

# Convergence Lux



Société d'Investissement à Capital Variable (SICAV)

**Audited annual report as at 31/12/23**

R.C.S. Luxembourg B233606

# Convergence Lux

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

# Convergence Lux

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## Organisation and administration

<b>Registered Office</b>	106, route d'Arlon L-8210 Mamer, Grand Duchy of Luxembourg
<b>Board of Directors</b>	Géraldine Bosshart Brodard (Director) Legal counsel, Banque Bonhôte & Cie S.A.  Steve Métrallet (Director) Independent director  Olivia Tournier-Demal (Director) Independent director
<b>Management Company</b>	Lemanik Asset Management S.A. 106, route d'Arlon L-8210 Mamer, Grand Duchy of Luxembourg
<b>Investment Managers</b>	Banque Bonhôte & Cie S.A. 2, quai Ostervald 2000 Neuchâtel, Switzerland
<b>Sub-Investment Managers</b>	Zhong Ou Asset Management International Limited 9/F, 80 Gloucester Road, Wan Chai, Hong Kong
<b>Depositary and Paying Agent</b>	CACEIS Bank, Luxembourg Branch 5, allée Scheffer L-2520 Luxembourg, Grand Duchy of Luxembourg
<b>Administrator</b>	CACEIS Bank, Luxembourg Branch 5, allée Scheffer L-2520 Luxembourg, Grand Duchy of Luxembourg
<b>Auditor</b>	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator L-2182 Luxembourg, Grand Duchy of Luxembourg
<b>Legal adviser as to matters of Luxembourg law</b>	Arendt & Medernach S.A. 41A, avenue J.F. Kennedy L-2082 Luxembourg, Grand Duchy of Luxembourg

# Convergence Lux

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## Report of the Board of Directors

### Convergence Lux – Bonhôte Impact Fund

January was a very good month (+4.5% for the fund).

In Europe, the decline of 2022 has been almost entirely offset. Investors took advantage of very low valuations to return to the European market. In addition, the relatively mild winter temperatures have prevented any shortage and dispelled the fears associated with it.

After years of low interest rates and therefore low-return risk-free assets, the normalization of monetary policy has caused assets to return to bonds. The European Union massively supports projects contributing to energy efficiency. Its objective is to ensure the transition and promote greater independence of Europe in terms of its energy supply. With this in mind, we have reduced our global multi-theme exposure in favor of European energy efficiency via the Carnot Efficient Energy Fund.

In February, after the breath of fresh air brought by the markets during the first month of the year, the general atmosphere has been heavier. The fund fell by -1.12% for the month.

However, the European market, characterized by attractive valuations, held up relatively well compared to the US and emerging markets. From the beginning of the year until February, Carnot Efficient Energy rose by 10.5%, while the worst performer was the LGT Equity Market Neutral fund (-0.87%).

The fund's performance over the first quarter closely mirrored that of the global market. Until the 17th of March, the fund continued to experience a substantial decline that had begun in February (-2.39% - Class I CHF). Subsequently, the performance exhibited fluctuations within a narrow range, resulting in a year-to-date performance of 1.51%.

In March, despite the central banks maintaining a hawkish monetary policy, the global economy exhibited resilience even in the face of SVB's bankruptcy and the Credit Suisse crisis. In CHF terms, all the equity target funds concluded the month with negative returns, though some experienced a rebound during the latter half. On the other hand, the bonds sub-funds and the LGT Sustainable Equity Market Neutral fund delivered positive performances. The only bonds sub-fund that negatively impacted the overall fund's performance was the SISF BlueOrchard Em Mkts Impact Bond, primarily due to CHF appreciation.

Around April, macroeconomic data indicated a slowdown in economic activity, sparking market expectations of a potential halt or slowdown in the rate hike cycle. While most target funds contributed negatively to the overall performance, the main factor was again CHF appreciation. The worst-performing target fund was emerging market equities, whereas Swiss market equities fared relatively better. In local currency terms, all bond target funds registered positive performance, reclaiming their role as a buffer owing to higher interest rates.

In May, due to the polarization of performances observed in the market, we decided to reduce the allocation of the LGT Sustainable Equity Market Neutral fund from 10% to 5% of the fund's allocation. The decision stemmed from our estimation that the strategy lacked agility in the prevailing environment. The liquidity generated from this sale was reinvested in emerging market debt and European debt. As stated earlier, bonds regained their defensive role, and credit from these two regions appeared particularly attractive compared to US debt. Emerging markets, buoyed by dedollarisation, strong economies, structural growth, and the likelihood of their central banks lowering interest rates ahead of developed economies, significantly contributed to the fund's performance during this period.

In June, the FED paused its interest rate hikes for the first time, although Jerome Powell's speech remained cautious, leaving room for possible future increases. Over the month, US and European equities, along with emerging market debt, emerged as the best performers. The overall performance of the fund during June reached 0.86% (Class I CHF).

The month of July 2023 was characterized by macroeconomic publications affirming the resilience of the global economy. The market's primary concern continued to be the extension of restrictive monetary policies, leading to a negative reaction to such data. Nevertheless, during the month, statements by various central bankers suggested an end to the rate hike cycle. Despite positive performance during the past three weeks, the fund was unable to fully offset the decline recorded in the first week of July.

August 2023 can be analysed in two distinct periods. During the first fortnight, a significant decline affected all asset classes. In contrast, during the second half of the month, all asset classes posted a significant recovery. However, despite this resurgence, the upturn was not enough to fully neutralize the losses recorded in the first half of the month.

The momentum seen in the market in the second half of August was driven by expectations of macro-economic data, particularly those revealed in the North American releases on September 1, which point to an economic slowdown. These figures could presage a less restrictive monetary policy on the part of the FED. The market's optimistic reaction to the likely end of the monetary tightening cycle suggests the market potential when the latter is effectively eased. The current monetary strategy aimed at controlling inflation, notably by limiting investment in infrastructure, is having a significant impact on the sustainable development sector. However, the field of sustainable investment, supported by profound changes on a global scale, particularly in terms of energy supply strategy, seems to be waiting for the FED's decisions to bring about the expansion it has been promised.

From March to August, the performance of the target funds, remained positive, except for the LGT Market Neutral, Bonafide Global Fish Fund, Clartan Ethos ESG SM and Carnot Efficient Energy Fund. However, a different picture emerges when these target funds' performances are computed in CHF. Indeed, the USD/CHF experiencing a decline of 6.24%, and the EUR/CHF depreciating by roughly 4%. The Swiss currency has demonstrated its role as a safe-haven currency amidst the prevailing uncertainty. While short-term prospects may appear uncertain, we maintain our confidence in our exposure to sustainable transition. Climate change is an undeniable reality, which the market may take time to fully comprehend, but it will inevitably be compelled to do so.

The months of September and October 2023 were particularly poor in terms of financial performance. Indeed, solid macroeconomic figures suggested that the start of the rate-cutting cycle was still some time off, which weighed on investor morale. Adding to the general mood of gloom was the conflict in the Middle East. Although this did not create a cataclysm on the markets, investors feared a flare-up and spread of the conflict, which would not have helped to initiate a pivot on the part of central banks. The last two months of the year were particularly buoyant. The central banks' rhetoric was genuinely more conciliatory than previously, pointing to probable-rate cuts in 2024."

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## Report of the Board of Directors

### Convergence Lux – ZO China Value Fund

In January, the fund gained 10.23% (A USD share) versus 9.52% for the MSCI China A index. China eased COVID controls and reopened its borders after almost three years of strict measures, allowing economic activity to return to growth. The CSI 300 index rose 7.37% and the Hang Seng rose 10.42%.

The materials and information technology sectors were the strongest performers.

In the Fund portfolio, the main contributors to performance were the real estate and energy sectors while the financials, IT and healthcare sectors underperformed. Consumer and travel data during the Chinese New Year appear to show a rapid and strong recovery (equivalent to about 80% of 2019 levels).

In February, the fund declined by -3.91% (USD A share), compared to -4.42% for the MSCI China A. During that month, the major indices recorded losses, although this performance is considered to be short term, as the reopening of China led to a rapid recovery of the economy through consumption.

