

Communication for Professional Investors in Austria, Switzerland, Germany, Spain, United Kingdom, Italy, Luxembourg, the Netherlands, Singapore, and Portugal.

Dear Clients and Investors,

What an exhilarating end to 2023 - AI arrived with a thunderclap through systems like ChatGPT that gave the world a glimpse of our automated future. And this is only the prelude, with even more powerful models set to launch in 2024¹, permeating industries far and wide just like electricity transformed everything over a century ago. We always envisioned launching this fund to capitalise on Europe's overlooked innovation potential across sectors on the cusp of breakthrough. Now, with transformational platforms going mainstream alongside an enabling ecosystem still being built across the continent, we are thrilled to be at what we consider to be the investment epicentre, seeking to compound big winners for years as AI enhances decision-making and productivity like no prior general-purpose technology. The Coming Waves² of progress start now!

2023 the year of GPT-4 and GLP-1



Source: DALL-E and Stability AI.

¹ ***“At least for next 5-10 years from now this technology will be on a steep improvement curve, this is the stupidest the models will ever be!”*** – Sam Altman on Generative LLMs in the Unconfuse Me Podcast with Bill Gates early this year.

² Reference to ***“The Coming Wave”*** by Mustafa Suleyman, a thought-provoking exploration of the transformative impact of artificial intelligence on society and the economy.

Performance*

RETURNS AS OF DECEMBER 31, 2023 (% net of fees)

	2023	2022	2021	2020	Since Inception
Fund ¹	18.90	-16.21	28.73	11.13	9.32
Benchmark ²	15.83	-9.49	25.13	-3.32	6.11
Relative Performance	3.07	-6.72	3.60	14.45	3.20

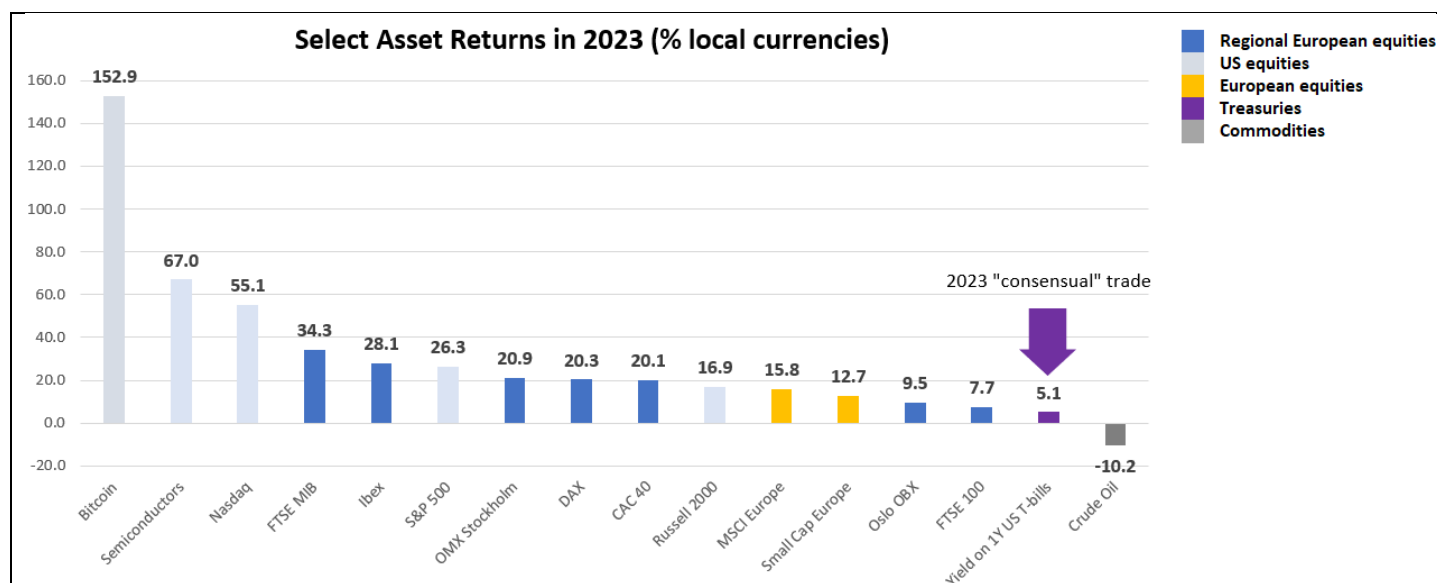
* Past performance does not predict future returns. Since Inception figures are annualized. Where the reference currency of the fund differs than yours, returns and costs may increase or decrease as a result of currency and exchange rate fluctuations. This is not an exhaustive list of the costs. Other costs apply and differ per share class.

