company Agreement dated 15 October 2018, including its appendices, schedules and amendments.
- The Domiciliation Agreement dated 2nd October 2018, including its appendices, schedules and amendments.

The Board of Directors undertakes to appoint a new management company and domiciliary agent. The appointment will be subject to CSSF approval and the termination date will be postponed accordingly.

## **1- Risk management**

As required by Circular CSSF 11/512 as amended, the Management Company of the Fund needs to determine the global risk exposure of the SICAV by applying either the commitment approach or the VaR ("Value at Risk") approach.

In terms of risk management, the Management Company of the Fund decided to adopt the commitment approach as a method of determining the global exposure.

## **2 - Remuneration**

The remuneration policy of BLI - BANQUE DE LUXEMBOURG INVESTMENTS is aligned with that in force within its parent company, BANQUE DE LUXEMBOURG. This policy complies with the regulatory provisions and the values with which BLI - BANQUE DE LUXEMBOURG INVESTMENTS is identified in the long term.

BLI - BANQUE DE LUXEMBOURG INVESTMENTS respects an appropriate balance between the fixed and variable components of its employees' total remuneration. The fixed component represents a sufficiently major proportion of the total remuneration so that the policy can be exercised with complete freedom regarding the variable components, especially the option not to pay any variable component. BLI - BANQUE DE LUXEMBOURG INVESTMENTS reserves the right to revoke any variable remuneration award if it is found to have been granted under conditions of misconduct. In such cases, BLI - BANQUE DE LUXEMBOURG INVESTMENTS may demand the reimbursement of all or part of the amount allocated, up to three years after its payment.

The development of employees' remuneration is based on their accumulated experience and the assumption of new responsibilities, but also to an annual assessment of each employee by the management. It is based on qualitative rather than quantitative criteria. Where quantitative criteria are taken into account, they are expressed and assessed more in relation to the achievement of collective targets. In no case is the amount of the bonus correlated with the financial performance of an employee.

In accordance with Article 5 of the Regulation (EU) 2019/2088 of the European Parliament and the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, the remuneration policy of BLI - BANQUE DE LUXEMBOURG INVESTMENTS includes consideration of sustainability risks.

In concrete terms, BLI - BANQUE DE LUXEMBOURG INVESTMENTS considers that the transition to a balanced and sustainable economy is an integral part of its objectives and that each employee has an active role to play. As sustainability factors are integrated in the qualitative assessment criteria of the remuneration in the same way as the other relevant criteria, each employee actively participates in the achievement of BLI - BANQUE DE LUXEMBOURG INVESTMENTS' sustainability objectives.

The remuneration policy of BLI - BANQUE DE LUXEMBOURG INVESTMENTS is reviewed each year and its implementation is assessed annually by an independent body.

BLI - BANQUE DE LUXEMBOURG INVESTMENTS has delegated the investment management to the following external portfolio manager: WATERLOO ASSET MANAGEMENT S.A. (the "Investment Managers").

BLI - BANQUE DE LUXEMBOURG INVESTMENTS ensures that its delegate Investment Manager is subject to regulatory requirements on remuneration disclosure for their staff that are equally as effective as those applicable to the management company and/or that appropriate arrangements are in place.

BLI - BANQUE DE LUXEMBOURG INVESTMENTS further informs that it did not pay any remuneration to the staff of its delegate Investment Manager.

During the financial year 2022, a total remuneration of EUR 9,532 mio has been paid to an average of 64 employees with a variable component weighted 30 %. Total remuneration paid to 20 identified risk takers was EUR 5,409 mio, with a variable component weighted 43 %.

Details of the updated remuneration policy, including in particular a description of how remuneration and benefits are calculated, the identity of the persons responsible for awarding remuneration and benefits, the composition of the remuneration committee and the integration of sustainability factors, are available free of charge upon request by investors on [www.conventumtps.lu](http://www.conventumtps.lu).

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

During the reporting period, the Fund did not engage in transactions which are subject to the publication requirements of SFTR. Accordingly, no information concerning the transparency of securities financing transactions and of reuse of cash collateral should be reported.

**4 - Information related to the Regulations (EU) 2019/2088 and of the Council of 27th November 2019 on sustainability-related disclosures in the financial services sector (hereafter "SFDR")**

As stated in the latest version of the prospectus, the Sub-Funds of the Fund are classified under Article 6 of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**"), meaning they do not promote environmental and/or social characteristics nor have sustainable investments as their objective.

The Investment Manager does not consider risks associated to sustainability in the frame of selection, holding and sale process of the targeted underlying investments funds. Indeed, given the investment strategy and investment focus of the Sub-Funds of the Fund, the latter do not invest based on ESG criteria and do not take ESG/sustainability risks into account when investing. Those aspects have not been provided for in the investment policy of the Sub-Funds, as further detailed in the prospectus of the Fund, and have not been agreed with the investors of the Sub-Funds. Therefore, the Sub-Funds of the Fund are not intended for investors who show an interest in these aspects.