The CSI 300 Index fell -2.10% while the Hang Seng Index fell sharply by -9.41%.

In Hong Kong, only telecoms recorded a positive performance (+3.05%). In A-shares, telecom also performed well (+6.65%), followed by energy (+2.41%).

In the Fund portfolio, the main sources of return are industrials, financials and healthcare, while real estate and consumer discretionary were the main drags on performance.

Recent figures from real estate sales, construction activity and PMI data all point to a good recovery after the Chinese New Year. The government has unveiled a plan for "Digital China" by developing the cloud and AI.

At the end of February, the fund posted a performance of 5.93% over the beginning of the year, slightly better than its benchmark, which rose by 4.68%.

The fund declined by -0.10% (A USD share) in March compared to -0.01% for the MSCI China A.

China's main economic indicators have continued to improve since the beginning of the year 2023. In March the manufacturing PMI remained stable while the non-manufacturing PMI increased. The Hang Seng rose by 3.10% supported by most sectors, led by information technology (+10.68%). The strongest contribution to the fund's performance came from the consumer goods sector, while information technology and industrials were the main drags on performance. China's economy continued to recover but was not yet strong enough, held back by concerns about rising oil prices that could undermine central banks' efforts to fight inflation. In the new economy, the Sub-investment Manager is watching stocks related to AI advances while the old economy should benefit from the weakening dollar.

The fund fell 4.15% (A USD share) in April, compared to -2.06% for the MSCI China A. Industrial production lagged amid weak global growth and rising savings. The CSI 300 Index and the ChiNext Price Index fell 0.54 % and 3.12 %, respectively, and the Hong Kong indices did not perform well either, with the Hang Seng Index falling 2.48 %. In Hong Kong, financials (+5.17 %) and energy (+5.12 %) were the strongest performers; in A-shares, energy performed even better (+9.52 %), while information technology fell sharply (-11.76 %). In our portfolio, the main excess returns came from consumer staples and industrials, while the main drags were consumer discretionary and financials. Macroeconomic data for April showed a weakening in the recovery momentum of the domestic economy. Macroeconomic conditions became more uncertain in the second quarter. As we see polarized performance in the Chinese market, the Sub-Investment Manager remained selective and defensive.

The fund fell by 9.44% (A share in USD) in May, compared with 8.01% for the MSCI China A. Chinese manufacturing activity contracted more than expected in May, suggesting a slowdown in the post-pandemic recovery. Industrial production, retail sales and property investment began to show signs of weakening after the reopening, putting general pressure on Chinese assets, both equities and bonds. The CSI 300 index fell by 5.72% and the Hang Seng index by 8.35%. All sectors posted losses, with materials (-15.89%) and real estate & construction (-14.64%) the hardest hit; among A-shares, only information technology (+0.10%) recorded minor gains. In our portfolio, the positive contribution came mainly from financial and technology stocks, while industrial and materials stocks were the main drag on growth. May remained a difficult month, and the Sub-Investment Manager expected little government stimulus until the end of July, when the next Politburo meeting took place. Note that the Chinese market was at that time very attractively valued.

The fund's June performance was 3.30% (A USD share) versus -0.85% for the MSCI China A. China's Manufacturing Purchasing Managers' Index (PMI) rose to 49.0 in June from 48.8 in May. This confirmed the vitality of the manufacturing industry and showed that the economy was maintaining a moderate pace of recovery despite multiple internal and external pressures. In Hong Kong, the Hang Seng Index advanced by 3.74%, with most sectors performing well, with consumer discretionary (+6.56%) and technology (+6.29%) posting the strongest gains. Healthcare fared less well, falling by 5.23% for the H share and 4.10% for the A share. In our portfolio, the main positive contributors to performance were the industrial and materials sectors, while consumer discretionary weighed on performance. Over the month, the market digested weak macroeconomic data and the depreciation of the RMB. There were signs that inventory levels may have bottomed out, which generally points to a market rebound. June's PMIs also pointed to a market comeback. The Sub-investment Manager believed that low inventory levels in the US and China (and therefore the need to replenish them) could support the markets.

The fund rose 4.78% (A USD share) in July, compared to 6.74% for the MSCI China A. The purchasing managers' index (PMI) for the Chinese manufacturing sector improved in July to 49.3 from 49 in June. Manufacturing activity in China has picked up on strong signals from key policymakers and a package of stimulus measures being prepared. For A-shares, the real estate sector was the best performance (+14.69%), followed by financial stocks (+11.89%). Information technology recorded the worst performance, down 5.19%. In our portfolio, the largest positive

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## Report of the Board of Directors

contributions came from the Materials and Industrials sectors, while Financials and Consumer Staples underperformed. At the Politburo meeting held in July, the government pledged to deploy greater countercyclical efforts to bolster domestic demand which was suffering from a weaker-than-expected economic recovery. At the same time, he enacted a series of structural reform measures to prevent longer-term risks. The government's commitment at this meeting clearly boosted market confidence in China's prospects.

In August, the fund declined by 8.75% (A USD Share) compared to a drop of 7.95% for the MSCI China A. The Chinese market saw its largest foreign capital outflow since the establishment of the stock connect program. This came amid rising US bond yields and doubts over the effectiveness of government policies. However, the government eased restrictions on the property market and reduced the stock market stamp duty, demonstrating a strong commitment to supporting both the real economy and the capital market. The CSI 300 Index declined by 6.21%. In Hong Kong, negative returns were noted in ten of the twelve sectors. The most pronounced declines were in the industrials (-13.47%) and properties & construction (-11.78%) sectors. In the A-share market, only the telecommunications sector posted a positive return of 3.15%. The steepest decline was observed in real estate, which dropped by 6.93%. Within our portfolio, the most significant returns were from the financials and information technology sectors, while the greatest drags were from the industrials and communication services sectors.

In September, the fund declined by 4.50% (A USD Share), compared to MSCI China A's drop of 1.96%. China's official manufacturing PMI indicates production acceleration and better market demand. However, China's manufacturing recovery grapples with challenges like competition, high costs, and financing pressures. Supportive policies are anticipated to enhance economic recovery. The CSI 300 Index and ChiNext Price Index fell by 2.01% and 4.69% respectively, while the Hang Seng Index decreased by 3.11%. In Hong Kong, only the energy and financial sectors recorded gains. Notably, A-share energy outperformed, increasing by 8.39%. Our portfolio's significant gains stemmed from consumer staples, whereas industrials and materials lagged.

US Treasury yields hit 16-year highs in September, affecting emerging market equities, including China. Although external factors are challenging, China continues its recovery with easing industrial profit declines and an expanding PMI. We remain optimistic about China's Q3 market, especially for cyclical sectors benefiting from positive economic expectations.

The fund declined by -2.07% (A share in USD) in October, compared with -3.85% for the MSCI China A.

China's Manufacturing Purchasing Managers' Index came in at 49.5 in October, down from 50.2 the previous month, due to seasonal factors and the influence of the Mid-Autumn Festival, which affected the pace of industrial production in October. The Hang Seng index fell by 3.91%. In Hong Kong, only the healthcare sector performed positively, up 5.17%, while the real estate and construction sectors fell the most, by -7.58% and -7.43% respectively.

Among the A shares, the healthcare sector (+1.65%) also recorded gains. Real estate and telecommunications fell the most, by -6.91% and -5.97% respectively.

In our portfolio, information technology and consumer staples accounted for most of the positive contribution, while industrials and real estate were the most significant downside contributors.

The Chinese equity market has recently rebounded, as we expected. The issuance of RMB 1,000 billion in government bonds is an important signal that the central government is leveraging up to mitigate the deleveraging risks of other entities. Cyclical and growth stocks should perform well in the fourth quarter.