Not the Year of Treasuries after all!

In 2023, global equities staged a notable Q4 rally to end the year up in the double digits in many regions. **European equities closed the year at +15.8% (MSCI Europe Index), comfortably beating the yield of risk-free treasuries amidst economic uncertainty.**

In Q4, small caps outperformed with +9.72% returns as risk appetite grew (MSCI Europe Small Cap Index). Bonds faced volatility on shifting rate hike forecasts. After peaking at 5% in October, 10-year US Treasury yields declined 70 basis points to 3.9% by December – reducing return expectations.

Exhibit 1: US 1Y Treasuries yield returns second lowest return after Commodities in 2023



Source: Bloomberg.

¹ The Fund = The Aperture European Innovation Fund (ticker APEIIE LX)

² Benchmark = the Fund's Benchmark, MSCI Europe Net Total Return EUR Index (ticker MSDEE15N Index)

Indices are unmanaged and do not include the effect of fees. One cannot invest directly in an index. The performance of the Benchmark does not predict future performances of that Benchmark and of the performance of the Fund. The fund is actively managed and references the Benchmark only for the purpose of performance fee calculation. The Investment Manager has full discretion over the composition of the Fund's portfolio and therefore its composition may deviate substantially from the Benchmark so as to take advantage of specific investment opportunities.

Within Q4, September saw apprehension over oil prices, hawkish Fed signalling, China risks, and spiking yield-spreads (e.g. BTP/Bund) reminiscent of past euro crises. Optimism returned quickly in November, driving one of the strongest asset price recoveries since 1999. The Fed's November meeting proved pivotal as anticipated 2024 rate cuts sparked a Treasury rally. Though data firmed post-meeting, easing expectations continued, betting on aggressive cuts next year.

In essence, complex interplays of economics, policy, and behaviour made for an eventful Q4. **After all, the Treasuries can't have it in the year of the GPT and GLP!**

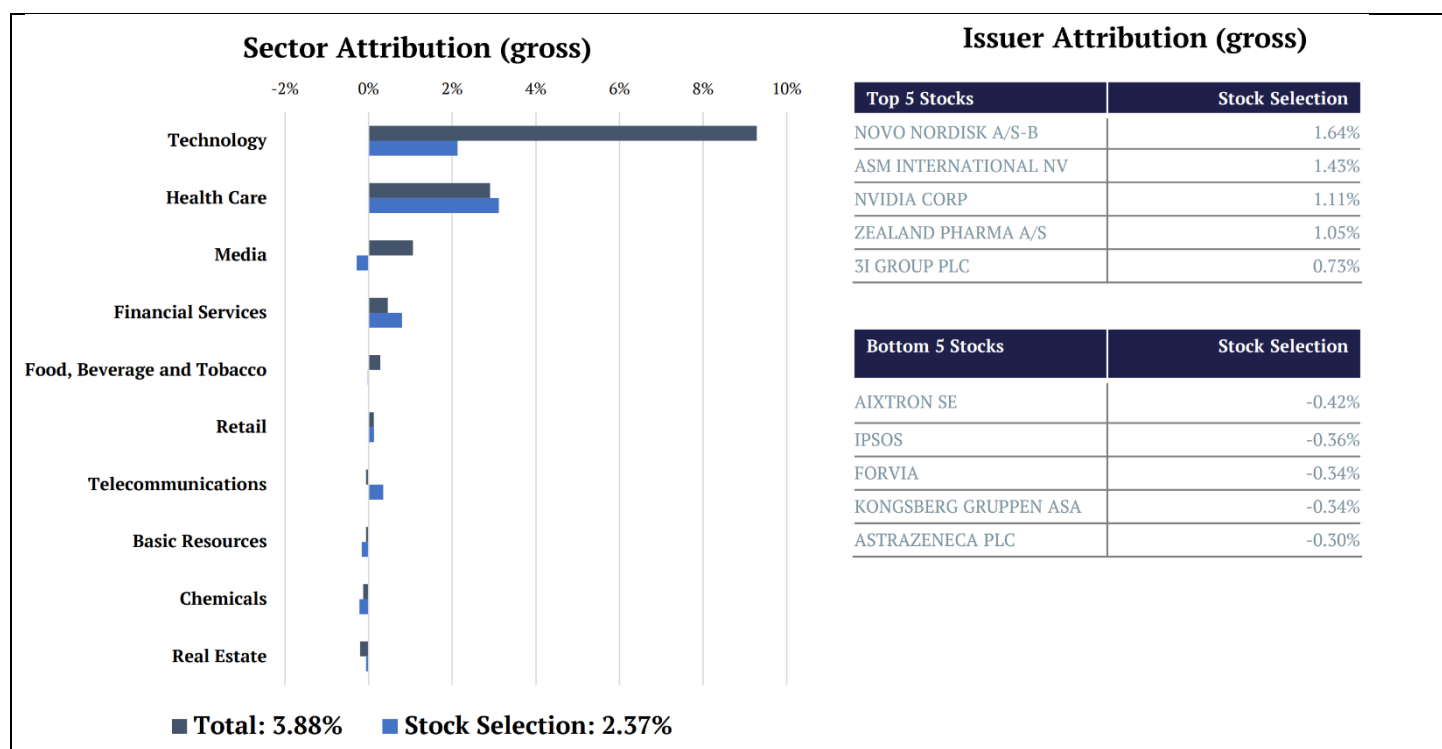
How did we do this quarter?

