POLAR CAPITAL

Melchior Selected Trust

Annual Report and Audited Financial Statements
for the financial year ended 31 December 2023

POLAR CAPITAL

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Directors and Administration

THE FUND

Registered Office:
4, rue Peternelchen
L-2370 Howald
Grand Duchy of Luxembourg

Chairman of the Board of Directors of the Fund:
Mr. Yves Kuhn
Independent External Director

Members of the Board of Directors:
Mr. Geoffroy Linard de Guertechin
Independent External Director

Mr. Richard Jones (resigned 3 May 2023)
Head of Asia Pacific & Middle East distribution
Polar Capital LLP

Mr. Nicholas Farren
Chief Operating Officer
Polar Capital LLP

Auditors of the Fund:
Ernst & Young S.A.
35E, Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Investment Manager:
Polar Capital LLP
16 Palace Street
London SW1E 5JD
United Kingdom

The Management Company:
ONE fund management S.A.
4, rue Peternelchen
L-2370 Howald
Grand Duchy of Luxembourg

Depositary:
Northern Trust Global Services SE
10, rue du Château d'Eau
L-3364 Leudelange
Grand Duchy of Luxembourg

Global Distributor:
Polar Capital LLP
16 Palace Street
London SW1E 5JD
United Kingdom

Domiciliation Agent:
ONE corporate S.à r.l.
4, rue Peternelchen
L-2370 Howald
Grand Duchy of Luxembourg

Administrative, Paying, Registrar and Transfer Agent:
Northern Trust Global Services SE
10, rue du Château d'Eau
L-3364 Leudelange
Grand Duchy of Luxembourg

Legal Advisor:
Arendt & Medernach S.A.
41A, Avenue J.F. Kennedy
L-2082 Luxembourg
Grand Duchy of Luxembourg

European Facilities Agent:
Zeidler Legal Services LLP
SouthPoint
Herbert House
Harmony Row
Grand Canal Dock
Dublin 2
Ireland

Swiss Representative and Paying Agent:
Edmond de Rothschild (Suisse) S.A.
18, Rue de Hesse
CH-1204 Genève
Switzerland

Spanish Paying Agent:
Allfunds Bank, S.A.
Estafeta 6, La Moraleja
Alcobendas
28109 Madrid
Spain

United Kingdom Facilities Agent:
Polar Capital LLP
16 Palace Street
London SW1E 5JD
United Kingdom

General Information

Information to the Shareholders

Defined terms used are those used in Melchior Selected Trust's Prospectus (unless the context otherwise requires).

Annual reports and semi-annual reports are at the disposal of the shareholders with the administrative agent.

These periodical reports contain financial information regarding the Melchior Selected Trust (the "Fund"), the composition and evolution of its assets and its combined situation.

The shares of the Sub-Funds are presently not listed on the Luxembourg Stock Exchange.

The Key Information Documents (the "KIDs") are available at www.polarcapital.co.uk.

The full name of each Sub-Fund is constituted by the name of the Fund, Melchior Selected Trust, followed by a hyphen and the specific name of the Sub-Fund.

Throughout these Financial Statements, the Sub-Funds are referred by the short names:

- Melchior European Opportunities Fund
- Melchior European Absolute Return Fund (liquidated on 2 May 2023)

Net Asset Value per Share

The Net Asset Value ("NAV") per Share of each class in respect of each Sub-Fund shall be determined in the Reference Currency of that class or Sub-Fund on every Business Day ("Valuation Day"). "Business Day" means a day on which banks and other financial institutions are open for business in Luxembourg City and in the United Kingdom.

The NAV of the shares of each Sub-Fund or Class is calculated by dividing the net assets of each Sub-Fund or Class by the total number of shares of the Sub-Fund or Class in issue at that time. The net assets of the Sub-Fund or Class correspond to the difference between the total assets and total liabilities attributable to such Sub-Fund or Class.

Where applicable, the Fund may, on the last day of the fiscal year, calculate two NAVs for the Sub-Funds concerned, one based on the principle of a portfolio valuation at the latest prices available at the time of calculating the price to be used for subscriptions, redemptions and conversions processed on that date and the other based on the principle of a portfolio valuation using the closing prices at year-end intended for publication in the audited annual report.

Remuneration Policy (unaudited)

In accordance with the ESMA Questions & Answers on application of the UCITS Directive, the disclosure requirements also apply to staff of the delegate to whom investment management functions have been delegated, hence staff of Polar Capital LLP.

Remuneration of the Management Company

All staff and officers are subject to the remuneration policy of the Management Company (the "Remuneration Policy"), including identified staff, i.e.

- any member of the senior management of the Management Company; and
- any employee receiving total remuneration that takes them into the same remuneration as senior management, whose professional activities have a material impact on the Management Company risk profile.

The Remuneration Policy is the group (the "Group") remuneration Policy and its implementation is overseen by the Group remuneration committee, under the ultimate responsibility of the board of managers of ONE group solutions S.à r.l.

The Remuneration Policy has been defined in accordance with:

- the CSSF Circular 18/698 on authorisation and organisation of Luxembourg fund managers; and
- ESMA Guidelines on sound remuneration policies under the UCITS Directive.

The Remuneration Policy:

- is consistent with, and promotes sound and effective risk management, including with respect to sustainability risks; and
- is in line with the business strategy, objectives, values and long-term interests of the Management Company and the funds it manages or its investors, and includes measures to avoid conflicts of interest.

Further information is available at https://www.one-gs.com/legal.

Variable remuneration:

Individual variable remuneration, if any, is determined using a combination of the Management Company's performance, team/group performance, individual contributions, and market levels for comparable roles. In determining the total remuneration of its staff, the Management Company considers the various components of such remuneration (being base salary, discretionary bonus allocation and benefits). In addition, the Management Company's performance appraisal process is based on an assessment of the contribution of each individual to the Management Company. All employees and officers are also assessed as to their adherence to the Management Company's culture which prioritises ethical conduct, adherence to legal and statutory guidelines, teamwork and collegiality, quality and accuracy, sound judgment and respect for individuals, clients and external parties.

Remuneration disclosures – Management Company staff:

Total fixed remuneration paid to Management Company staff for the financial year	1,728,387.85 EUR
Total variable remuneration paid to Management Company staff for the financial year	38,000.00 EUR
Number of beneficiaries	24

Remuneration disclosures – Management Company identified staff (*):

Total fixed remuneration attributable to Melchior Selected Trust** paid to Management Company identified staff for the financial year	17,417.00 EUR
Total variable remuneration attributable to Melchior Selected Trust** paid to Management Company identified staff for the financial year	328.00 EUR
Number of beneficiaries	9

* Senior management and risk takers involved in the management of the Fund.

** Please note that this amount has been calculated pro rata to the time allocated by the Management Company for the Fund.

Portfolio Manager Remuneration

The Management Company has delegated the investment management of the Fund to Polar Capital LLP ("Polar Capital"). The total fixed remuneration attributable to the staff of the investment manager who are directly involved in the portfolio management of the Fund and its Sub-Funds is detailed below. This information has been provided by Polar Capital.

Total fixed remuneration attributable to Melchior Selected Trust* paid to Polar Capital identified staff**	3,775,988.73 EUR
Total variable remuneration attributable to Melchior Selected Trust* paid to the Polar Capital identified staff**	5,597,049.30 EUR
Number of beneficiaries	13

* The remuneration attributable to the Fund is pro rata to the portion represented by its assets in Melchior Selected Trust portfolio of assets under management for the period from 1 April 2022 to 31 March 2023.

** Senior management and risk takers involved in the management of the Fund for the period from 1 April 2022 to 31 March 2023.

General Information continued

Risk Management

The method used for the determination of the global exposure is the commitment approach for Melchior European Opportunities Fund. Melchior European Absolute Return Fund was monitored under the Absolute Value at Risk ("VaR") approach until its liquidation effective from 2 May 2023.