In November, the fund grew 0.67% (A USD Share) versus MSCI China A's 1.40%. China's manufacturing PMI slightly decreased to 49.4 from 49.5. Both CSI 300 and ChiNext Price indices fell by 2.14% and 2.32%, respectively, while Hong Kong's Hang Seng Index dropped 0.41%. In Hong Kong, telecommunications led gains among seven positive sectors, rising 3.41%, whereas consumer staples declined most, by 4.15%. In A shares, energy outperformed with a 4.04% increase, while financials and materials declined the most, by 2.82% and 2.35% respectively. Our portfolio saw significant returns from communication services and consumer discretionary sectors, but was dragged down by materials and information technology.

As the year ends, there's notable profit-taking pressure in the A-share market. Property prices and PMI data indicate continued weakness. With expectations of a peak in US interest rates, the market is anticipated to remain range-bound in the near term.

In December, the fund declined by -1.34% (A USD share) in December, compared with -1.64% for the MSCI China A. The purchasing managers' index for the Chinese manufacturing sector stood at 49 in December, compared with 49.4 in November. The drop reflects a slight decline in economic activity. Chinese economic policymakers have taken measures to boost domestic demand, which should lead to an improvement in the situation over the coming months. In Hong Kong, most sectors performed positively over the month, with the utilities sector up 6.26%. On the losing side, information technology suffered the most, dropping -5.02%.

In A shares, telecoms were the best performers, up 4.20%. Real estate and healthcare declined by -6.20% and -4.40% respectively.

In our portfolio, most of the excess return came from consumer staples, while communication services weighed most heavily on performance.

Recent house price trends and PMI data once again point to slight economic weakness. Market expectations for the US rate peak have been revised upwards, so we expect the market to move sideways in the short term.



## **Audit report**

To the Shareholders of  
**Convergence Lux**

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### **Our opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Convergence Lux (the “Fund”) and of each of its sub-funds as at 31 December 2023, and of the results of their operations and changes in their 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.

#### *What we have audited*

The Fund’s financial statements comprise:

- the combined statement of net assets for the Fund and the statement of net assets for each of the sub-funds as at 31 December 2023;
- the combined statement of operations and changes in net assets for the Fund and the statement of operations and changes in net assets for each of the sub-funds for the year then ended;
- the securities portfolio as at 31 December 2023; and
- the notes to the financial statements - schedule of derivative instruments and the other notes to the financial statements, which include a summary of significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF 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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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.

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### **Other information**

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



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.

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

The Board of Directors of the Fund is responsible for the preparation and fair presentation of 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 and each of its sub-funds' 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 close any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

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### **Responsibilities of the “Réviseur d'entreprises agréé” for the audit of the financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report 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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;



- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;
- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's or any of its sub-funds' 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 or any of its sub-funds 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.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 26 April 2024

Electronically signed by  
Bertrand Jaboulay

A handwritten signature in blue ink, appearing to read 'Jaboulay', is written over a horizontal line.

Bertrand Jaboulay

**Convergence Lux**  
**Combined financial statements**

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## Combined statement of net assets as at 31/12/23

	Note	Expressed in EUR
<b>Assets</b>		<b>68,840,799.75</b>
Securities portfolio at market value	2.2	65,798,426.15
<i>Cost price</i>		71,080,732.40
Cash at banks and liquidities		2,424,851.65
Receivable for investments sold		182,522.26
Net unrealised appreciation on forward foreign exchange contracts	2.6	411,305.14
Dividends receivable, net		4,086.21
Formation expenses, net	2.8	19,608.34
<b>Liabilities</b>		<b>815,452.65</b>
Bank overdrafts		300,000.00
Payable on investments purchased		334,326.05
Payable on redemptions		18,785.46
Investment Manager fee payable	4	113,095.56
Management Company fees payable	3	5,000.01
Depositary and sub-depositary fees payable	6	2,343.10
Audit fees payable		14,624.59
Subscription tax payable ("Taxe d'abonnement")	8	1,782.87
Other liabilities		25,495.01
<b>Net asset value</b>		<b>68,025,347.09</b>

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## Combined statement of operations and changes in net assets for the year ended 31/12/23

	Note	Expressed in EUR
<b>Income</b>		<b>438,298.60</b>
Dividends on securities portfolio, net		380,017.51
Interests on money market instruments, net		9,865.52
Bank interests on cash accounts		48,415.57
<b>Expenses</b>		<b>1,146,740.21</b>
Investment Manager fee	4	493,288.88
Management Company fees	3	68,500.11
Depositary fees	6	29,579.21
Administration fees	7	128,534.06
Distribution fees		26,334.80
Amortisation of formation expenses	2.8	12,839.75
Audit fees		31,311.73
Legal fees		75,831.94
Transaction fees	2.9	111,531.92
Directors fees		45,670.04
Subscription tax ("Taxe d'abonnement")	8	4,388.36
Interests paid on bank overdraft		2,022.43
Other expenses	9	116,906.98
<b>Net income / (loss) from investments</b>		<b>-708,441.62</b>
<b>Net realised profit / (loss) on:</b>		
- sales of investment securities	2.2,2.3	-1,316,957.96
- forward foreign exchange contracts	2.6	186,615.44
- foreign exchange	2.4	-1,490,271.59
<b>Net realised profit / (loss)</b>		<b>-3,329,055.73</b>
<b>Movement in net unrealised appreciation / (depreciation) on:</b>		
- investments	2.2	904,354.00
- forward foreign exchange contracts	2.6	456,979.88
<b>Net increase / (decrease) in net assets as a result of operations</b>		<b>-1,967,721.84</b>
Subscriptions of capitalisation shares		5,244,412.13
Redemptions of capitalisation shares		-15,381,225.84
<b>Net increase / (decrease) in net assets</b>		<b>-12,104,535.55</b>
<b>Revaluation of opening combined NAV</b>		<b>1,884,343.52</b>
<b>Net assets at the beginning of the year</b>		<b>78,245,539.12</b>
<b>Net assets at the end of the year</b>		<b>68,025,347.09</b>

## **Convergence Lux - Bonhôte Impact Fund**

# Convergence Lux - Bonhôte Impact Fund

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## Statement of net assets as at 31/12/23

	<i>Note</i>	<i>Expressed in CHF</i>
<b>Assets</b>		<b>48,389,452.42</b>
Securities portfolio at market value	2.2	46,074,556.07
<i>Cost price</i>		49,126,482.30
Cash at banks and liquidities		1,932,505.96
Net unrealised appreciation on forward foreign exchange contracts	2.6	382,390.39
<b>Liabilities</b>		<b>377,864.47</b>
Bank overdrafts		278,910.00
Investment Manager fee payable	4	71,267.50
Depositary and sub-depositary fees payable	6	1,653.00
Audit fees payable		13,596.48
Subscription tax payable ("Taxe d'abonnement")	8	1,272.80
Other liabilities		11,164.69
<b>Net asset value</b>		<b>48,011,587.95</b>

# Convergence Lux - Bonhôte Impact Fund

## Statement of operations and changes in net assets from 01/01/23 to 31/12/23

	Note	Expressed in CHF
<b>Income</b>		<b>76,352.80</b>
Dividends on securities portfolio, net		53,179.10
Bank interests on cash accounts		23,173.70
<b>Expenses</b>		<b>582,044.79</b>
Investment Manager fee	4	286,626.39
Management Company fees	3	34,698.73
Depositary fees	6	19,327.27
Administration fees	7	68,671.22
Distribution fees		17,545.39
Audit fees		19,835.15
Legal fees		40,599.21
Transaction fees	2.9	1,511.70
Directors fees		22,187.13
Subscription tax ("Taxe d'abonnement")	8	2,000.17
Interests paid on bank overdraft		1,593.77
Other expenses	9	67,448.66
<b>Net income / (loss) from investments</b>		<b>-505,691.99</b>
<b>Net realised profit / (loss) on:</b>		
- sales of investment securities	2.2,2.3	-129,212.23
- forward foreign exchange contracts	2.6	173,496.37
- foreign exchange	2.4	-629,730.71
<b>Net realised profit / (loss)</b>		<b>-1,091,138.56</b>
<b>Movement in net unrealised appreciation / (depreciation) on:</b>		
- investments	2.2	1,245,232.97
- forward foreign exchange contracts	2.6	424,854.19
<b>Net increase / (decrease) in net assets as a result of operations</b>		<b>578,948.60</b>
Subscriptions of capitalisation shares		4,370,159.28
Redemptions of capitalisation shares		-3,581,530.87
<b>Net increase / (decrease) in net assets</b>		<b>1,367,577.01</b>
<b>Net assets at the beginning of the year</b>		<b>46,644,010.94</b>
<b>Net assets at the end of the year</b>		<b>48,011,587.95</b>