The Aperture European Innovation Fund (Ticker: APEIIED LX) outperformed its benchmark MSCI Europe Net Total Return Index, closing the 2023 annual net outperformance at **+3.07%**.

This quarter's outperformance was largely driven by sector allocation, reversing the underperformance experienced from the same sector allocation in Q3.

Stock selection is the key driver of excess returns this year again in line with our track record, given the idiosyncratic concentration in the portfolio. As a reminder, over the previous three calendar years, 90%+ of our excess returns are attributable to Stock Selection vs. less than 10% attributable to Asset Allocation.

Exhibit 2: Attribution for the FY 2023



Source: Aperture as of 12/31/23. Above graph includes the gross attribution of APEIIED LX Equity (LU2077746936) from 1/1/2023, to 12/31/23. Attribution is calculating how much of the stocks contribution to the portfolio is attributable to holding the sector in question (asset allocation) and how much is attributable to holding the security in question (stock selection). Given it is an additive framework, the stock selection removes the asset allocation effect. Additionally, this is a relative framework, so both asset allocation and stock selection are calculated relative to the proper benchmark, MSCI Europe Net Total Return EUR Index. This makes it such that adding asset allocation and stock selection across all stocks yields the total portfolio outperformance relative to a benchmark.

Single stock commentary: The year of GPT and GLP!

2023 marked major leaps in AI and healthcare innovation that will broadly reshape industries and lives. The release of **generative AI system GPT-4** and **SELECT study for anti-obesity drug GLP-1 class** represented **watershed innovation moments**. GLP-1 diabetes and weight loss therapies from Novo Nordisk and Zealand drove strong performance. Likewise, the AI hardware infrastructure suppliers ASM International and Nvidia benefited exponentially from surging generative compute demand.

Stocks that have helped**The year of GLP-1 ...**

Novo-Nordisk (NOVOB DC)'s stock soared by 50% in 2023, underpinned by consistently surpassing earnings forecasts and subsequently revising them upwards by over 20%. This growth was primarily fueled by the successful rollout and expansion of its Ozempic/Wegovy products. Further impetus came from the SELECT study's pivotal data released in the summer, with detailed supportive findings presented at the American Heart Association in November, strongly advocating for global reimbursement. Novo-Nordisk's GLP-1 showed remarkable efficacy in reducing mortality across all study sub-groups, coupled with an unblemished safety profile, reinforcing our view that this anti-obesity treatment is also an important life longevity enabler. Given the global rise in obesity, with over half the world's population expected to be overweight by 2035, Novo-Nordisk's GLP-1 treatments are poised to revolutionize the standard of care in treating obesity-linked cardiovascular diseases.

Zealand Pharma (ZEAL DC)'s stock appreciated by 85%. Its promising weight loss drug portfolio, potentially outperforming Novo's (25% vs. 18% weight loss), also shows potential in treating Nonalcoholic steatohepatitis (NASH) disease. With a robust financial position after increasing its share capital in 2023, Zealand is now well-equipped to fund its R&D endeavors until 2027, positioning it advantageously for lucrative partnership negotiations, building on its existing alliance with Boehringer Ingelheim.

... and GPT-4:

The year's **most significant innovation accolade goes of course to Generative AI**, particularly following the release of **ChatGPT-4**. Both our **ASM International** (ASM NA) and **Nvidia** (NVDA) holdings benefited from this innovation.