The Melchior European Absolute Return Fund's VaR, having a Confidence interval (one-tailed) of 99% and a VaR Horizon / holding period of 1 month (20 business days), may not exceed 20% of the Sub-Fund's NAV as defined by the law and in the Prospectus. The calculation method for the leverage is the sum of the notional of all derivatives, including the derivatives used for hedging purposes.

The expected level of leverage is not expected to exceed 300% of the NAV of the Sub-Fund under the Sum of the notional approach. However, under certain circumstances, the level of leverage might exceed the aforementioned level.

Use of leverage (Sum of the notional) in % TNA from 1 January 2023 to 2 May 2023

Leverage (sum of the notional)

Sub-Fund	Average	Minimum	Maximum
Melchior European Absolute Return Fund	144.90%	124.67%	186.71%

Absolute Value-at-Risk from 1 January 2023 to 2 May 2023

Absolute VaR

Sub-Fund	Average	Minimum	Maximum
Melchior European Absolute Return Fund	7.00%	4.94%	8.81%

Model and inputs for the VaR approach:
Historical Value at Risk
Confidence interval (one-tailed) 99%
VaR Horizon / holding period 1 month (20 business days)
Data history / effective observation period 1 year

Additional information

SFTR (Securities Financing Transactions and of Reuse Regulation) (unaudited)

The Regulation on Transparency of Securities Financing Transactions and of Reuse (the "SFTR") entered into force on 12 January 2016 aiming to improve transparency in securities and commodities lending, repurchase transactions, margin loans and certain collateral arrangements. As of 31 December 2023, the Fund has not had significant exposure to transactions within the scope of the above Regulation.

Information to Shareholders in Switzerland (unaudited)

Edmond de Rothschild (Suisse) S.A., domiciled at 18, rue de Hesse, 1204 Geneva, Switzerland, duly authorised by the Swiss Financial Market Supervisory Authority (FINMA) as Swiss representative, acts as the Fund's representative and paying agent for the shares offered in Switzerland. The Prospectus, the KIDs, the Articles of Association, the annual and semi-annual reports of the Fund, as well as the list of the purchases and sales which the Fund has undertaken during the financial year, may be obtained, on simple request and free of charge from the Swiss representative.

The Total Expense Ratio (TER) as of 31 December 2023 for each Sub-Fund was calculated in accordance with the recommendations of Asset Management Association Switzerland (AMAS), approved by the Swiss Financial Market Supervisory Authority.

TER (Total Expense Ratio)

The TER represents the ratio of the total expenses, except transactions fees, annually supported by the Fund for each Sub-Fund.
Each Sub-Fund's TER (in %) is detailed below.

The calculation of the TER is based on the period from 1 January 2023 to 31 December 2023. Where share classes are opened part way through the period, the figures are annualised in such cases.

The TER is calculated as follows:

TER = Total charges of the Sub-Fund / Average NAV of the Sub-Fund.
Average NAV of the Sub-Fund = Amount of NAVs over the year / number of valuation days.

Information to Shareholders in Switzerland (unaudited) continued

Performance of Melchior European Opportunities Fund:

		Performances *					
Class of shares	Date of Launch	NAV as at 31/12/ 2021	2021	NAV as at 31/12/2022	2022	NAV as at 31/12/2023	2023
Class B EUR Accumulation Shares	27/05/2015	166.34	29.21%	132.27	-20.48%	143.52	8.50%
Class CS EUR Accumulation Shares	30/04/2020	157.93	30.24%	126.61	-19.83%	138.46	9.37%
Class I EUR Accumulation Shares	04/05/2010	390.76	30.25%	313.22	-19.84%	342.56	9.37%
Class I EUR Distribution Shares	31/10/2022	–	–	103.61	–	112.18	9.23%
Class I GBP Accumulation Shares	04/05/2010	382.23	22.17%	323.77	-15.29%	345.82	6.81%
Class I USD Accumulation Shares	04/05/2010	339.43	21.05%	255.35	-24.77%	289.05	13.20%
Class P EUR Accumulation Shares	23/12/2015	178.22	30.31%	142.91	-19.81%	156.36	9.41%
Class P EUR Distribution Shares	31/10/2022	–	–	103.61	–	112.28	9.41%
Class X EUR Accumulation Shares**	30/06/2012	371.52	31.36%	300.34	-19.16%	–	–
Class X GBP Accumulation Shares	30/06/2012	385.59	23.21%	329.38	-14.58%	354.82	7.72%

* Past Performance is not an indication of future results. These figures do not include redemption or subscription commissions and fees.

** Share class became dormant on 25 November 2023.

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Directors' Report

31 December 2023

The directors of the Melchior Selected Trust (respectively, the 'Directors' and the 'Fund') have pleasure in submitting their Annual Report and Audited Financial Statements for the financial year ended 31 December 2023 to the Shareholders.

Directors Responsibilities Statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with the Law of 10 August 1915 on commercial companies (the '1915 Law'), the Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of companies (the '2002 Law'), the Law of 17 December 2010 relating to undertakings for collective investments (as amended) (the '2010 Law') and the applicable regulations (the 'Luxembourg Law').

Luxembourg company law requires the Directors to prepare financial statements for each financial year. Under the Luxembourg Law, the Directors have elected to prepare the financial statements in accordance with Luxembourg's Generally Accepted Accounting Principles ('Luxembourg GAAP').

Under Luxembourg Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Fund as at the financial year end date and of the profit or loss of the Fund for the financial year and otherwise comply with Luxembourg Law.

In preparing those financial statements, the Directors are required to:

- select suitable accounting standards and policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Fund will continue in business.

The Directors are responsible for ensuring that the Fund keeps, or causes to be kept, adequate accounting records which: correctly explain and record the transactions of the Fund; enable at any time the assets, liabilities, financial position and profit or loss of the Fund to be determined with reasonable accuracy; enable the financial statements and this Directors' report to comply with the 1915 Law, the 2002 Law and the 2010 Law, and enable the financial statements to be audited. When aligned to the corporate interest and subject to the applicable laws and regulations, they are also responsible for safeguarding the assets of the Fund, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In this regard, ONE Fund Management (the 'Manager') has been appointed as the Fund's UCITS management company, with overall responsibility for the administration of the Fund and the management of its investments. The Manager has in turn appointed Polar Capital LLP as investment managers of the Fund's Sub-Funds (the 'Investment Manager') and Northern Trust Global Services SE (the 'Administrator') as administrator appointed for the purpose, among others, of maintaining adequate accounting records. Northern Trust Global Services SE (the 'Depositary') has also been appointed for the purpose of safeguarding the assets of the Fund.

Basis of Presentation

The format and certain wording in the Financial Statements has been adapted from those contained in the Luxembourg Law and Luxembourg GAAP so that, in the opinion of the Directors, they more appropriately reflect the nature of the Fund's business as an investment fund.

Directors' Statement on Adequate Accounting Records

The Directors believe that they have complied with the requirements of Article 151(3) of the 2010 Law with regards to adequate accounting records by employing personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Fund are maintained by the Administrator at 10, rue du Château d'Eau, L-3364 Leudelange, Grand Duchy of Luxembourg.

Business Review and Future Developments

The Fund is an open-ended investment company with variable capital and segregated liability between its Sub-Funds organised under the laws of Luxembourg. The Fund was incorporated on 6 March 2006. As of 31 December 2023 the Fund had only one Sub-Fund.

During the financial year ended 31 December 2023:

- The Melchior European Absolute Return Fund was terminated on 2 May 2023.
- Richard Jones ceased his Directorship on 3 May 2023.

The Fund will continue to act as an investment vehicle as set out in its prospectus (the 'Prospectus'). A detailed review of the Fund's activities for the financial year ended 31 December 2023 is included in the Report on the Activities of the Fund.