# Convergence Lux - Bonhôte Impact Fund

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## Statistics

		31/12/23	31/12/22	31/12/21
<b>Total Net Assets</b>	<b>CHF</b>	<b>48,011,587.95</b>	<b>46,644,010.94</b>	<b>57,138,787.76</b>
<b>A-CHF</b>				
Number of shares		7,518.446	7,518.446	8,960.689
Net asset value per share	CHF	96.38	95.71	114.63
<b>I-EUR</b>				
Number of shares		10,175.627	11,945.627	22,240.627
Net asset value per share	EUR	103.20	100.01	116.47
<b>I-CHF</b>				
Number of shares		472,313.884	462,492.537	465,001.537
Net asset value per share	CHF	98.05	96.75	114.90

## Convergence Lux - Bonhôte Impact Fund

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### Changes in number of shares outstanding from 01/01/23 to 31/12/23

	Shares outstanding as at 01/01/23	Shares issued	Shares redeemed	Shares outstanding as at 31/12/23
A-CHF	7,518.446	100.000	100.000	7,518.446
I-EUR	11,945.627	360.000	2,130.000	10,175.627
I-CHF	462,492.537	44,165.000	34,343.653	472,313.884

## Convergence Lux - Bonhôte Impact Fund

### Securities portfolio as at 31/12/23

Denomination	Currency	Quantity/ Notional	Market value (in CHF)	% of net assets
<b>Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market</b>			<b>4,548,170.72</b>	<b>9.47</b>
<b>Shares/Units in investment funds</b>			<b>4,548,170.72</b>	<b>9.47</b>
<b>Luxembourg</b>			<b>4,548,170.72</b>	<b>9.47</b>
SISF BLUEORCHARG EMERG MKTS IMP BD C	USD	50,300	4,548,170.72	9.47
<b>Undertakings for Collective Investment</b>			<b>41,526,385.35</b>	<b>86.49</b>
<b>Shares/Units in investment funds</b>			<b>41,526,385.35</b>	<b>86.49</b>
<b>France</b>			<b>3,546,356.45</b>	<b>7.39</b>
SYCOM SELECT CR -I- 4 DEC	EUR	28,700	3,546,356.45	7.39
<b>Ireland</b>			<b>8,072,128.47</b>	<b>16.81</b>
HEPTAGON DRIEHAUS EM MKTSSUST C USD ACC	USD	15,880	2,487,637.58	5.18
LGT SUSTAINABLE EQU MARKET NEUTRAL B	USD	2,650	2,173,877.03	4.53
WHEB ASS CLASS C USD ACC USD	USD	42,100	3,410,613.86	7.10
<b>Liechtenstein</b>			<b>2,157,130.00</b>	<b>4.49</b>
BONAFIDE GLOBAL FISH FUND CHF	CHF	17,000	2,157,130.00	4.49
<b>Luxembourg</b>			<b>24,218,558.63</b>	<b>50.44</b>
ALQUITY FUTURE WORLD FUND Y USD	USD	19,560	1,526,865.92	3.18
CLARTAN ETHOS ESG EUROPE SMALL	EUR	1,900	2,073,329.55	4.32
DPAM L BONDS EMG MKTS SUSTAINABLE F	EUR	27,665	3,883,999.93	8.09
GSF III GREEN BOND ICE	EUR	600	2,682,277.47	5.59
LOF GLOBAL CLIMATE BOND CHF I CAP SMH	CHF	274,900	2,468,079.69	5.14
MULTIFLEX SICAV CARNOT EFFICIENT C CHF D	CHF	2,600	3,829,748.00	7.98
PARVEST AQUA PRIVILEGE CAP	EUR	7,800	2,468,465.06	5.14
SYCOMORE GLOBAL ECO SOLUTIONS I USD CAP	USD	17,100	1,203,958.01	2.51
THREADNEEDLE EUROPEAN SOCIAL BOND LE	EUR	314,400	2,855,660.64	5.95
VONTOBEL FD GLOBAL ENVIRONMENT CHANGEIC	USD	12,510	1,226,174.36	2.55
<b>Switzerland</b>			<b>3,532,211.80</b>	<b>7.36</b>
UBS ETF (CH) MSCI SWIT IMI SOC RES CHF A	CHF	215,300	3,532,211.80	7.36
<b>Total securities portfolio</b>			<b>46,074,556.07</b>	<b>95.97</b>

## **Convergence Lux - ZO China Value Fund**

# Convergence Lux - ZO China Value Fund

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## Statement of net assets as at 31/12/23

	<i>Note</i>	<i>Expressed in USD</i>
<b>Assets</b>		<b>18,549,659.10</b>
Securities portfolio at market value	2.2	17,939,412.30
<i>Cost price</i>		<i>20,148,277.29</i>
Cash at banks and liquidities		382,449.41
Receivable for investments sold		201,623.21
Dividends receivable, net		4,513.83
Formation expenses, net	2.8	21,660.35
<b>Liabilities</b>		<b>451,819.15</b>
Payable on investments purchased		369,313.27
Payable on redemptions		20,751.36
Investment Manager fee payable	4	40,252.47
Management Company fees payable	3	5,523.26
Depositary and sub-depositary fees payable	6	624.25
Subscription tax payable ("Taxe d'abonnement")	8	457.13
Other liabilities		14,897.41
<b>Net asset value</b>		<b>18,097,839.95</b>

## Convergence Lux - ZO China Value Fund

### Statement of operations and changes in net assets from 01/01/23 to 31/12/23

	<i>Note</i>	<i>Expressed in USD</i>
<b>Income</b>		<b>393,445.75</b>
Dividends on securities portfolio, net		356,600.05
Interests on money market instruments, net		10,897.95
Bank interests on cash accounts		25,947.75
<b>Expenses</b>		<b>575,173.17</b>
Investment Manager fee	4	204,348.11
Management Company fees	3	34,440.35
Depositary fees	6	9,710.42
Administration fees	7	60,391.45
Distribution fees		8,243.67
Amortisation of formation expenses	2.8	14,183.43
Audit fees		11,020.79
Legal fees		35,528.62
Transaction fees	2.9	121,407.56
Directors fees		24,087.13
Subscription tax ("Taxe d'abonnement")	8	2,471.04
Interests paid on bank overdraft		340.39
Other expenses	9	49,000.21
<b>Net income / (loss) from investments</b>		<b>-181,727.42</b>
<b>Net realised profit / (loss) on:</b>		
- sales of investment securities	2.2,2.3	-1,301,250.36
- foreign exchange	2.4	-897,995.72
<b>Net realised profit / (loss)</b>		<b>-2,380,973.50</b>
<b>Movement in net unrealised appreciation / (depreciation) on:</b>		
- investments	2.2	-480,565.00
<b>Net increase / (decrease) in net assets as a result of operations</b>		<b>-2,861,538.50</b>
Subscriptions of capitalisation shares		600,708.45
Redemptions of capitalisation shares		-12,735,371.42
<b>Net increase / (decrease) in net assets</b>		<b>-14,996,201.47</b>
<b>Net assets at the beginning of the year</b>		<b>33,094,041.42</b>
<b>Net assets at the end of the year</b>		<b>18,097,839.95</b>