Dutch firm **ASM International**, a key player in the semiconductor equipment ecosystem, holds over 50% market share in Atomic Layer Deposition and a much larger market share in emerging technology Gate-All-Around, currently ramping in all three global foundries. This technology is crucial for advancing Logic compute and 3D stacking in HBM Memory, directly benefiting leading-edge transistors that are so important to the manufacturing of Nvidia's next generation accelerated AI chiplets and Generative AI model training. ASM International's equipment alongside larger company ASML (ASML NA) is integral across all major global foundries and part of the European leadership in the leading-edge semiconductors' ecosystem, as we discuss in the outlook section (see Exhibit 6 in the Appendix). ASM International stock price surged +101% in 2023.

GPT-4 and other similar foundational models are of course heavily reliant on **Nvidia's** advanced GPU technology for training and inference. This has benefited directly Nvidia's data center's revenues, gross margins and of course earnings with EPS for 2024 growing an explosive 3.7x. Nvidia's stock price surged by 239%. Our investment in Nvidia was initiated in April this year on the premise of its unparalleled global GPU market position and uniquely underappreciated earnings growth as the LLMs adoption curve accelerates. We captured +80% stock price appreciation during this period this year.

Nvidia's exponential EPS growth in 2024 dwarfed its stock price performance leading to a significant de-rating in its valuation multiple, now trading at approximately 27x its 12-month forward EPS v over 60x earlier last year.

... and also Innovative Retail:

3i Group PLC (III LN) up was up +85% in 2023 buoyed by crown jewel European retail store Action where strong EBITDA growth is driving NAV upgrade, FCF release and growing dividends at parent holding company 3i Group PLC. Action grew rapidly to become the dominant part of the NAV thanks to its strong and innovative business model, offering a wide range of products combined with low prices and constantly changing variety of products. This approach attracts customers frequently, as they're curious to see what new, affordable items are available each time they visit, especially as recent inflationary spikes hurt European consumers' disposable income. The strategy of regularly refreshing Action's stock creates a sense of urgency and excitement for shoppers, contributing significantly to the store's success. This approach and its adoption continue to be successfully rolled out across Europe.

Stocks that have detracted

Key detractors this year included **Aixtron** (AIXA GY), **Ipsos** (IPS FP) and **Forvia** (FRVA FP).

Aixtron share price performed quite strongly this year, up +45%. From a stock selection point of view, however, Aixtron contributed negatively to performance as it was initiated late in Q3, and the stock price subsequently came under pressure from order phasing. We believe the story around Aixtron's positive earnings growth surprise to remain unchanged but understand that order intake for Aixtron can be quite lumpy and subject to phasing.

Ipsos stock price came under pressure c-30% in the first part of the year as the company saw its organic growth slow and Big Tech clients reduced their activity. We reduced and eventually closed our position throughout the stock price decline to the month of April limiting the negative impact on the fund.

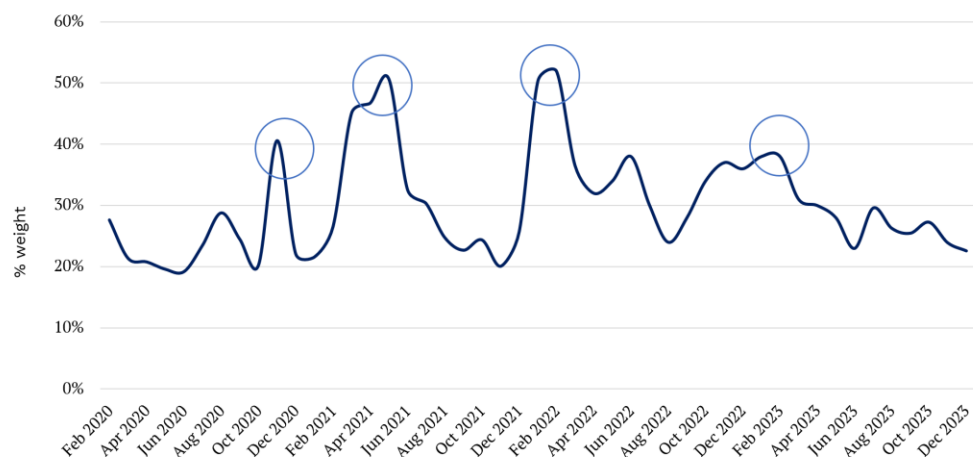
Forvia stock price came under considerable pressure post summer, losing c23% in September and October. Forvia was added to the portfolio for its low single digit P/E valuation with estimates that appeared underpinned to us by the global auto sales volume in Q3. We misjudged the impact from United Auto Workers strikes in the US, lack of recovery in China combined with a leveraged balance sheet with refinancing needs in 2024, all adding considerable uncertainty to earnings and therefore keeping the stock in the value trap camp. The position was therefore closed.

What have we done?