Risk Management Objectives and Policies

The principal risks and uncertainties faced by the Fund are the investment risks associated with the portfolio of investments held for the account of each Fund and the operational risks associated with their management and administration.

Directors' Interests in Shares of the Fund and other Conflicting Interests

Other than as disclosed in the report from the Directors to the annual general meeting of the Fund pursuant to Article 441-7 of the 1915 Law, there were no contracts or agreements of any significance in relation to the business of the Fund in which the Directors had any interest potentially in conflict with that of the Fund at any time during the financial year. Whenever such a conflict arose, the relevant Director refrained from taking part to the relevant voting and deliberation.

Distributions

Distributions declared for the financial year are as set out in Note 17 and have been carried in compliance with the articles of association of the Fund (the 'Articles of Association'), the Prospectus and the distribution policy.

Corporate Governance Statement

The Fund is subject to corporate governance practices imposed by:

(i) The Prospectus and Articles of Association;

(ii) The 1915 Law;

(iii) The 2010 Law.

Copies of the above are all available for inspection at the Fund's registered office at 4, rue Peternelchen, L-2370 Howald, Grand Duchy of Luxembourg.

The Directors are responsible for establishing and maintaining adequate internal control and risk management systems in relation to the financial reporting process of the Fund. Such systems are designed to manage, rather than eliminate, the risk of error or fraud in achieving the Fund's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Fund has procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including production of annual and half-yearly financial statements.

The annual and half-yearly financial statements of the Fund are required to be approved by the Directors of the Fund and filed with the CSSF.

The accounting information provided in the annual financial statements is required to be audited by an independent auditor who reports annually to the Shareholders of the Fund on the audit process and their findings. The auditor's report on the financial statements, including any qualifications, is reproduced in full in the annual report of the Fund.

The Board meets at least four times a financial year to review the operations of the Fund, to address matters of strategic importance and to receive reports from the Manager, the Administrator, the Depositary and the Investment Manager. However, the chairman of the Board or any two Directors may call a meeting of Directors at any time.

The minimum required number of Directors is three. Currently, there are two non-executive Directors, and one executive Director, who is also Chief Operating Officer of the Investment Manager. The reduction in the size of the board during the year reflects the appointment and responsibilities it has assumed.

Business Review

The convening and conduct of Shareholders' meetings are governed by the 1915 Law, the Prospectus and the Articles of Association. Shareholders together holding 5 per cent or more in aggregate of the shares of the Fund in issue may at any time request that the Directors convene a meeting of Shareholders to consider any matters that may be proposed by the Shareholders requesting the meeting. A meeting of Shareholders held in accordance with the provisions of the Prospectus and Articles of Association may by a majority of two thirds of those voting approve a change to the Prospectus and Articles of Association or a proposal to wind up the Fund. A simple majority vote is required for most other proposals, including proposals to determine that the Directors shall retire, or to terminate any of its Funds, and any material change in the investment objective and policies or the investment restrictions set out in the Prospectus issued by the Fund.

Eight days' notice at least of every meeting shall be given to Shareholders in the manner provided in the Prospectus and Articles of Association. At any meeting, any matter put to a vote shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairperson or by one or more Shareholders present in person or by proxy and holding or representing one-twentieth of the number of shares for the time being in issue. Unless a poll is so demanded, a declaration by the Chairperson that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

If a poll is duly demanded, it shall be taken in such manner as the Chairperson may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Diversity Statement

The Board of Directors strives to ensure that its membership reflects diversity in the broadest sense (capturing a combination of skills, experience, age, educational and professional backgrounds).

Directors' Report continued

31 December 2023

The Fund has no employees. It is the opinion of the Board that the current Directors represent an appropriate mix of skills, knowledge and experience commensurate with governing a UCITS investment company of this scale and with its current management structure while meeting regulatory requirements as to the composition of the board and the experience and qualifications of its members.

Results

The results of operations for the financial year are set out in the Statement of Operations and Changes in Net Assets.

Significant Events During the Financial Year

Events which were significant during the financial year are set out above.

Subsequent Events and Future Developments

Significant events since the financial year end date are detailed in Note 20.

The Fund's likely foreseeable future development is stable.

Audit Committee

During the financial year ended 31 December 2023, the Fund did not have an audit committee in place. The Board has decided not to establish an audit committee as this was deemed most appropriate to the Fund's structure as a UCITS fund and the nature, scale and complexity of the Fund's operations at this time.

Statement on Relevant Audit Information

So far as the Directors are aware, there is no relevant audit information of which the Fund's auditors are unaware. The Directors have taken all the steps that should have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Fund's auditors are aware of that information.

Independent Auditor

EY was appointed as the auditors of the Fund on 3 May 2023. The auditors have indicated their willingness to continue in office.

On behalf of the Board

Yves Kuhn
Director
28 March 2023

Geoffroy Linnard
Director
28 March 2023

Nicholas Farren
Polar Capital
28 March 2023

Report on the Activities of the Fund*

31 December 2023

Melchior European Opportunities Fund

Fund performance

The Fund (Class I EUR Accumulation Shares) returned 9.4% in 2023 compared to a return of 15.8% by the benchmark, the MSCI Europe Net Total Return Index (both figures in euro terms). Although 2023 proved to be a year of above average equity returns, confounding a consensus that was cautiously positioned into the year, it was anything but a risk-on environment. Investor sentiment remained subdued and market breadth narrow for most of the year, albeit not to the same extent as the US, where the concentration of returns in the so-called 'Magnificent Seven' exceeded the degree of concentration seen at the peak of the dot. com bubble.

With our all-cap investment approach retaining a sizeable exposure to European small and mid-caps, it was a challenging environment for the Fund to navigate. Although the European small and mid-cap universe rallied in the fourth quarter as rates expectations inflected lower, they continued to lag large caps by a significant amount in 2023. As we saw in 2022, irrespective of investment style, further down the market-cap spectrum you went, the worse the returns were. This took the cumulative underperformance of European small and mid-caps from autumn 2021 to the recent trough in October 2023 to -22%, a relative decline that slightly exceeded that seen during the global financial crisis.

This was a meaningful headwind for the Fund, though not the only one. One factor that does not explain the Fund's underperformance over the year is the underlying operating performance of our portfolio companies, which continued to be solid. Although at the time of writing we await full-year results, we expect our companies in aggregate to report resilient earnings for the year, in the context of a challenging environment and slowing economic momentum. In the first half of 2023, our holdings on an equal-weighted basis reported earnings per share growth of 5%, ahead of the stable trend recorded by the Fund's benchmark over the same period.

Many of the leading individual contributors in 2023 demonstrated impressive earnings growth in a sluggish macroeconomic environment. The unique attributes of lithography equipment leader ASML Holding are not new but were more visible than ever, with revenue growth of around 30% in 2023, a year in which the semiconductor industry saw a sharp cyclical downturn. The vacuum instrumentation group, Inficon Holding, continues to gain market share and raised its sales and earnings forecasts on multiple occasions during the year. We see the company as a beneficiary of the capex cycle in artificial intelligence (AI) over the coming years. Building materials group, CRH, was another to exceed profit forecasts with consensus earnings per share forecasts for 2023 and 2024 rising by c25% over the course of the year. CRH was one of three holdings (the others being Ferguson in the UK and Linde in Germany) that moved their primary listing to the US, reflecting the material US exposure in their business and the desire to narrow the persistent valuation discount to US peers.

However, the positive correlation between earnings and share price performance did not hold true throughout the portfolio. The financials sector was the Fund's biggest relative detractor in 2023 (-216bps relative), yet conversely this was the sector that saw the highest earnings growth and strongest positive earnings revisions in the year. Italian online bank and investment platform, FinecoBank, is expected to grow profits by over 35%, yet the shares fell 12% due to a subdued environment for flows, in particular concerns about deposit flows, which were not outflows from the platform as such but rather a switch into bonds, and the risk to net interest income from lower interest rates. The contraction in interest rate expectations towards the end of the year also weighed on Spanish bank, Bankinter, which fell almost 8% in 2023 even though consensus earnings per share (EPS) forecasts for the year rose by 25%. Bankinter significantly derated during a period of higher rates to close to a trough P/E of just over 6x and, into a macro environment of plateauing rates and potential upcoming rate cuts, has already taken measures to halve its net interest income sensitivity to a parallel shift of +/- 100bps in interest rates from 9-10% to 4-5%.