## Convergence Lux - ZO China Value Fund

### Statistics

		31/12/23	31/12/22	31/12/21
<b>Total Net Assets</b>	<b>USD</b>	<b>18,097,839.95</b>	<b>33,094,041.42</b>	<b>88,323,213.49</b>
<b>A-EUR</b>				
Number of shares		18,058.000	19,013.000	19,753.000
Net asset value per share	EUR	73.39	90.13	121.07
<b>A-CHF</b>				
Number of shares		149,426.000	171,478.000	196,919.000
Net asset value per share	CHF	62.70	81.77	115.27
<b>A-USD</b>				
Number of shares		59,699.816	64,070.816	88,681.816
Net asset value per share	USD	73.14	86.78	124.21
<b>I-EUR</b>				
Number of shares		1,350.000	13,903.256	44,588.880
Net asset value per share	EUR	72.74	89.68	120.95
<b>I-CHF</b>				
Number of shares		2,690.000	28,740.000	33,410.000
Net asset value per share	CHF	62.28	81.56	115.42
<b>I-USD</b>				
Number of shares		10,865.838	50,308.959	65,454.247
Net asset value per share	USD	71.97	85.72	123.20
<b>R-EUR</b>				
Number of shares		-	20,407.000	50,458.000
Net asset value per share	EUR	-	95.95	130.49
<b>R-CHF</b>				
Number of shares		477.000	907.000	5,893.000
Net asset value per share	CHF	67.97	89.75	128.09
<b>R-USD</b>				
Number of shares		100.000	2,060.000	166,871.937
Net asset value per share	USD	79.21	95.05	137.42

## Convergence Lux - ZO China Value Fund

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### Changes in number of shares outstanding from 01/01/23 to 31/12/23

	Shares outstanding as at 01/01/23	Shares issued	Shares redeemed	Shares outstanding as at 31/12/23
A-EUR	19,013.000	490.000	1,445.000	18,058.000
A-CHF	171,478.000	545.000	22,597.000	149,426.000
A-USD	64,070.816	0.000	4,371.000	59,699.816
I-EUR	13,903.256	0.000	12,553.256	1,350.000
I-CHF	28,740.000	0.000	26,050.000	2,690.000
I-USD	50,308.959	6,250.859	45,693.980	10,865.838
R-EUR	20,407.000	0.000	20,407.000	0.000
R-CHF	907.000	0.000	430.000	477.000
R-USD	2,060.000	50.000	2,010.000	100.000

## Convergence Lux - ZO China Value Fund

### Securities portfolio as at 31/12/23

Denomination	Currency	Quantity/ Notional	Market value (in USD)	% of net assets
<b>Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market</b>			<b>17,663,378.07</b>	<b>97.60</b>
<b>Shares</b>			<b>17,663,378.07</b>	<b>97.60</b>
<b>Cayman Islands</b>			<b>2,832,573.23</b>	<b>15.65</b>
CHINA MEIDONG AUTO HOLDINGS LTD	HKD	606,000	368,632.88	2.04
CHINA OVERSEAS PROPERTY HOLDINGS LTD	HKD	930,000	697,924.42	3.86
CHINA STATE CONSTRUCTION DEVELOPMENT HOL	HKD	2,064,000	607,946.50	3.36
TENCENT HOLDINGS	HKD	30,800	1,158,069.43	6.40
<b>China</b>			<b>14,627,935.74</b>	<b>80.83</b>
BANK OF NINGBO -A-	CNY	129,300	366,631.31	2.03
CHINA MERCHANTS BANK CO LTD -A-	CNY	164,200	644,093.97	3.56
CMOC GROUP LTD-A	CNY	900,000	659,879.76	3.65
CN GALAXY SECS -H-	HKD	957,000	506,162.33	2.80
CN STATE SHIP-A-	CNY	269,942	1,120,539.63	6.19
CN XD ELECTRIC CO -A-	CNY	530,000	368,418.77	2.04
CONTEMPORARY AMPEREX TECHNO. CO LTD A	CNY	29,220	672,634.22	3.72
FINANCIAL STREET PROPERTY CO	HKD	217,000	65,028.45	0.36
HENAN SHENHUO COAL IND -A-	CNY	220,000	521,135.81	2.88
HORIZON CONSTRUCTION DEVELOP	HKD	9,555	5,616.57	0.03
JIAYOU INTERNATIONAL LOGIS-A	CNY	156,700	350,421.82	1.94
KWEICHOW MOUTAI CO LTD	CNY	3,200	778,770.92	4.30
LESHAN GIANTSTAR FARMING HUSBANDRY CORP	CNY	110,200	582,216.14	3.22
MORIMATSU INTL - REG SHS REG S	HKD	1,020,000	718,440.31	3.97
MUYUAN FOODSTUF -A-	CNY	151,940	882,221.06	4.87
SHANDONG HUALU HENGSHENG CHEMICAL	CNY	134,968	525,050.97	2.90
SHANGHAI BAOSIGHT -B-	USD	184,902	391,992.24	2.17
SHENZHEN LUXSHARE PRECISION INDUSTRY -A-	CNY	274,100	1,331,426.56	7.36
SIYUAN ELECTRIC CO LTD	CNY	139,100	1,020,665.35	5.64
TIANJIN ZHONG XIN -A-	CNY	96,000	455,486.23	2.52
WANHUA POLYURETANE -A-	CNY	49,600	537,248.16	2.97
XINXIANG RICHFUL LUBE REGISTERED SHS	CNY	65,000	421,039.95	2.33
XUGONG SC&TECH -A-	CNY	588,400	452,985.46	2.50
ZIJIN MINING GROUP CO LTD	CNY	711,400	1,249,829.75	6.91
<b>Hong Kong</b>			<b>202,869.10</b>	<b>1.12</b>
FAR EAST HORIZON LTD	HKD	258,000	202,869.10	1.12
<b>Undertakings for Collective Investment</b>			<b>276,034.23</b>	<b>1.53</b>
<b>Shares/Units in investment funds</b>			<b>276,034.23</b>	<b>1.53</b>
<b>Ireland</b>			<b>276,034.23</b>	<b>1.53</b>
HSBC USD LIQUIDITY FUND SHARE	USD	276,034	276,034.23	1.53
<b>Total securities portfolio</b>			<b>17,939,412.30</b>	<b>99.12</b>

## **Convergence Lux**

### **Notes to the financial statements - Schedule of derivative instruments**

# Convergence Lux

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## Notes to the financial statements - Schedule of derivative instruments

### Forward foreign exchange contracts

As at December 31, 2023, the following forward foreign exchange contracts were outstanding:

#### Convergence Lux - Bonhôte Impact Fund

Currency purchased	Quantity purchased	Currency sold	Quantity sold	Maturity date	Unrealised (in CHF)	Counterparty
CHF	10,501,700.00	EUR	11,000,000.00	08/03/24	317,498.04	CACEIS Bank, Lux. Branch
EUR	1,010,000.00	CHF	964,247.00	08/03/24	-29,034.19 *	CACEIS Bank, Lux. Branch
CHF	2,782,080.00	USD	3,200,000.00	19/01/24	93,926.54	CACEIS Bank, Lux. Branch
					<b>382,390.39</b>	

The contracts that followed by \* relate specifically to foreign exchange risk hedging of shares.

As at December 31, 2023, there is no collateral for the forward foreign exchange contracts disclosed here above.

**Convergence Lux**

**Other notes to the financial statements**

# Convergence Lux

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## Other notes to the financial statements

### 1 - General information

Convergence Lux (the "Fund") is a public limited company incorporated on 5 April 2019 under the laws of Luxembourg as an investment company with variable capital (*société d'investissement à capital variable*). The Fund is subject to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended. The Fund is established for an unlimited period of time and is registered with the Luxembourg Trade and Companies Register ("*Registre de Commerce et des Sociétés de Luxembourg*") under the number B233606.

As at 31 December 2023, the Fund has the following active sub-funds:

- Convergence Lux - Bonhôte Impact Fund in CHF
- Convergence Lux - ZO China Value Fund in USD

### 2 - Principal accounting policies

#### 2.1 - Presentation of the financial statements

These financial statements have been prepared in accordance with the generally accepted accounting principles for investment funds in Luxembourg.

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

The significant accounting policies are summarised as follows:

#### 2.2 - Portfolio valuation

The value of any cash on hand or on deposit, bills or notes payable, accounts receivable, prepaid expenses, cash dividends and interest accrued but not yet received shall be equal to the entire nominal or face amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.