As we enter 2024 with less inflation and potentially plateauing or gradually declining interest rates, our innovation stock picking focus shifted from companies with nominal price increases to companies with strong pricing power, typically exhibiting higher quality traits and trading at higher price multiples. This is reflected in a gradually declining Value exposure in the fund, as shown in Exhibit 3 below.

Exhibit 3: Value Exposure in the Fund

❖ The European Innovation Fund's exposure to names we perceive to be cheaper than the market based on historical and forward P/E and forward FCF ("Value" stocks) fluctuates considerably inter- and intra-month based on the manager's assessment of market conditions and available opportunities.



Source: Bloomberg Finance L.P., Aperture Investors as of December 31, 2023. Value definition uses yield P/B and P/NAV for Banks and Real Estate. The definition of "Value" and use of these metrics here has been chosen based on the investment process of the European Innovation Fund (Fund) and are subjective judgments. The implication that these portfolio holdings are trading at a discount to the market may be incorrect and the Fund or certain holdings within the Fund may be trading at premiums to the markets and may differ from the reader of this document's definition of Value.

New names appearing in the portfolio include Logitech as the destocking from the covid period is now over and new PC replacement cycle of 4-5 years kicks-in, potentially also catalysed by AI. In the Value camp, we have added Intesa San Paolo, where we believe potential for extra cash return can materialise. These purchases were funded from BNP Paribas and AstraZeneca, amongst others.

Churn ended slightly above our long-term average, tracking this year at approximately 1.7x on the long side of the fund vs. 1.5x long term average.

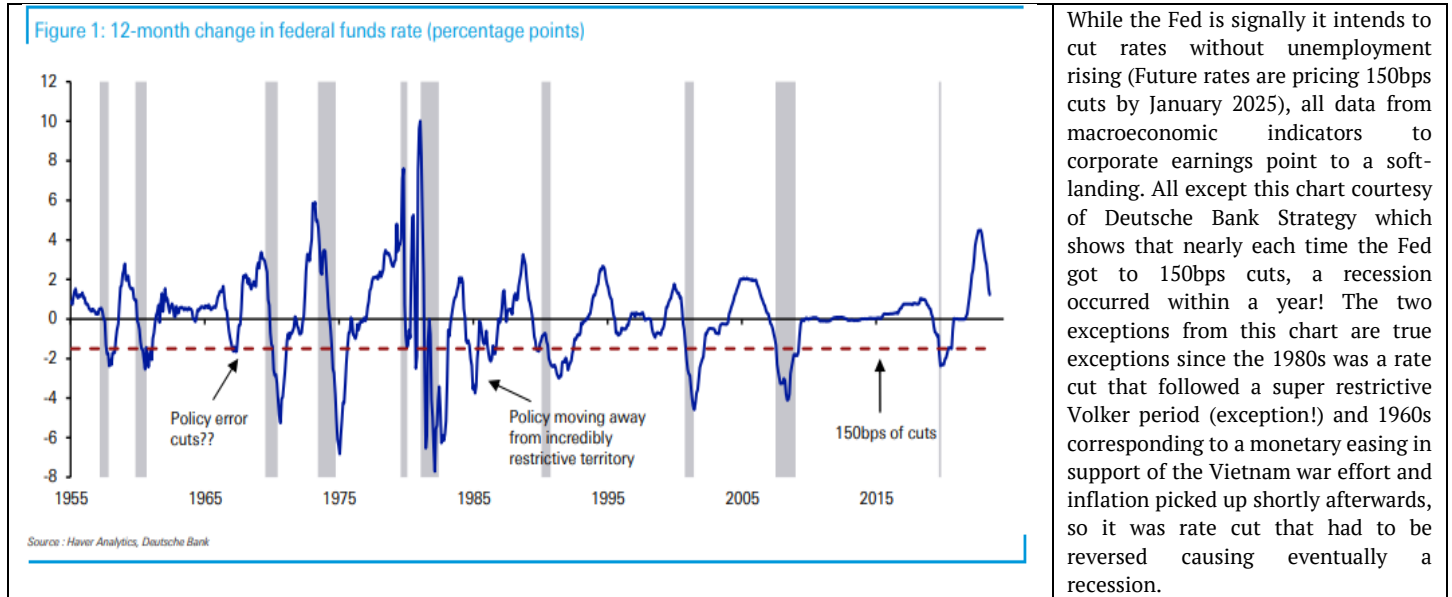
How do we think about the outlook?

Soft landing or Recession?

As we enter 2024, a lingering question remains unanswered - will major economies experience a soft landing or recession in the coming year? The debate is far from settled as conflicting signals abound.