Dutch insurer, ASR Nederland, also underperformed after an unexpected unfavourable ruling in September from the Court of Appeal of the Hague (alongside a more negative verdict against peer NN Group) escalated market concerns of potentially sizeable industry losses relating to the long-standing unit-linked misselling of products sold between 1989 and 2004. We regarded the ensuing EUR 1.2bn market-cap loss as reflecting an extremely negative outcome, which we considered unlikely given past compensation and policy values. Indeed, in November, ASR Nederland announced it had reached a settlement with interest groups in respect of unit-linked misselling claims for approximately EUR 250m, as part of a total pre-tax provision of EUR 300m. With a Solvency-2 impact of just 4% compared to ASR Nederland's then Solvency-2 ratio of 215%, the settlement would have no impact on the group's capital return or dividend policies. Furthermore, the settlement was achieved far earlier than anticipated, and before its peers, and led to all collective proceedings against ASR Nederland and Aegon being terminated, thus removing a longstanding overhang over the stock.

One factor that was visible across a range of different sectors in 2023 and weighed on the performance of the Fund was destocking. We underestimated the extent to which inventories built up in 2021 and 2022 against a backdrop of supply-chain disruption and input cost inflation would unwind in 2023. This was visible not only in more cyclical end markets, such as construction and building materials, but more surprisingly in sectors that have proven to be relatively defensive in more challenging macroeconomic environments in the past, notably life sciences (Merck) and alcoholic spirits (Diageo). With sales and earnings proving less resilient than expected, as a result, these stocks also derated meaningfully. While this was unquestionably disappointing in the short term, it is important to be mindful that destocking is effectively a one-time adjustment and finite in nature.

Report on the Activities of the Fund* continued

31 December 2023

Melchior European Opportunities Fund (continued)

Fund performance (continued)

We do not believe it changes the fundamental strengths of the businesses in question or indeed their earnings power over the medium to long term. Our conversations with a range of companies suggest the destocking trend is now extended and unlikely to persist beyond the first quarter of 2024. This would also be consistent with economic surveys, with the euro area manufacturing PMI survey at the time of writing below 50 for 19 months, the longest period of contraction since the double-dip recession of 2011-13.

Market review

In 2023, very little went as planned. At the beginning of the year, the investment consensus was for a recession in the developed world, while the reopening of the Chinese economy was expected to spur a recovery there. The banking crisis in March, in which a succession of smaller US regional banks failed to be followed by Credit Suisse in Switzerland, appeared to support this narrative. As it happened, the euro area skirted around a very mild recession, while the US economy demonstrated extraordinary resilience, accelerating in the second half and ending the year with GDP growth nearer to 3%. Meanwhile, the Chinese economy recovery proved lacklustre as real estate markets continued to deflate and consumer and corporate confidence remained subdued.

It proved to be an unexpectedly strong year for global equities, with the MSCI World Net Total Return Index gaining c24%, in dollar terms, reaching a new all-time high at the end of the year. The MSCI Europe Net Total Return Index made a return of nearly 16%, in euro terms. As outlined above, notwithstanding strong market returns, investor sentiment was generally negative and market breadth remained narrow for most of the year. The fruits of the two predominant investment themes of 2023, AI and GLP-1s, accrued to a relatively small number of stocks, with the market in many cases tending to a binary approach of winners and losers. Despite a rally in the fourth quarter, European mid-caps underperformed the MSCI Europe Index by nearly 2% and small caps by over 3%.

Unusually, there was considerably more volatility in fixed income markets than in equities. Although US 10-year Treasury yields closed the year exactly where they started, at 3.88%, this was only after a roundtrip that took them as low as 3.25% in the aftermath of the US regional banking failures to a high of 5% as recently as October. European bond markets saw similar gyrations, reflecting significant volatility in rates expectations over the course of the year.

The rapid decline in inflation on both sides of the Atlantic in the second half of 2023 was nearly as surprising as its previous increase. As recently as last summer, the Federal Reserve, European Central Bank and Bank of England all expected inflation to remain above target until 2025 at the earliest. Recent data suggests disinflation and the convergence towards target levels was happening at a much quicker pace. In the six months between May and November, the annualised rate of consumer price inflation was only 2.7% in the eurozone and 0.6% in the UK. Excluding volatile food and energy prices, annualised core rates of inflation were 2.4% in both economies over the same period. In the US, the equivalent measure, and the Fed's favoured metric, the core personal consumption expenditure deflator, grew at an annualised rate of just 1.9%.

Although lower inflation gives central banks much more room for manoeuvre than was anticipated only a few months ago, this was swiftly priced in by rates markets, which by year-end were already factoring in close to six rate cuts by the end of 2024. While we expect a more favourable environment for rates in 2024 and central banks to dial monetary policy back from restrictive levels, we would be surprised to see this degree of easing in the absence of an external shock, given a backdrop of improving real consumer incomes. Although CPI has come down materially, we suspect the ECB will be reluctant to declare victory on inflation yet with unit labour cost inflation in the eurozone still running at a mid-single digit rate.

Fund activity

The sharp derating of the portfolio that took place in 2022, a year in which the Fund's total return of -19.8% (Class I EUR Accumulation Shares) was inversely proportional to the 19% growth in earnings per share across the portfolio, meant there was a higher threshold for new investments in competition with existing holdings. Although this meant portfolio turnover was down in 2023 on the previous year, there were nevertheless a number of new investments and divestments.

Early in the year, we acquired a new position in the Spanish defence and IT services group, Indra Sistemas (4bps). The shares suffered from a sharp derating in 2022 driven by corporate governance concerns that overshadowed positive momentum in underlying operational performance in both its defence and transport division and its IT services business, Minsait. The company had taken reassuring steps to address these concerns, including the appointment of a new board of directors and removal of the tiebreaking vote of the Chairman, alongside the separation of the Chairman and CEO roles, which should offer sufficient independence and ensure that interests of all shareholders are adequately protected.

Fundamentally, we see compelling valuation in its attractive defence and air traffic management businesses, with exposure to structurally higher European defence spending as well as next-generation EU funding in its IT services division. At a multiple of only 6.5x 2023 EV/EBIT at the time of purchase, Indra Sistemas was trading at a significant 45% discount to defence peers and a 25% discount to IT services peers, with potential upside from several potential positive catalysts. These included progress with the Future Combat Air System project, a potential separation of its two divisions which would help catalyse a rerating as a more pure-play defence company, and strong capital optionality as the group has deleveraged to close to net zero debt. We saw this as an attractive entry point with substantial scope to close the discount as the company continues to deliver on its operational performance and demonstrate improving corporate governance. It was a good contributor in its first year.

In March, the Fund took advantage of market weakness to build up a new position in JTC, a company that provides outsourced administration services to funds (38% sales), corporates (35%) and private clients (27%) and had been on our radar for some time. This is a very attractive business characterised by a high share of recurring revenue (90% sales), long contracts (average tenure of business now 14 years) and low churn, generating excellent margins (33% underlying EBITDA) and high cash conversion. These characteristics have attracted considerable M&A interest in the sector, including its closest listed UK peer, Sanne, and our former investment, Intertrust, that was bought out last year.