Transferable Securities and Money Market Instruments which are quoted, listed or traded on an exchange or regulated market will be valued at the last available market price or quotation on the exchange or regulated market where the securities or instruments are primarily quoted, listed or traded. Where securities or instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors will determine on which exchange or regulated market the securities or instruments are primarily quoted, listed or traded and the market prices or quotations on such exchange or regulated market will be used for the purpose of their valuation. Transferable Securities and Money Market Instruments for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market, will be valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

Where permitted under applicable laws and regulations, Money Market Instruments may be valued using an amortisation method whereby instruments are valued at their acquisition cost as adjusted for amortisation of premium or accrual of discount on a constant basis until maturity, regardless of the impact of fluctuating interest rates on the market value of the instruments. The amortisation method will only be used if it is not expected to result in a material discrepancy between the market value of the instruments and their value calculated according to the amortisation method.

Financial derivative instruments which are quoted, listed or traded on an exchange or regulated market will be valued at the last available closing or settlement price or quotation, prior to the time of valuation, on the exchange or regulated market where the instruments are primarily quoted, listed or traded. Where instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors will determine on which exchange or regulated market the instruments are primarily quoted, listed or traded and the closing or settlement prices or quotations on such exchange or regulated market will be used for the purpose of their valuation.

Financial derivative instruments for which closing or settlement prices or quotations are not available or representative will be valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

Financial derivative instruments which are traded "over-the-counter" (OTC) will be valued daily at their fair market value, on the basis of valuations provided by the counterparty which will be approved or verified on a regular basis independently from the counterparty. Alternatively, OTC financial derivative instruments may be valued on the basis of independent pricing services or valuation models approved by the Board of Directors which follow international best practice and valuation principles. Any such valuation will be reconciled to the counterparty valuation on a regular basis independently from the counterparty, and significant differences will be promptly investigated and explained.

Shares or units in target investment funds (including UCITS and UCI) will be valued at their latest available official net asset value, as reported or provided by or on behalf of the investment fund or at their latest available unofficial or estimated net asset value if more recent than the latest available official net asset value, provided that the Board of Directors is satisfied of the reliability of such unofficial net asset value. The Net Asset Value calculated on the basis of unofficial net asset values of the target investment fund may differ from the Net Asset Value which would have

# Convergence Lux

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## Other notes to the financial statements

### 2 - Principal accounting policies

#### 2.2 - Portfolio valuation

been calculated, on the same Valuation Day, on the basis of the official net asset value of the target investment fund.

#### 2.3 - Net realised profits or losses on sales of investments

The net realised profit/(loss) on sales of securities are determined on the basis of the average cost of the securities sold.

#### 2.4 - Foreign currency translation

The market value of the investments and other assets and liabilities expressed in currencies other than the reference currency of the related sub-fund, have been converted at the rates of exchange prevailing at the date of these financial statements. Transactions occurring during the period in currencies other than the reference currency of the related sub-fund have been converted at the rates of exchange prevailing at the date of purchase.

Exchange profits and losses resulting from the sale of investments are recognised in the statement of operations and changes in net assets in the account "Net realised profit/loss on foreign exchange".

The principal exchange rates used at year-end are:

1 EUR =	0.9297	CHF	1 EUR =	7.8344	CNY	1 EUR =	8.62575	HKD
1 EUR =	1.10465	USD						

#### 2.5 - Combined financial statements

The financial statements of the Fund are expressed in EUR, the reference currency of the Fund and the financial statements of the sub-funds are kept in the reference currency of each sub-fund. The combined statement of net assets and the combined statement of operations and changes in net assets are the sum of the statement of net assets, statement of operations and changes in net assets of each sub-fund converted into EUR using exchange rates prevailing at year-end.

#### 2.6 - Valuation of forward foreign exchange contracts

A forward agreement is a customised, bilateral agreement to exchange an asset or cash flows at a specified future settlement date at a forward price agreed on the trade date. One party to the forward is the buyer (long), who agrees to pay the forward price on the settlement date; the other is the seller (short), who agrees to receive the forward price.

The movement in net unrealised profit or loss is disclosed in the statement of operations and changes in net assets. The unrealised appreciation or depreciation is disclosed in the statement of net assets in "Net unrealised appreciation on forward foreign exchange contracts" and "Net unrealised depreciation on forward foreign exchange contracts" respectively.

#### 2.7 - Dividend and interest income

Dividends are accounted at the ex-date. Interest is accounted on a prorata temporis basis.

#### 2.8 - Formation expenses

Expenses in connection with the incorporation of the Fund are amortised on a straight line basis over five years period.

#### 2.9 - Transaction fees

Transaction fees include mainly brokerage fees and depositary fees linked to transactions (buy or sell) on portfolio securities and other derivative instruments. Such fees are disclosed separately in the statement of operations and changes in net assets under the heading "Transaction fees".

### 3 - Management Company fees

The Management Company is entitled to an annual fee equal to a percentage of the Net Asset Value of each sub-fund or Share Class and paid out of the assets of the Fund and allocated to each sub-fund and Share Class. The Management Fee is accrued on each Valuation Day and is payable monthly in arrears.

# Convergence Lux

## Other notes to the financial statements

### 3 - Management Company fees

- 0.05% of the average net assets per sub-fund p.a. up to EUR 100 million;
- 0.04% of the average net assets per sub-fund p.a. from EUR 100 million to EUR 250 million;
- 0.03% of the average net assets per sub-fund p.a. from EUR 250 million to EUR 500 million;
- 0.02% of the average net assets per sub-fund p.a. above EUR 500 million.

The Management Company fee will not exceed 30 bps with a minimum fee of EUR 2,500 per sub-fund per month. An additional fee of EUR 1,000 per sub-fund per month will be charged in case of Value at risk calculation.

### 4 - Investment Manager fee

The Investment Manager is entitled to an annual fee equal to a percentage of the average Net Asset Value of each sub-fund or Share Class consistent with market practice, subject to a minimum flat fee per sub-fund or Share Class and a maximum annual rate as set out in the latest prospectus of the Fund. The Investment Manager fee is accrued on each Valuation Day and will be payable monthly in arrears out of the assets of the Fund and allocated to each sub-fund and Share.

The rates applicable as at December 31, 2023 are as follows:

Sub-funds	Shares Classes	Currency	Investment Manager Fee
<u>Convergence Lux - Bonhôte Impact Fund</u>			
	A-CHF	CHF	1.20%
	I-CHF	CHF	0.60%
	I-EUR	EUR	0.60%
<u>Convergence Lux - ZO China Value Fund*</u>			
	A-EUR	EUR	0.80%
	A-CHF	CHF	0.80%
	A-USD	USD	0.80%
	I-EUR	EUR	1.20%
	I-CHF	CHF	1.20%
	I-USD	USD	1.20%
	R- EUR	EUR	2.00%
	R-CHF	CHF	2.00%
	R-USD	USD	2.00%

\*Hurdle: MSCI China A Net Return USD (Bloomberg Ticker NU718708 Index)

### 5 - Performance fees

The performance fees is calculated on the basis of the net asset value after deducting any costs, liabilities, dividends and management fees (excluding the performance fees) and is adjusted to take into account all subscriptions and redemptions. The Performance Fee is equal to the performance of the Net Asset Value of the Share Class multiplied by the number of Shares in circulation of the Share Class during the Calculation Period, as defined below.

Details of the performance calculation are included in the prospectus.

Sub-funds	Shares Classes	Currency	Performance fee	Performance fees apply	Amount of performance fees
<u>Convergence Lux - Bonhôte Impact Fund</u>					
	A-CHF	CHF	None	None	None
	I-CHF	CHF	None	None	None
	I-EUR	EUR	None	None	None
<u>Convergence Lux - ZO China Value Fund</u>					
	A-EUR	EUR	15% WITH hurdle rate*	None	None
	A-CHF	CHF	15% WITH hurdle rate*	None	None
	A-USD	USD	15% WITH hurdle rate*	None	None
	I-EUR	EUR	15% WITH hurdle rate*	None	None
	I-CHF	CHF	15% WITH hurdle rate*	None	None
	I-USD	USD	15% WITH hurdle rate*	None	None
	R- EUR	EUR	15% WITH hurdle rate*	None	None
	R-CHF	CHF	15% WITH hurdle rate*	None	None
	R-USD	USD	15% WITH hurdle rate*	None	None

\*Hurdle: MSCI China A Net Return USD (Bloomberg Ticker NU718708 Index)

There is no performance fee as at December 31, 2023.

