

Marketing communication


ISIN	LU2903446032
AUM	112.3 M€
NAV	277.76
SRI	5/7

Investment Policy

The Sub-Fund seeks to outperform its benchmark, the MSCI World Index Euro hedged (dividends reinvested), (the Benchmark), over a full investment cycle by investing in a portfolio of best-in-class companies which are well positioned to capitalise on favourable secular trends in their respective sectors. The Investment Manager will focus on best-in-class companies in their respective fields characterised by attractive business economics, good management teams and attractive reinvestment opportunities. The Investment Manager will select these companies when their valuation is reasonable based on his analysis. The Fund is intended for institutional and retail investors who understand and are able to bear the risks of investing in the Fund. Please refer to the fund prospectus: <https://fr.squarecapitalgroup.com/asset-management>.

MAIN RISKS

This fund presents the following inherent risks (non-exhaustive list):

- Investment involves risks, including possible loss of capital.
- The value of investments and the income derived from them may go down.
- The fund's investment objective may not be achieved.
- When a share class is denominated in a currency other than your own, fluctuations in exchange rates may have a negative effect on the value of your investment and any income generated.

A more detailed version of the risk factors that apply to the fund can be found in the prospectus.

Past performance does not predict future returns.

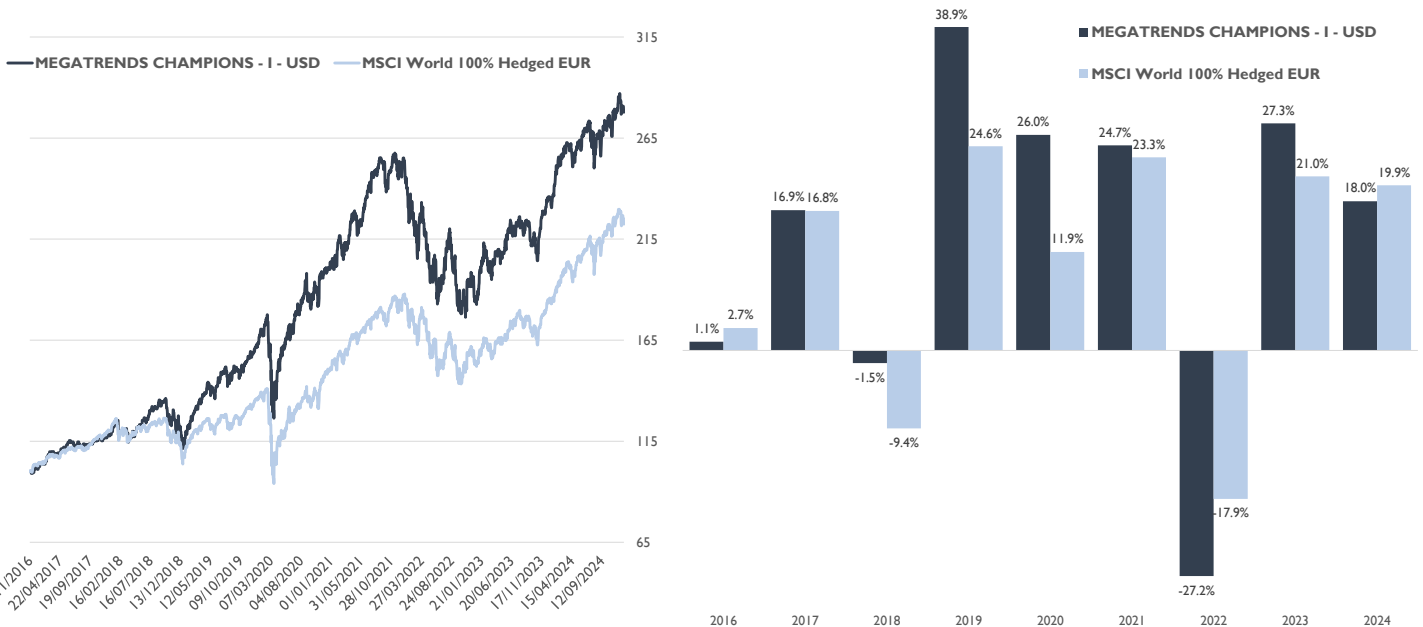
-0.54% MTD vs -2.03% index	+17.97% YTD vs +19.89% index	+177.76% ITD vs +122.40% index
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Performances