We consider JTC superior to both those companies, underpinned by an entrepreneurial culture and its unique employee share ownership scheme. Since JTC floated in 2018, it has built up a track record of consistent sales growth, with a five-year organic CAGR (including the pandemic) of 9.5%, that has accelerated to double-digit rates in recent years. JTC has a significant runway of organic and inorganic growth ahead, driven by the increasing scope and complexity of regulation and reporting requirements, and the growing trend towards outsourcing. The industry remains highly fragmented and the opportunity for further consolidation is substantial, especially now that JTC has gained a Delaware licence and a foothold in the huge US market. A few months after our initial investment, the company announced an equity increase to fund the strategic acquisition of South Dakota Trust Company, the leading independent provider of trust administration services in US. Since JTC's potential to capitalise on the substantial growth opportunity in the US was a key part of our investment thesis and management has demonstrated its ability to execute and integrate M&A, we supported the capital increase and raised our investment further.

The Fund also participated in a placing by the Mexican group, Femsa, to build a new position in the brewer Heineken. The premium Heineken brand has demonstrated a consistent level of organic growth over many years, and we have been impressed by its record of innovation, notably in the non-alcoholic category with Heineken 0.0, and by the limited elasticity of demand in the face of substantial price increases over the past 18 months. With many of its input costs now falling, we believe Heineken will be in a strong position to mitigate pricing rollback pressure and recover its gross margin when current hedges roll of in 2024 given the quality of its brands and the fragmented route to market, with less than a third of sales going through large retailers. Short-term headwinds in Vietnam and Africa presented an attractive entry point, with the stock on a forward P/E of 16x, at a discount to the consumer staples sector and its recent history.

During the year, the Fund reinvested in the leading travel technology provider, Amadeus IT Group, a company we had owned for a number of years after it came to the market in the early 2010s. Almost half of the company's profit (48%) is from its Air IT solutions business where it is the market leader with more than 40% share. The group also has a leading position in Airline Global Distribution Systems (GDS), which accounts for 42% of profit. We believe Amadeus IT Group is at a point of accelerating market share gains which will provide upside to expectations over the mid-term. Its key competitor in Air IT and GDS, Sabre, is heavily financially constrained with forecasted 2023 net debt to EBITDA of more than 13x. This is at a point in time when the investment requirements from the travel industry are high and increasing with new industry standards, new technological requirements. COVID and the post-COVID recovery has reinforced the need for the travel industry to invest in mission critical IT to deliver on customer experience and service and reap the benefits of technological developments such as AI. Amadeus continues to invest ahead of its peer group to build as a market leader and is positioned to take advantage of the attractive growth opportunity. It is also driving technology change in the hospitality business with flagship technology deals with Intercontinental and Marriott.

Another former holding in which we reinvested towards the end of the year was the European low-cost carrier, Ryanair Holdings. Since we last owned a position in the company, the market backdrop has changed for the better, with the previous battle for capacity growth against longstanding competitors and new entrants alike to plant flags across Europe giving away to a more disciplined market supply backdrop. Legacies of COVID disruption, higher operating costs, including higher interest rates, and extended aircraft supply backlogs should ensure this supply-side discipline persists for some time. Furthermore, disruptions from Airbus's GTF engine are likely to create a particularly benign capacity environment in the summer 2024. Ryanair Holdings can capitalise on this market environment; having been through a period of brand upheaval and repositioning prior to COVID, it was in a position of relative strength to use its balance sheet to strike attractive aircraft and airport deals and show loyalty to its employees, while increasing its unit cost advantage over competitors. The airline is now entering a period of more disciplined growth and we expect it to be able to deliver significant capital return to shareholders, more than 20% over the next three years. On top of this, there is scope for a rerating, with the shares trading at a discount of more than 30% to its long-term average multiple.

Report on the Activities of the Fund* continued

31 December 2022

Melchior European Opportunities Fund (continued)

Fund activity (continued)

Divestments during the year included our holding in Universal Music Group (UMG). Although the fundamentals of the business remain robust, we became increasingly concerned by the potential for disruption of the music industry by AI. The shifting sands are already visible in the massive proliferation of content on streaming platforms and market share loss of the major labels, with UMG CEO Sir Lucian Grainge calling for a change in the economics of streaming to reflect the new realities of content over- production. The development of AI is dynamic and its rapid evolution appears to have caught some in the industry off guard. The impact on music production and discovery remains unclear, but the risk of technological disruption is now greater than at any time in the past decade, even though the labels will vigorously defend their intellectual property and copyright. The outlook for the sustained growth and margin expansion seen in recent years looks less favourable, while the uncertainty over the risk of AI disruption may weigh on earnings multiples.

Early in the year, we took advantage of a rally in the share price to sell our remaining holding in Inmobiliaria Colonial Socimi, reflecting a more cautious outlook for its core office real estate markets. Another longstanding holding to go was the leading pharmaceutical manufacturing company, Lonza Group, which we sold in June. Since we acquired the holding in 2018, the investment thesis played out as the group sold off its chemicals business and transformed itself into a pure play CDMO (contract development and manufacturing organisation) serving the healthcare industry. Lonza Group is a market leader in the fast- growing biologics end market and well placed to gain further share in what is increasingly deemed a strategically important industry. However, the company repeatedly pushed out its margin expansion ambitions and we saw increasing risk to earnings estimates which factored in a significant back-end-loaded margin expansion by 2024. This was at a time when there were emerging marginal headwinds to the top line, notably a tougher biotechnology funding environment and a weaker consumer supplement market. After rerating in the first part of the year, the valuation left little buffer for an earnings disappointment, which could also call into question management credibility. This proved a timely sale, as the company subsequently issued two profit warnings in the second half of the year and replaced its chief executive.

Towards the end of the year, the Fund sold two small positions in the Finnish education and media business, Sanoma, and the insurer Prudential, both of which have been disappointing performers, where we have lost conviction in prospects for near-term improvement.

Capital market activity over the course of 2023 was very subdued and it was a particularly lean year for IPOs. New listings were few and far between, with several being postponed at the last minute due to market conditions, including a couple of potentially interesting prospects we were looking at. It was a far cry from the over-heated market of 2021. Unlike that year, it was far more of a buyer's market for those few companies that did list in 2023. In September, the Fund participated in the IPO of Schott Pharma. The company operates in the consolidated drug containment and delivery market where it is the global market leader in glass vials and ampoules with a top-three position in cartridges and syringes. It is a market we had already been looking at given the attractive long-term growth dynamics driven by biologics and increasing demand from GLP1 and mRNA-related drugs, and we believe Schott Pharma is very well positioned for sustained growth and margin expansion as the share of higher value products increases in the portfolio.

Market outlook

The 2020s have so far been a rollercoaster for many companies in Europe. The pandemic, reopening, supply-side disruption, inflation and the most rapid tightening in monetary policy for a generation, all in quick succession, provided a highly volatile backdrop and made business planning an even more difficult challenge. In this environment, it is hard to say for sure what the new normal is. 2024 may well be a noisy year, with countries accounting for over half the world's population due to hold elections, including the US and UK, it will be the biggest election year in history – but, whisper it, with inflation cooling and rates peaking, could 2024 be a more normal year?

In recent months, the 'soft landing' narrative has gained traction as interest rate expectations have fallen and growth expectations stabilised. While rate forecasts are inherently volatile and it remains to be seen whether inflation continues on a glide path lower, the requisite level of monetary tightening for an inflation rate beginning with a two or a three is materially less than that beginning with a four or a five. The lags from the rate hikes of 2023 will continue to exert a drag on 2024, but the positive inflection in real wages should continue to support consumption overall. Furthermore, we see more signs that destocking, a persistent headwind in many sectors in 2023, may be starting to moderate and could swing into a modest tailwind in 2024.

With a potential shift in the inflation and rates environment, we see attractive opportunities in European equities which, on just over 12x earnings, are still valued close to the lows over the past decade. European small and mid-caps, which have been the lightning rod for the multitude of concerns that have weighed on sentiment towards the region over the past two years, look especially compelling, trading at a larger discount to large caps than in the depths of the global financial crisis. Given this derating, any moderation in financing costs is also likely to see a pick-up in listed M&A, currently at trough levels this century.