# Convergence Lux

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## Other notes to the financial statements

### 6 - Depositary fees

The Depositary will be entitled to an annual fee equal to a percentage of the average Net Asset Value of each Sub-Fund or Share Class consistent with market practice in Luxembourg, subject to a maximum rate of 0.04 percent (0.04%) per annum.

### 7 - Administration fees

The Administrator will be entitled to an annual fee equal to a percentage of the average Net Asset Value of each Sub-Fund or Share Class consistent with market practice in Luxembourg, subject to a minimum annual flat fee of €15,000 per Sub-Fund and a maximum annual rate of 0.06 percent (0.06%) per annum.

### 8 - Subscription tax ("*Taxe d'abonnement*")

Under current law and practice, the Fund is not liable to any Luxembourg income tax, nor are dividends paid by the Fund liable to any Luxembourg withholding tax.

However, the Fund is liable to a subscription tax (taxe d'abonnement) of 0.05% per annum, such tax being payable quarterly and calculated on the aggregate net assets of the Fund valued at the end of the relevant calendar quarter, unless a reduced tax rate of 0.01% per annum is applicable.

### 9 - Other expenses

The sub-fund Convergence Lux - Bonhôte Impact Fund disclosed other expenses represented shareholder services fees and publication fees and other operational expenses.

### 10 - Changes in the composition of securities portfolio

The details of the changes in portfolio composition are held at the registered office of the Fund and are available upon request and free of charge to the shareholders.

### 11 - Significant events during the year

A new prospectus has been released in December 2023.

**Convergence Lux**  
**Additional unaudited information**

# Convergence Lux

## Additional unaudited information

### Remuneration policy

#### Remuneration policies and practices

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, the Prospectus or the Articles of Incorporation nor impair compliance with the Management Company's obligation to act in the best interest of the Fund ("the Remuneration Policy"). The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company, the Fund or the Sub-Funds. Within the Management Company, these categories of staff represent 22 persons.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Fund and the Shareholders and includes measures to avoid conflicts of interest.

In particular, the Remuneration Policy will ensure that:

- the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
- the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
- the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks.

The following table shows the fixed and variable remuneration in 2023 for the Identified Staff (22 persons), who is fully or partly involved in the activities of all the funds managed by the Management Company. For the purposes of the below disclosures, where portfolio management activities have been formally delegated to another entity, the remuneration of the relevant identified staff of the delegate has been excluded, as it is not paid out by the Management Company or by the Fund.

#### Staff expenses split into fixed and variable remuneration

Wages and salaries

- Fixed
- Variable

Staff expenses broken down by categories of staff subject to UCITS V pay rules (in EUR)

Staff code	Fixed remuneration	Variable Remuneration	Total
S	1,799,867.83	290,000.00	2,089,867.83
R	904,422.38	66,000.00	970,422.38
C	326,569.92	28,500.00	355,069.92
O	0	0	0.00

S = Senior Management

R = Risk takers, which includes staff members whose professional activities can exert material influence on UCITS or AIFs managed by Lemanik Asset Management S.A. ("LAM").

C = Staff engaged in control functions (other than senior management) responsible for risk management, compliance, internal audit and similar functions.

O = Any other staff member receiving total remuneration that takes them into the same remuneration bracket as senior management and risk-takers, whose professional activities have a material impact on LAM's risk profile.

A paper copy of the summarised Remuneration Policy is available free of charge to the Shareholders upon request.

No material changes have been made to the Remuneration Policy.

# Convergence Lux

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## Additional unaudited information

### Global Risk Exposure

In accordance with the 2010 Law and the applicable regulations, in particular Circular CSSF 11/512, the Sub-Fund uses a risk-management process, as provided by the Management Company, which enables it to assess the exposure of the Sub-Fund to market, liquidity and counterparty risks, and to other risks, including operational risks, which are material for the Sub-Fund.

As part of the risk management process, the Sub-Fund uses the commitment approach to monitor and measure the global exposure. This approach measures the global exposure related to positions on financial derivative instruments and other efficient portfolio management techniques under consideration of netting and hedging effects making sure that it does not result in exceeding the total net value of the portfolio of Sub-Fund.

Under the standard commitment approach, each financial derivative instrument position is converted into the market value of an equivalent position in the underlying asset of that financial derivative instrument; this position is then added or subtracted (in case of, respectively, long or short positions) to the portfolio positions in the same category (bonds, equities, currencies, etc.) and the netted amount is checked against the Sub-Fund's investment limits.

# Convergence Lux

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## **Additional unaudited information**

### **Securities Financing Transactions Regulation (SFTR) Disclosures**

The Fund does not use any instruments falling in the scope of SFTR.

# Convergence Lux

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## **Additional unaudited information**

### **SFDR (Sustainable Finance Disclosure Regulation)**

The investments underlying this financial product of the sub-fund do not take into account the EU criteria for environmentally sustainable economic activities for ZO China Value Fund as he is falling under article 6.

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:** Convergence Lux – Bonhôte Impact Fund **Legal entity identifier:** 549300MR4SK36BWEMN08  
(hereinafter “Bonhôte Impact” or the “financial product”)

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

**Did this financial product have a sustainable investment objective?**

Yes	No
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective</b> : ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It made <b>sustainable investments with a social objective</b> : ___%	<input checked="" type="checkbox"/> It <b>promoted E/S characteristics, but did not make any sustainable investments</b>



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

As per the above, Bonhôte Impact did not have a sustainable investment objective. However, Bonhôte Impact promoted environmental and/or social characteristics by investing in UCITS/UCI and open-ended ETFs that exhibit superior ESG profiles based on a third-party provider (Conser - ESG Verifier SA) rating methodology while excluding investments into certain economic activities and/or sectors.

In practical, in 2023, Bonhôte Impact invested only in art. 8 and/or art. 9 funds, which had a final score of B or above according to the methodology of Conser – ESG Verifier SA. These target funds had no significant exposure to sensitive sectors and/or ESG controversies, with a fossil fuel exposure under control and with a weak CO2 emissions’ intensity. Bonhôte Impact maintained an exposure to positive climate impacts through clean tech, water, green and/or sustainable bonds and impact target funds.

● ***How did the sustainability indicators perform?***

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted as per the ESG Methodology are:

- the exposure to target funds rated B- and above based on the ESG Consensus® methodology, as per the extra-financial matters; and
- the exposure to investments having exposure to or tying with sensitive sectors and / or in breach of international norms.

Bonhôte Impact is rated A+ and all its target funds were rated B and above according to the ESG Consensus® methodology. The exposure to investments having exposure to or tying with sensitive sectors and / or in breach of international norms was 0 %.

● ***...and compared to previous periods?***

In 2023, the fund's ESG rating was A+, the highest possible according to the ESG Consensus® methodology. Similarly, exposure to sensitive sectors and/or breach of international standards was 0%. In 2023, the fund has maintained its already favorable ESG characteristics, in line with its objectives.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Not applicable.

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

- *How were the indicators for adverse impacts on sustainability factors taken into account?*

Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

– Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### How did this financial product consider principal adverse impacts on sustainability factors?

Not applicable because Bonhôte Impact did not take into account principal adverse impacts on sustainability factors.