While inflation shows early signs of easing, service prices and wages continue to climb. And historically, past Fed rate cutting cycles have often preceded recessions (Exhibit 4 below). Yet indicators from corporate earnings to consumer resilience point to the possibility of a soft landing. The jury is still out.

Exhibit 4: Fed rate cuts are typically a harbinger of recession



AI saves the day?

However, through these oscillations, the more relevant question in our view could be: **even if a (shallow?) recession hits, could productivity fueled by artificial intelligence overwhelm any economic pullbacks?**

The Philadelphia Semiconductor Index (Exhibit 5) foreshadows a potential manufacturing rebound, signaling this new AI-driven productivity boom may just be getting started. Groundbreaking systems like GPT-3 are only the first trickles of what analysts expect to be a flood of innovation in coming years, perhaps rivalling pivotal general-purpose technologies like electricity.

Exhibit 5: Philadelphia SOX pointing to a +10% acceleration in US PMI



As Sam Altman predicts, this AI revolution will likely persist for at least another decade on an unrelenting improvement trajectory. Consultancy McKinsey estimates a +28-52% GDP expansion from AI by 2030 resulting from enhanced decision making, workflows and automation as productivity rises to record highs (Exhibit 8 in the Appendix).

Central to realizing this AI potential are semiconductor companies powering specialized hardware and infrastructure demands. Beyond NVIDIA and other US giants, a well proven European ecosystem is, we believe, equally positioned to prosper.

Dutch lithography firm ASML and atomic layer deposition leader ASM International enable chip manufacturing advances necessary to train ever-larger AI models (Exhibit 6 in the appendix and a timely article early this year from The Economist in Exhibit 7 explains this in more detail too). So do Franco-Italian STMicroelectronics and Infineon of Germany, delivering sensor and power management breakthroughs in the data centers and allowing AI deployment at the network edge. And the list grows across industries like healthcare, industrials, media, and financials.

In essence, while generative AI captures headlines today, its full economic fruits require an enabling infrastructure still being built. Europe plays an integral role here that asset allocators should take time to revisit. Our strategy remains targeting these overlooked innovation leaders across sectors and geographies.

As markets sway between growth and recession worries, we believe prioritizing structural changes and disambiguating signal from noise presents the clearest path to strong active returns.

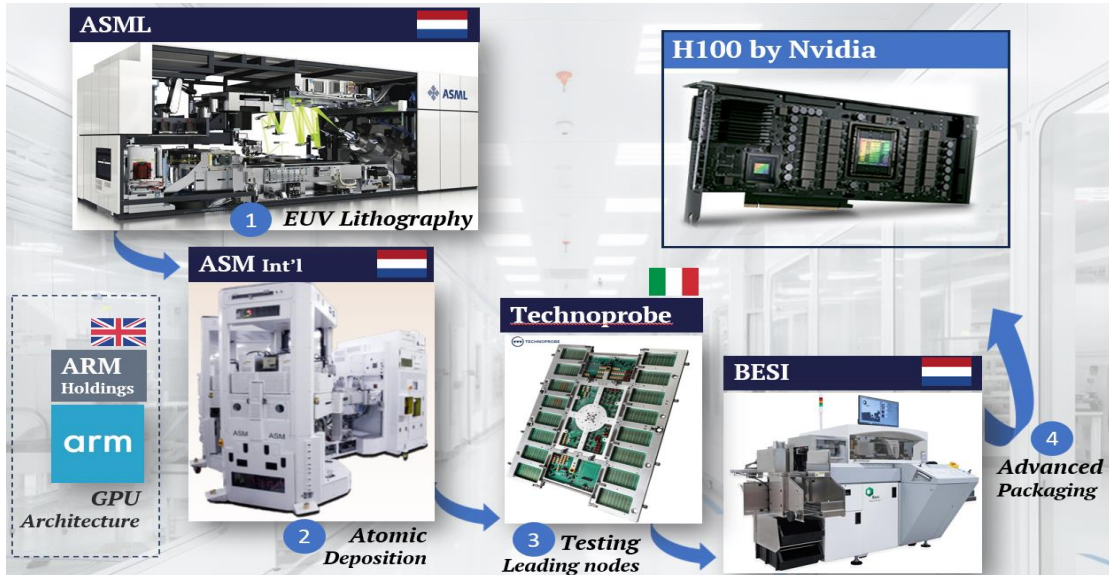
Wishing you a great 2024 onward and upward!

Anis Lahlou

CIO, European Equities

Appendices

Exhibit 6: Europe's Leadership in Leading Edge Semiconductor Ecosystem



Source: Company websites. For illustrative purposes only.