* Indications and comparisons are historical and are not necessarily an indication of future results.

Melchior European Absolute Return Fund

Fund performance

Due to the low level of assets in the Fund, the independent Board of Directors took the decision to suspend and liquidate the Fund with effect from 2 May 2023, with shares redeemed on 10 May 2023.

As of 7 February 2024

Audit Report

To the Shareholders of Melchior Selected Trust 4, rue Peternelchen L-2370 Howald Luxembourg

Opinion

We have audited the financial statements of Melchior Selected Trust (the "Fund") and of each of its sub-funds, which comprise the statement of net assets and the statement of investments in securities and other net assets as at 31 December 2023, and the statement of operations and changes in net assets for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of 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.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "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 are also 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, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of 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 these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's 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 any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "reviseur d'entreprises agree" for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- 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 Board of Directors of the Fund 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 report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund or any of its sub-funds (except for the sub-fund where a decision or an intention to close exists) 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.

Ernst & Young Société anonyme
Cabinet de révision agréé

Isabelle Nicks

Luxembourg, 28 March 2024

Statement of Net Assets

As at 31 December 2023

	Notes	Melchior European Opportunities Fund As at 31 December 2023 EUR	Combined As at 31 December 2023 EUR
Assets			
Portfolio:			
– Cost		486,740,963.71	486,740,963.71
– Net unrealised result		92,568,518.86	92,568,518.86
		579,309,482.57	579,309,482.57
Cash:			
– Cash at sight		21,364,081.01	21,364,081.01
Other assets:			
– Receivable on subscriptions		93,264.34	93,264.34
– Bank interest receivable		38,302.10	38,302.10
– Dividend receivable		383,930.89	383,930.89
– Receivable for investments sold		1,219,247.14	1,219,247.14
– Other		8,647.93	8,647.93
		602,416,955.98	602,416,955.98
Liabilities			
Bank overdraft			
– Cash at sight		447,793.95	447,793.95
Other liabilities:			
– Redemptions payable		924,607.23	924,607.23
– Payable for investments purchased		0.93	0.93
– Taxes and expenses payable		1,425,658.78	1,425,658.78
		2,798,060.89	2,798,060.89
Net assets		599,618,895.09	599,618,895.09

The notes are an integral part of these financial statements.

Statement of Operations and Changes in Net Assets

For the year ended 31 December 2023

	Notes	Melchior European Opportunities Fund 31 December 2023 EUR	Melchior European Absolute Return Fund* 31 December 2023 EUR	Combined 31 December 2023 EUR
Net assets at the beginning of the year		848,330,926.77	8,080,395.71	856,411,322.48
Income				
Income from investments:				
– Dividends, net		17,879,296.80	–	17,879,296.80
– Bond interest, net		–	42,975.74	42,975.74
– Dividends income on contracts for difference		–	36,815.57	36,815.57
Bank interest, net		496,718.74	–	496,718.74
Other income		737.66	31.71	769.37
		18,376,753.20	79,823.02	18,456,576.22
Expenses				
Bank interest, net		–	(34,450.62)	(34,450.62)
Dividends expense on contracts for difference		–	(33,770.40)	(33,770.40)
Fees:				
– Management fee	8	(6,937,404.15)	(47,734.88)	(6,985,139.03)
– Depositary fees	11	(102,613.50)	(370.82)	(102,984.32)
Other expenses:				
– Annual tax	7	(336,576.35)	(1,041.04)	(337,617.39)
– Audit fees		(59,877.71)	(209.49)	(60,087.20)
– Transaction fees	13	(165,122.02)	–	(165,122.02)
– Administration and other expenses	12,14	(1,015,327.33)	(430.31)	(1,015,757.64)
– Interests on securities borrowing		–	(641.70)	(641.70)
		(8,616,921.06)	(118,649.26)	(8,735,570.32)
Net operating result		9,759,832.14	(38,826.24)	9,721,005.90

The notes are an integral part of these financial statements.

Statement of Operations and Changes in Net Assets continued

For the year ended 31 December 2023

	Notes	Melchior European Opportunities Fund 31 December 2022 EUR	Melchior European Absolute Return Fund* 31 December 2022 EUR	Combined 31 December 2022 EUR
Net realised result on				
– Sale of investments		62,501,654.70	(3,379.62)	62,498,275.08
– Forward foreign exchange contracts on currencies		27,575.94	9,160.18	36,736.12
– Foreign exchange		(195,408.19)	83,888.54	(111,519.65)
– Futures		–	(18,905.90)	(18,905.90)
– Contracts for difference		–	9,979.56	9,979.56
– Options		–	(30,424.41)	(30,424.41)
Net realised result		72,093,654.59	11,492.11	72,105,146.70
Change in net unrealised (depreciation)/appreciation on				
– Investments		(1,505,195.14)	1,413.71	(1,503,781.43)
– Forward foreign exchange contracts on currencies		–	81,836.88	81,836.88
– Foreign exchange		(1,543.32)	282.56	(1,260.76)
– Contracts for difference		–	33,334.62	33,334.62
– Options		–	5,433.41	5,433.41
Net increase in net assets as a result of operations		70,586,916.13	133,793.29	70,720,709.42
Movements in capital				
Subscription of shares		96,432,860.61	568,824.21	97,001,684.82
Redemption of shares		(415,563,079.58)	(8,783,013.21)	(424,346,092.79)
Income distribution		(168,728.84)		(168,728.84)
		(319,298,947.81)	(8,214,189.00)	(327,513,136.81)
Net assets at the end of the year		599,618,895.09	–	599,618,895.09

* The Sub-Fund liquidated on 2 May 2023.

The notes are an integral part of these financial statements.

Statistical Information

31 December 2023

Melchior European Opportunities Fund

Shares	Class B EUR Accumulation Shares	Class CS EUR Accumulation Shares	Class I EUR Accumulation Shares	Class I EUR Distribution Shares	Class I GBP Accumulation Shares	Class I USD Accumulation Shares
Shares outstanding at the beginning of the year	280,890.5705	46,377.7361	2,149,866.6383	11.2804	9,540.4762	60,822.1125
Subscription of shares	20,653.4512	2,748.0997	241,560.3176	0.0999	3,426.0918	777.0000
Redemption of shares	(111,395.5662)	(15,376.9610)	(920,418.8023)	–	(2,352.2624)	(20,307.6025)
Shares outstanding at the end of the year	190,148.4555	33,748.8748	1,471,008.1536	11.3803	10,614.3056	41,291.5100

Net asset value per share	EUR	EUR	EUR	EUR	GBP	USD
At the end of the year	143.52	138.46	342.56	112.18	345.82	289.05

Shares	Class P EUR Accumulation Shares	Class P EUR Distribution Shares	Class X EUR Accumulation Shares*	Class X GBP Accumulation Shares
Shares outstanding at the beginning of the year	680,745.6687	159,100.2804	311.0000	48.0000
Subscription of shares	86,383.9920	0.1092	–	–
Redemption of shares	(455,789.8687)	(159,089.0000)	(311.0000)	–
Shares outstanding at the end of the year	311,339.7920	11.3896	–	48.0000

Net asset value per share	EUR	EUR	EUR	GBP
At the end of the year	156.36	112.28	–	354.82

* Share class became dormant on 25 November 2023.

The notes are an integral part of these financial statements.