### What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:  
From January to December 2022 (% Assets as of 31.12.2022)

Largest investments	Sector	% Assets	Country
➤ Blueorchard Emerging Markets Impact Bond	Bond fund	9.74%	Global
➤ Petercam EM Sustainable	Bond fund	8.20%	Global
➤ Carnot Efficient Energy Fund	Equity fund	7.67%	Europe
➤ Sycomore Selection	Bond funds	7.44%	Europe
➤ UBS ETF MSCI Switzerland IMI	Equity fund	7.43%	Switzerland
➤ WHEB Sustainability Fund	Equity fund	7.02%	Global
➤ Threadneedle Euro	Bond fund	5.96%	Europe



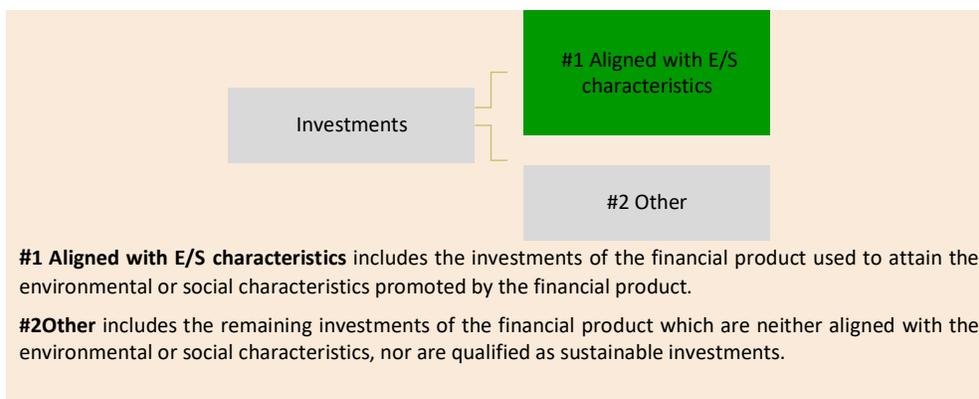
### What was the proportion of sustainability-related investments?

**Asset allocation** describes the share of investments in specific assets.

As further outlined in the sub-question below, more than 80% of the total assets of Bonhôte Impact adhered to the binding elements of the investment strategy and were therefore considered being aligned with the environmental and social characteristics. Cash and cash equivalent cannot be considered as aligned with the environmental and social characteristics.

● **What was the asset allocation?**

In any time, more than 80% of the total assets of Bonhôte Impact were invested in assets aligned with the E/S characteristics, the remaining percent was invested in cash, cash equivalents, such as hedging instruments (#2 Other). Within this percentage of 80%, the entirety of the investments were made in target funds rated B or above.



● **In which economic sectors were the investments made?**

The investments were made in alternative funds, equity funds, bond funds and ETFs.



**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Bonhôte Impact did not commit to investing in any sustainable investments within the meaning of the EU Taxonomy.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

- Yes:  
 In fossil gas     In nuclear energy  
 No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

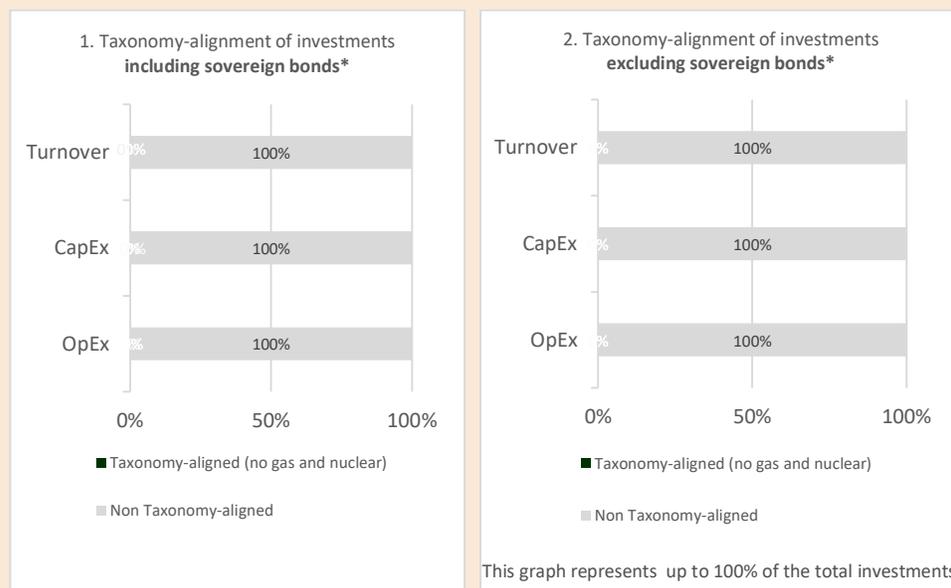
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

<sup>1</sup>nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not substantially harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities complying with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

- **What was the share of investments made in transitional and enabling activities?**

Not applicable.

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Not applicable.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

As mentioned above, Bonhôte Impact's portfolio alignment with the EU Taxonomy is not calculated.



**What was the share of socially sustainable investments?**

Not applicable.



**What investments were included under "Other", what was their purpose and were there any minimum environmental or social safeguards?**

"#2 Other" included liquid assets, that is to say cash, cash equivalent, such as hedging instruments. Their purpose is for the cash to ensure potential outflows to be served. Currency hedges generate positive or negative profit and loss which amounts are integrated into the so-called "cash equivalent" bucket. These investments (cash and cash equivalent) do not pursue necessarily any E/S safeguards.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period**

Firstly, the full research process of target funds and the ongoing assessment of the entire portfolio by means of the ESG methodology are conducted by Conser – ESG Verifier SA; secondly, any potential investment is analyzed with the same methodology; thirdly, the investment manager assesses the investments recommendations provided by Conser – ESG Verifier SA; and fourth, a regular due diligence of the target funds is conducted by Conser – ESG Verifier SA and the investment manager to check that the investments are suitable for achieving E/S objectives and that their rating is appropriate.



### **How did this financial product perform compared to the reference benchmark?**

Not applicable.

- ***How does the reference benchmark differ from a broad market index?***

Not applicable

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable.

- ***How did this financial product perform compared with the broad market index?***

Not applicable.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

# Convergence Lux

## Supplementary information (unaudited) (continued)

### Convergence Lux - Additional Information for Investors in Switzerland

The prospectus and the Key Information Document for Switzerland, the articles of association, the annual and semi-annual reports, the list of the purchases and sales and further information can be obtained free of charge from the representative in Switzerland: Reyl & Cie S.A., 4, rue du Rhône, 1204 Geneva, Switzerland. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva. The last shares prices can be found on [www.swissfunddata.com](http://www.swissfunddata.com).

Each time performance data is published, it should be noted that the past performance is no indication of current or future performance, and that it does not take account of the commissions and costs incurred on the issue and redemption of shares.

NAME	ISIN	CLASS	ANNUAL_TER	2022 PERFORMANCE	START DATE	END DATE
Convergence Lux - ZO China Value Fund	LU2091132360	A-EUR	1.9	-18.6%	01.01.2023	31.12.2023
Convergence Lux - ZO China Value Fund	LU2091132444	A-CHF	1.9	-23.3%	01.01.2023	31.12.2023
Convergence Lux - ZO China Value Fund	LU2091132527	A-USD	1.9	-18.6%	01.01.2023	31.12.2023
Convergence Lux - ZO China Value Fund	LU2091133095	I-EUR	2.12	-18.9%	01.01.2023	31.12.2023
Convergence Lux - ZO China Value Fund	LU2091133178	I-CHF	2.11	-23.6%	01.01.2023	31.12.2023
Convergence Lux - ZO China Value Fund	LU2091133251	I-USD	2.08	-16%	01.01.2023	31.12.2023
Convergence Lux - ZO China Value Fund	LU2091133681	R-EUR	0.79	N/A	01.01.2023	14.04.2023
Convergence Lux - ZO China Value Fund	LU2091133764	R-CHF	3.03	-24.3%	01.01.2023	31.12.2023
Convergence Lux - ZO China Value Fund	LU2091133848	R-USD	3.15	-16.6%	01.01.2023	31.12.2023
Convergence Lux - Bonhôte Impact Fund	LU1967581866	A-CHF	2.42	0.7%	01.01.2023	31.12.2023
Convergence Lux - Bonhôte Impact Fund	LU1967582088	I-CHF	1.8	1.2%	01.01.2023	31.12.2023
Convergence Lux - Bonhôte Impact Fund	LU1967582161	I-EUR	1.8	3.2%	01.01.2023	31.12.2023