Inception of USD share class: 23/11/2016

Index: MSCI WORLD 100% HDG

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2016											-0.94%	2.02%	1.06%
2017	2.62%	4.37%	0.67%	2.17%	2.72%	-2.12%	0.79%	0.58%	0.48%	2.61%	0.03%	0.96%	16.89%
2018	6.04%	-4.15%	-2.85%	1.71%	3.22%	2.86%	3.27%	3.87%	0.49%	-6.53%	-1.17%	-7.26%	-1.52%
2019	7.16%	4.92%	3.81%	6.10%	-4.15%	5.57%	2.09%	0.63%	0.28%	2.13%	3.72%	1.62%	38.94%
2020	3.44%	-6.30%	-9.75%	13.98%	4.60%	2.01%	4.68%	7.52%	-3.69%	-2.26%	9.11%	2.43%	25.96%
2021	-0.88%	2.56%	3.26%	6.57%	-1.55%	4.98%	4.31%	3.08%	-4.75%	3.95%	-1.34%	2.69%	24.70%
2022	-7.65%	-4.75%	1.49%	-9.13%	-1.03%	-7.22%	11.28%	-5.01%	-10.21%	3.03%	6.74%	-6.34%	-27.17%
2023	10.85%	-2.67%	4.70%	-0.14%	2.93%	3.14%	2.10%	-1.02%	-4.47%	-2.57%	9.43%	3.29%	27.34%
2024	4.96%	3.47%	2.44%	-3.44%	2.44%	3.74%	-0.28%	0.22%	1.33%	-2.35%	5.06%	-0.54%	17.97%



Performance data expressed in USD for Megatrends Champions and in EUR for the index

Sources : Bloomberg and SCParis

Performances

	Fund	Index
1 month	-0.54%	-2.03%
YTD	17.97%	19.89%
1 year	17.97%	19.89%
3 years	9.41%	19.11%
Inception	177.76%	122.40%
ITD Annualised	13.43%	10.36%

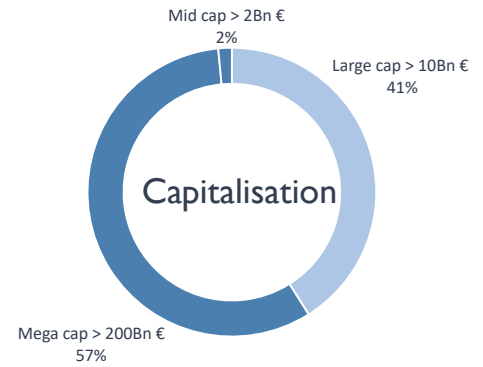
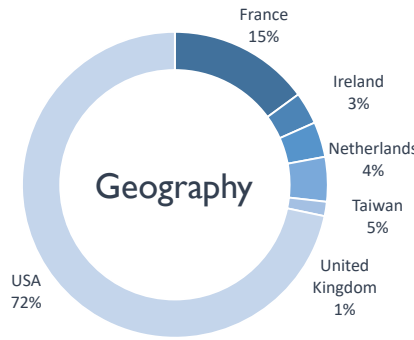
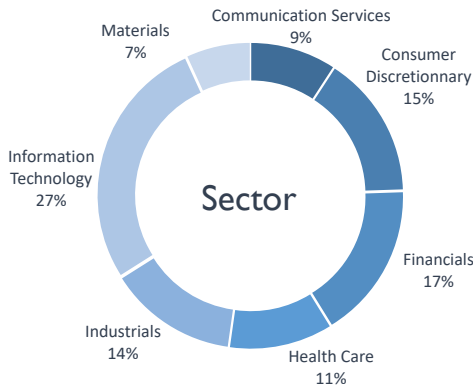
KPI

	Fund	Index
Weekly annualized volatility	16.4%	15.9%
Sharpe ratio - 1Y	1.01	1.38
Sharpe ratio - 3Y	-0.04	0.15
Max Drawdown	-31.6%	-33.3%
Active share	78.1%	

Please see risks and other important information on the last page

Marketing communication
SFDR 8


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GICS Classification of sectors

The data on the positions held are provided for information purposes only, are subject to change and constitute neither a recommendation to buy nor a recommendation to sell the securities displayed.