Statistical Information continued

31 December 2023

Melchior European Absolute Return Fund*

Shares	Class C GBP Hedged Accumulation Shares	Class H GBP Hedged Accumulation Shares	Class I EUR Accumulation Shares	Class I GBP Hedged Accumulation Shares	Class I JPY Hedged Accumulation Shares	Class L EUR Accumulation Shares
Shares outstanding at the beginning of the year	24.4320	3,368,891.6111	10,663.3312	21,814.1439	10.0000	100.0000
Subscription of shares	–	14,668.7198	–	4,152.8622	–	–
Redemption of shares	(24.4320)	(3,383,560.3309)	(10,663.3312)	(25,967.0061)	(10.0000)	(100.0000)
Shares outstanding at the end of the year	–	–	–	–	–	–

Net asset value per share	GBP	GBP	EUR	GBP	JPY	EUR
At the end of the year	–	–	–	–	–	–

* The Sub-Fund liquidated on 2 May 2023.

TER (Total Expense Ratio) (unaudited)

As of 31 December 2023

Melchior European Opportunities Fund

	Class B EUR Accumulation Shares	Class CS EUR Accumulation Shares	Class I EUR Accumulation Shares	Class I EUR Distribution Shares
TER	1.84%	1.05%	1.05%	1.07%

	Class I GBP Accumulation Shares	Class I USD Accumulation Shares	Class P EUR Accumulation Shares	Class P EUR Distribution Shares
TER	1.05%	1.05%	1.01%	1.00%

	Class X EUR Accumulation Shares	Class X GBP Accumulation Shares
TER	0.19%	0.20%

Changes in the Number of Shares in Net Assets and in Net Asset Value per Share

As at 31 December 2023

Melchior European Opportunities Fund

Date	Share Class	Number of shares outstanding	Net Assets	Ccy	Net asset value per share
31.12.21	Class B EUR Accumulation Shares	318,866.2399	53,039,886.00	EUR	166.34
	Class CS EUR Accumulation Shares	322,455.9527	50,926,535.70	EUR	157.93
	Class I EUR Accumulation Shares	2,642,220.3409	1,032,471,019.78	EUR	390.76
	Class I GBP Accumulation Shares	8,805.6603	3,365,821.12	GBP	382.23
	Class I USD Accumulation Shares	87,492.3633	29,697,949.41	USD	339.43
	Class P EUR Accumulation Shares	792,906.8898	141,309,665.75	EUR	178.22
	Class X EUR Accumulation Shares	650.0000	241,486.13	EUR	371.52
	Class X GBP Accumulation Shares	48.0000	18,508.09	GBP	385.59
31.12.22	Class B EUR Accumulation Shares	280,890.5705	37,154,430.01	EUR	132.27
	Class CS EUR Accumulation Shares	46,377.7361	5,871,675.04	EUR	126.61
	Class I EUR Accumulation Shares	2,149,866.6383	673,388,924.65	EUR	313.22
*31.10.22	Class I EUR Distribution Shares	11.2804	1,168.73	EUR	103.61
	Class I GBP Accumulation Shares	9,540.4762	3,088,889.98	GBP	323.77
	Class I USD Accumulation Shares	60,822.1125	15,531,064.62	USD	255.35
	Class P EUR Accumulation Shares	680,745.6687	97,284,738.94	EUR	142.91
*31.10.22	Class P EUR Distribution Shares	159,100.2804	16,484,856.05	EUR	103.61
	Class X EUR Accumulation Shares	311.0000	93,404.70	EUR	300.34
	Class X GBP Accumulation Shares	48.0000	15,810.42	GBP	329.38
31.12.23	Class B EUR Accumulation Shares	190,148.4555	27,289,755.18	EUR	143.52
	Class CS EUR Accumulation Shares	33,748.8748	4,672,992.91	EUR	138.46
	Class I EUR Accumulation Shares	1,471,008.1536	503,913,437.46	EUR	342.56
	Class I EUR Distribution Shares	11.3803	1,276.61	EUR	112.18
	Class I GBP Accumulation Shares	10,614.3056	3,670,683.91	GBP	345.82
	Class I USD Accumulation Shares	41,291.5100	11,935,396.42	USD	289.05
	Class P EUR Accumulation Shares	311,339.7920	48,679,731.35	EUR	156.36
	Class P EUR Distribution Shares	11.3896	1,278.77	EUR	112.28
**24.11.23	Class X EUR Accumulation Shares	311.0000	97,699.10	EUR	314.15
	Class X GBP Accumulation Shares	48.0000	17,031.34	GBP	354.82

* First valuation.

** Last valuation.

Melchior European Absolute Return Fund*

Date	Share Class	Number of shares outstanding	Net Assets	Ccy	Net asset value per share
**28.07.21	Class I USD Hedged Accumulation Shares	7,946.8023	830,493.42	USD	104.51
31.12.21	Class C GBP Hedged Accumulation Shares	24.4320	2,709.13	GBP	110.88
	Class H GBP Hedged Accumulation Shares	3,660,549.1588	3,896,702.46	GBP	1.06
	Class I EUR Accumulation Shares	1,219.3312	133,771.81	EUR	109.71
	Class I GBP Hedged Accumulation Shares	13,035.3992	1,504,540.49	GBP	115.42
	Class I JPY Hedged Accumulation Shares	10.0000	97,762.59	JPY	9,776.26
	Class L EUR Accumulation Shares	100.0000	9,730.38	EUR	97.30
31.12.22	Class C GBP Hedged Accumulation Shares	24.4320	2,709.74	GBP	110.91
	Class H GBP Hedged Accumulation Shares	3,368,891.6111	3,597,115.93	GBP	1.07
	Class I EUR Accumulation Shares	10,663.3312	1,160,168.48	EUR	108.80
	Class I GBP Hedged Accumulation Shares	21,814.1439	2,530,797.90	GBP	116.02
	Class I JPY Hedged Accumulation Shares	10.0000	96,702.00	JPY	9,670.20
	Class L EUR Accumulation Shares	100.0000	9,699.98	EUR	97.00
**10.05.23	Class C GBP Hedged Accumulation Shares	24.4320	2,704.93	GBP	110.71
**10.05.23	Class H GBP Hedged Accumulation Shares	3,235,237.5988	3,451,785.36	GBP	1.07
**10.05.23	Class I EUR Accumulation Shares	829.0000	89.688.79	EUR	108.19
**10.05.23	Class I GBP Hedged Accumulation Shares	24,884.3144	2,887,199.76	GBP	116.02
**10.05.23	Class I JPY Hedged Accumulation Shares	10.0000	95,160.00	JPY	9,516.00
**10.05.23	Class L EUR Accumulation Shares	100.0000	9,662.55	EUR	96.63

* The Sub-Fund liquidated on 2 May 2023.

** Last valuation.

Statement of Investments in Securities and Other Net Assets

31 December 2023

Melchior European Opportunities Fund

Quantity	Description	Ccy	Cost	Value per security	Market value	% of net assets
	Transferable securities and money market instruments admitted to an official stock exchange or dealt in on another regulated market					
	Equities					
	Austria					
221,930.00	Erste Group Bank AG	EUR	6,724,384.87	36.730	8,151,488.90	1.36
213,236.00	Schoeller-Bleckmann Oilfield Equipment AG	EUR	11,746,527.76	44.200	9,425,031.20	1.57
	Total Austria		18,470,912.63		17,576,520.10	2.93
	Belgium					
436,320.00	Azelis Group NV	EUR	10,121,227.59	22.180	9,677,577.60	1.61
255.00	Lotus Bakeries NV	EUR	1,328,074.51	8,230.000	2,098,650.00	0.35
480,942.00	Recticel SA	EUR	3,738,356.68	10.600	5,097,985.20	0.85
	Total Belgium		15,187,658.78		16,874,212.80	2.81
	Denmark					
139,611.00	Royal Unibrew A/S	DKK	9,243,635.02	60.513	8,448,316.26	1.41
	Total Denmark		9,243,635.02		8,448,316.26	1.41
	Finland					
899,350.00	Nordea Bank Abp	SEK	8,803,815.23	11.203	10,075,630.89	1.68
	Total Finland		8,803,815.23		10,075,630.89	1.68
	France					
62,818.00	Alten SA	EUR	6,417,192.03	134.600	8,455,302.80	1.41
184,727.00	Amundi SA	EUR	11,058,693.61	61.600	11,379,183.20	1.90
75,505.00	Capgemini SE	EUR	14,602,103.03	188.750	14,251,568.75	2.38
182,805.00	Edenred	EUR	9,282,636.95	54.140	9,897,062.70	1.65
75,506.00	Laurent-Perrier	EUR	7,529,497.73	121.000	9,136,226.00	1.52
20,906.00	Robertet SA	EUR	15,445,077.10	830.000	17,351,980.00	2.89
	Total France		64,335,200.45		70,471,323.45	11.75
	Germany					
101,444.00	Merck KGaA	EUR	14,664,114.76	144.100	14,618,080.40	2.44
191,415.00	Schott Pharma AG & Co KGaA	EUR	5,468,769.02	33.600	6,431,544.00	1.07
181,673.00	Stabilus SE	EUR	9,765,848.12	61.700	11,209,224.10	1.87
40,193.00	STO SE & Co KGaA	EUR	7,667,481.68	139.800	5,618,981.40	0.94
	Total Germany		37,566,213.58		37,877,829.90	6.32