This does not constitute investment advice to buy or sell the securities of the companies shown.

Exhibit 7: Does Europe at last have an answer to Silicon Valley

The Economist

Menu Weekly edition The world in brief Search

Business | Silicon lowlands

Does Europe at last have an answer to Silicon Valley?

ASML, a mighty Dutch tech firm, is at the heart of a critical supply chain

IMAGE: BRYAN DERBALLA/THE NEW YORK TIMES/REDUX/EYEVIEW

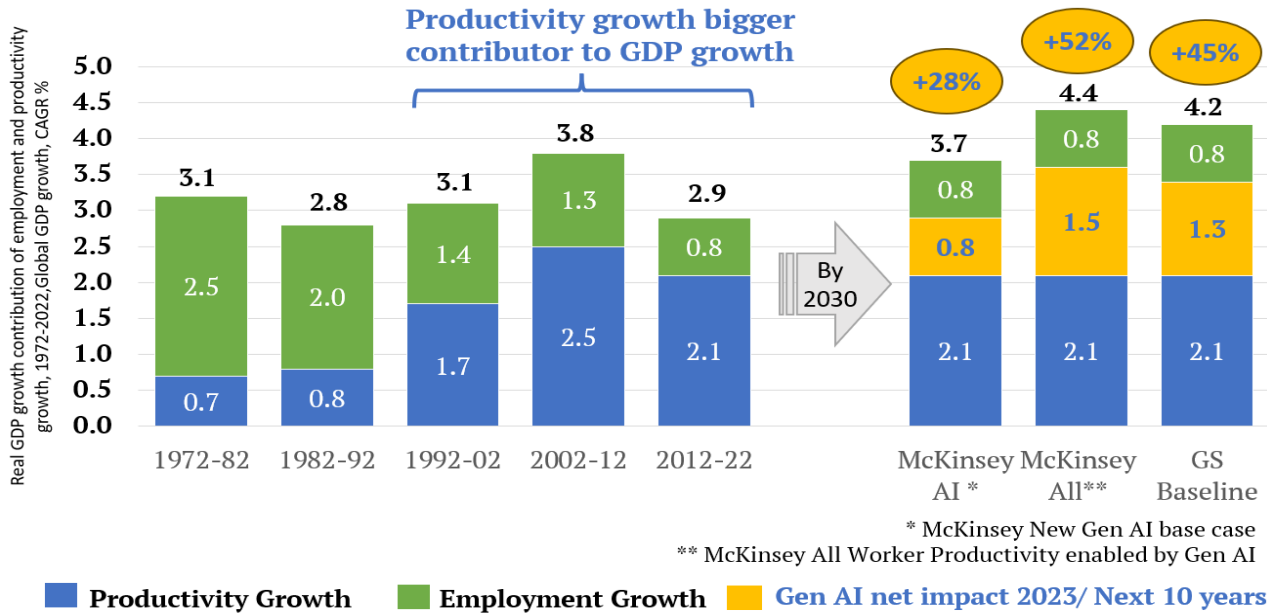
Jan 8th 2024 | NEUKÖLLN AND VELDHOVEN

Share

TEN TIMES a second an object shaped like a thick pizza box and holding a silicon wafer takes off three times faster than a manned rocket. For a few milliseconds it moves at a constant speed before being halted abruptly with astonishing precision—within a single atom of its target. This is not a high-energy physics experiment. It is the latest lithography machine dreamed up by

Source: <https://www.economist.com/business/2024/01/08/does-europe-at-last-have-an-answer-to-silicon-valley>

Exhibit 8: “Productivity isn’t everything, but in the long run, it’s almost everything” Paul Krugman. McKinsey estimates +28+52% jump in GDP by 2030.



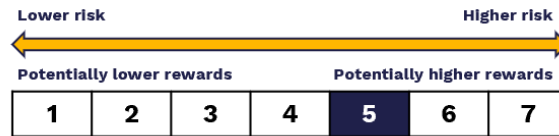
Sources:

<https://www.brookings.edu/articles/machines-of-mind-the-case-for-an-ai-powered-productivity-boom/>

<https://www.ft.com/content/50b15701-855a-4788-9a4b-5a0a9ee10561>

<https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-economic-potential-of-generative-ai-the-next-productivity-frontier>

Risk Profile of European Innovation Fund



The summary risk indicator (“SRI”) level, as calculated under the PRIIPS methodology, is 5 (which is a medium-high risk class). Investments involve risks. Past performance does not predict future return.