Top 10 holdings (% of NAV)

	% NAV
MICROSOFT	7.24%
AMAZON	6.76%
ALPHABET	6.33%
NVIDIA	5.40%
SAFRAN	4.71%
TSMC	4.55%
GE AEROSPACE	4.41%
BOOKING HLDG	4.34%
VISA INC -A-	4.11%
MOODY'S	4.01%

Best performers		
Monthly in local currency	Performance	Contribution
ALPHABET	12.0%	0.7%
AMAZON	5.5%	0.3%
TSMC	6.9%	0.3%

Bottom performers		
Monthly in local currency	Performance	Contribution
ADOBE INC	-13.8%	-0.5%
GE AEROSPACE	-8.4%	-0.4%
VERTIV HOLDINGS CO	-11.0%	-0.3%

Concentration

Number of positions	25
Top 10 positions weight	52%
Top 15 positions weight	71%

Source : SCParis

Summary

Asset manager : Square Capital Paris SAS **Investment advisor :** Square Capital LLP
Management company : Edmond de Rothschild Asset Management (Luxembourg)
Custodian : Edmond de Rothschild (Europe)
SICAV : The Square Fund
Valuation : Daily
SIR conditions : Every working day at 3:00 pm CET
French Financial Authority Classification : Global stocks
Affection of distributable income : Total capitalisation
Norm : UCITS V
Management fees institutional class : 1.2% - **Retail class :** 2.00%
Overperformance fees : 10% of the performance over the benchmark if performance is positive. Subject to "High Water Mark"

SRI

Lower risk


SFDR article 8

Higher risk

The SRI indicator represents the risk profile of the PRIIPS Key Information Document. The risk indicator assumes that you hold the product for 5 years. The actual risk may be very different if you opt to exit before the end of the recommended holding period. The risk category is not guaranteed and may change during the month.

Currency exposure : 40% maximum

Rating :
 Morningstar ★★★

Share Class I - EUR : LU2903445901
Share Class I - USD : LU2903446032

Currency : USD

 Ranking in % within the category
 Morningstar Sustainability ★★★★★

Share Class R - EUR : LU2903445653
Share Class R - USD : LU2903445737

Please see risks and other important information on the last page

This document has been prepared by the fund manager and is of a commercial nature. Its purpose is to provide simplified information on the fund's characteristics and does not constitute an offer of advice or purchase.

Before subscribing, please refer to the legal information documents (prospectus, annual reports and DICI), which you can obtain free of charge from the fund manager or from the management company.

Monthly review

December 2024

Markets declined in December in an environment marked by the return of volatility. The S&P 500 and Stoxx 600 fell by -2.5% and -0.5% respectively.

The FED announced another 0.25% rate cut, as expected. However, it is now anticipating only two cuts in 2025. The interest-rate environment is likely to be less favorable than anticipated, which explains the market's reaction.

In this context, Megatrends Champions (I EUR) was down -0.71% in December.

Alphabet was the portfolio's strongest performer (+12.0%). Its new-generation quantum chip, Willow, presented at the beginning of December, solved in five minutes a computing problem that would take the world's most powerful supercomputers ten "septillion" years to solve. While this breakthrough has no concrete application today, it marks an important milestone for Alphabet's project to build a useful quantum computer on a large scale.

At the other end, **Adobe** was the worst performer (-13.8%) despite the publication of very good results for its fourth fiscal quarter: sales and earnings per share were up by 11% and 12%. Growth prospects announced for 2025 disappointed investors, who are worried about competition and impatient to see the monetization of AI spending. We think the market reaction was excessive.

2024 review

Developed markets posted a second consecutive year of gains, but there were wide regional disparities. The US market once again outperformed the European market. The S&P 500 ended 2024 up +23.3%, while the Stoxx 600 gained 6.0%. The CAC 40 was the worst performer among developed markets, down -2.1% in a difficult political and economic environment.