The inherent main risks of the sub-fund (non-exhaustive list): Sustainable finance risk, Market risk, Volatility risk. Due to the exposure of the Sub-fund to financial derivative instruments the volatility can at times be magnified, Equity, Investment in smaller companies, foreign exchange, Short exposure risk, Derivatives, OTC financial derivative instruments, Rule 144A and/or Regulation S securities.

IMPORTANT INFORMATION

Investments involve risks. Past performance does not predict future return. There can be no assurance that an investment objective will be achieved or that there will be a return on capital. You may not get back the amount initially invested. Before making any investment decision, investors must read the Prospectus, and particularly the Risk Factors, as well as the Key Information Document (KID) or Key Investor Information Document (KIID) as applicable to their jurisdiction.

Costs: (illustrative class: ISIN LU2077746936 – registered in AT, CH, DE, ES, IT, LU, PT, UK): Entry charge: up to 3% max, Exit charge: none, Ongoing charge: 0.55% per year. Performance fee: For its services to the Sub-fund, the Investment Manager is entitled to a variable management fee ("VMF"), which is calculated and accrued daily, at a rate of 2.85% (the "VMF Midpoint"). The VMF Minimum portion of the VMF will be calculated and accrued daily based on the Sub-fund's NAV. The rest of the VMF amount, if any, will be calculated and accrued daily based on the Sub-fund's daily Modified Net Assets, adjusted upward or downward by a performance adjustment (the "Performance Adjustment") that depends on whether, and to what extent, the performance of the Sub-fund exceeds, or is exceeded by, the performance of the Benchmark plus 8.5% (850 basis points) (the "VMF Midpoint Hurdle") over the Performance Period. For a full description of the VMF please see the applicable section in Appendix A contained in the Prospectus.

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Investors should note the specific risk warnings:

Equity Risk: The strategy will be affected by changes in the stock markets and changes in the value of individual portfolio securities. At times, stock markets and individual securities can be volatile, and prices can change substantially in short periods of time. The equity securities of smaller companies are more sensitive to these changes than those of larger companies. This risk will affect the value of the strategy, which will fluctuate as the value of the underlying equity securities fluctuates.

Investment in Smaller Companies Risk: Investment in smaller companies may involve greater risks and thus may be considered speculative. Many small company stocks trade less frequently and in smaller volumes and may be subject to more abrupt or erratic price movements than stocks of larger companies. The securities of small companies may also be more sensitive to market changes than securities in large companies.

Short Exposure Risk: The strategy may proceed with short-term sales of their investment via the use of derivatives. The short exposure risk results from short sales achieved through the use of derivatives and includes the potential for losses exceeding the cost of the investment, as well as the risk that the third party to the short sale will not fulfil its contractual obligations.

Derivatives Risk: The strategy may use derivative instruments, such as options, futures and swap contracts and enter into forward foreign exchange transactions. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these strategies will be achieved. Participation in the options or futures markets, in swap contracts and in foreign exchange transactions involves investment risks and transaction costs to which the strategy would not be subject if it did not use these strategies. If Aperture's predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to the strategy may leave the strategy in a less favorable position than if such strategies were not used. Risks inherent in the use of options,

foreign currency, swaps and futures contracts and options on futures contracts include, but are not limited to (a) dependence on the Aperture's ability to predict correctly movements in the direction of interest rates, securities prices and currency markets; (b) imperfect correlation between the price of options and futures contracts and options thereon and movements in the prices of the securities or currencies being hedged; (c) the fact that skills needed to use these strategies are different from those needed to select portfolio securities; (d) the possible absence of a liquid secondary market for any particular instrument at any time; and (e) the possible inability of the strategy to purchase or sell a portfolio security at a time that otherwise would be favorable for it to do so, or the possible need for the strategy to sell a portfolio security at a disadvantageous time. Where the strategy enters into swap transactions it is exposed to a potential counterparty risk. In case of insolvency or default of the swap counterparty, such event would affect the assets of the strategy.

Rule 144A and Regulation S Risk: SEC Rule 144A provides a safe harbor exemption from the registration requirements of the US Securities Act of 1933 for resale of restricted securities to qualified institutional buyers, as defined in the rule. Regulation S provides an exclusion from registration requirements of the US Securities Act of 1933 for offerings made outside the United States by both US and foreign issuers. A securities offering, whether private or public, made by an issuer outside of the United States in reliance on Regulation S need not be registered. The advantage for investors may be higher returns due to lower administration charges. However, dissemination of secondary market transactions is limited and might increase the volatility of the security prices and, in extreme conditions, decrease the liquidity of a particular security.

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For further information on risks related to the Fund please see the Prospectus.

Middle East Disclosures

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