Against this backdrop, **Megatrends Champions (I EUR) was up +16.4% in 2024**, following a +24.5% gain in 2023.

The fund's performance was driven by the excellent results of the companies in the fund. **The portfolio's weighted average earnings per share (EPS) growth is expected to reach 20% in 2024**, above our forecast at the beginning of the year. By comparison, EPS growth for the MSCI World Index is expected to be 4% in 2024, below initial market expectations. In contrast to Megatrends Champions, the index's rise is due to an expansion in valuation multiples rather than the financial performance of its constituent companies.

In many ways, 2024 is similar to 2023. Artificial intelligence is once again the main driver of an increasingly concentrated market. This is reflected by the average stock market performance of 67% in 2024 for the "Magnificent Seven" - Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. These seven companies account for a third of the S&P 500's composition and contributed to over 50% of the index's rise in 2024. In the meantime, the equally weighted version of the S&P 500 rose by only +10.9% in 2024, compared with +23.3% for the "normal" version, highlighting the importance of these stocks.

Megatrends Champions is invested in only four of the Magnificent Seven companies - **Alphabet (+35.5%), Amazon (+44.4%), Microsoft (+12.1%) and Nvidia (+171.2%)** - the others do not meet our selection criteria. By equal weighing our 25 positions, the fund would have risen by +18% in 2024, slightly outperforming its actual performance. The fund is therefore well balanced, less dependent on a handful of stocks, and based on several strong themes.

For example, the biggest contributor to performance in 2024 came from **TSMC (+89.9%)**, the world's leading producer of semiconductor chips. TSMC manufactures chips designed by Nvidia and is therefore taking full advantage of the AI boom.

Another high-performance theme for 2024 was travel. **Safran (+33.0%)** and **GE Aerospace (+63.9%)**, the two leaders in commercial aircraft engines, are benefiting from the growth in air traffic. Their maintenance business model is enabling them to prosper despite Boeing's problems. **Booking Holdings (+40.1%)** capitalized on its connected travel offer and posted record profits.

By contrast, companies in the healthcare sector experienced mixed fortunes in 2024. **Danaher (-0.8%), Thermo Fisher (-2.0%)** and **Sartorius Stedim (-21.2%)** are suffering from weak demand from their pharmaceutical and biotech customers, and the slowdown in China. **Intuitive Surgical (+54.7%)**, the world leader in surgical robots, benefited from orders and adoption of its new surgical robot, the Da Vinci 5.

Outlook for 2025

We are very confident as we enter the new year. The macro-economic environment is generally supportive: global growth is robust, supported by the US economy; the interest rate environment is more favorable than last year; and inflation is approaching the central banks' target. D. Trump's (geo)political agenda is bound to create volatility, but also opportunities for long-term investors.

We expect **weighted average earnings per share growth of 16% for the portfolio**, almost twice the pace of the overall market, driven by our various megatrends. **The fundamentals of our companies are excellent:** operating margin of 37% and net debt to operating income ratio of 0.4.

Finally, the portfolio's valuation remains attractive, with the fund's performance in 2024 justified by earnings growth. Within our quality - growth - valuation framework, we pay particular attention to the reasonable valuation criterion, in order to avoid the excesses that can occur in some parts of the market after two consecutive years of growth.

We would like to take this opportunity to thank you for your trust and wish you an excellent New Year 2025.

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Confidential

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The Sharpe Ratio presented in this document is calculated based on annualized monthly returns over a rolling period of 1 or 3 years, depending on the ratio indicated. The risk-free rate used for the calculation varies by currency: OISEONIA Index for EUR, GUKG10 Index for GBP, and USGG10YR Index for USD. This ratio measures the excess return of a portfolio relative to the risk-free rate, adjusted for volatility, in order to assess the fund's risk-adjusted performance.

The Active Share presented in this document measures the divergence between the fund's portfolio and its benchmark, in this case, the MSCI World 100% Hedged EUR. It is calculated by comparing the weights of each position in the portfolio with those in the benchmark, summing the absolute differences, and then dividing by two. This metric helps assess the degree of differentiation and independence of the portfolio relative to its benchmark.

Square Capital Paris SAS - Portfolio Management Company approved by the AMF under GP-202164