Melchior European Opportunities Fund continued

Quantity	Description	Ccy	Cost	Value per security	Market value	% of net assets
	Transferable securities and money market instruments admitted to an official stock exchange or dealt in on another regulated market continued					
	Equities continued					
	Ireland					
205,183.00	CRH PLC	USD	6,983,615.28	62.608	12,846,110.63	2.14
848,284.00	Grafton Group PLC	GBP	7,976,537.94	10.514	8,919,175.63	1.49
33,558.00	Linde PLC	USD	8,952,255.72	371.801	12,476,898.58	2.08
328,382.00	Ryanair Holdings PLC	EUR	6,294,993.45	19.075	6,263,886.65	1.05
	Total Ireland		30,207,402.39		40,506,071.49	6.76
	Italy					
584,002.00	FinecoBank Banca Fineco SpA	EUR	5,779,115.73	13.585	7,933,667.17	1.32
689,625.00	Infrastrutture Wireless Italiane SpA	EUR	6,473,531.40	11.450	7,896,206.25	1.32
109,793.00	Moncler SpA	EUR	3,462,815.12	55.700	6,115,470.10	1.02
2,342,524.00	Piaggio & C SpA	EUR	6,243,197.59	2.978	6,976,036.47	1.17
542,841.00	Technoprobe SpA	EUR	3,313,233.04	8.645	4,692,860.45	0.78
	Total Italy		25,271,892.88		33,614,240.44	5.61
	Jersey Channel Islands					
60,844.00	Ferguson PLC	GBP	5,095,975.62	174.086	10,592,060.83	1.77
1,463,013.00	JTC PLC	GBP	12,108,473.79	9.411	13,768,592.44	2.29
	Total Jersey Channel Islands		17,204,449.41		24,360,653.27	4.06
	Netherlands					
189,877.00	Aalberts NV	EUR	9,476,933.82	39.260	7,454,571.02	1.24
32,601.00	ASML Holding NV	EUR	9,975,042.77	681.700	22,224,101.70	3.71
391,006.00	ASR Nederland NV	EUR	12,447,738.03	42.700	16,695,956.20	2.79
90,242.00	Heineken NV	EUR	8,418,172.67	91.940	8,296,849.48	1.38
324,232.00	QIAGEN NV	EUR	14,159,568.53	39.400	12,774,740.80	2.13
	Total Netherlands		54,477,455.82		67,446,219.20	11.25
	Norway					
336,923.00	Kongsberg Gruppen ASA	NOK	7,345,626.38	41.485	13,977,273.77	2.33
	Total Norway		7,345,626.38		13,977,273.77	2.33
	Portugal					
591,554.00	Corticeira Amorim SGPS SA	EUR	5,662,636.58	9.140	5,406,803.56	0.90
	Total Portugal		5,662,636.58		5,406,803.56	0.90

The notes are an integral part of these financial statements.

Statement of Investments in Securities and Other Net Assets continued

31 December 2023

Melchior European Opportunities Fund continued

Quantity	Description	Ccy	Cost	Value per security	Market value	% of net assets
	Transferable securities and money market instruments admitted to an official stock exchange or dealt in on another regulated market continued					
	Equities continued					
	Spain					
103,900.00	Amadeus IT Group SA	EUR	6,791,830.03	64.880	6,741,032.00	1.13
1,014,529.00	Applus Services SA	EUR	11,064,808.25	10.000	10,145,290.00	1.69
1,532,663.00	Bankinter SA	EUR	6,780,063.20	5.796	8,883,314.75	1.48
441,854.00	Fluidra SA	EUR	6,526,468.47	18.850	8,328,947.90	1.39
805,881.00	Indra Sistemas SA	EUR	9,412,661.64	14.000	11,282,334.00	1.88
216,150.00	Laboratorios Farmaceuticos Rovi SA	EUR	6,206,951.89	60.200	13,012,230.00	2.17
80,669.00	Viscofan SA	EUR	4,526,848.83	53.600	4,323,858.40	0.72
	Total Spain		51,309,632.31		62,717,007.05	10.46
	Sweden					
8,988.00	Loomis AB	SEK	237,216.03	24.038	216,051.15	0.04
258,532.00	Thule Group AB	SEK	7,412,283.04	24.658	6,374,763.29	1.06
280,058.00	Trelleborg AB	SEK	6,039,147.86	30.326	8,492,935.56	1.42
	Total Sweden		13,688,646.93		15,083,750.00	2.52
	Switzerland					
124,185.00	Cie Financiere Richemont SA	CHF	13,555,379.25	124.499	15,460,869.39	2.58
8,694.00	Inficon Holding AG	CHF	4,920,409.54	1,297.153	11,277,444.89	1.88
1,627.00	Interroll Holding AG	CHF	2,339,655.62	2,871.806	4,672,427.64	0.78
189,102.00	Nestle SA	CHF	15,464,249.16	104.880	19,833,029.07	3.30
60,385.00	Roche Holding AG	CHF	13,743,784.89	262.980	15,880,044.10	2.65
	Total Switzerland		50,023,478.46		67,123,815.09	11.19

The notes are an integral part of these financial statements.

Melchior European Opportunities Fund continued

Quantity	Description	Ccy	Cost	Value per security	Market value	% of net assets
	Transferable securities and money market instruments admitted to an official stock exchange or dealt in on another regulated market continued					
	Equities continued					
	United Kingdom					
1,560,990.00	Breedon Group PLC	GBP	7,089,235.29	4.178	6,521,178.46	1.09
233,905.00	Diageo PLC	GBP	7,590,396.70	32.959	7,709,302.78	1.28
86,838.00	Games Workshop Group PLC	GBP	6,350,205.45	113.903	9,891,094.68	1.65
155,674.00	Genus PLC	GBP	5,066,365.76	25.042	3,898,461.17	0.65
923,946.00	Howden Joinery Group PLC	GBP	7,116,351.43	9.389	8,675,108.67	1.45
305,284.00	Intermediate Capital Group PLC	GBP	5,011,929.10	19.393	5,920,521.39	0.99
5,331,022.00	JD Sports Fashion PLC	GBP	7,765,935.04	1.915	10,209,515.33	1.70
94,466.00	London Stock Exchange Group PLC	GBP	7,092,318.86	107.025	10,110,206.17	1.68
75,448.00	Reckitt Benckiser Group PLC	GBP	5,518,104.45	62.548	4,719,156.85	0.79
171,006.00	Renishaw PLC	GBP	8,705,484.60	41.291	7,061,046.62	1.18
1,657,482.00	Volution Group PLC	GBP	7,014,536.65	5.004	8,293,836.85	1.38
1,798,443.00	Volution Group PLC	GBP	7,565,137.43	4.114	7,398,657.38	0.87
579,771.00	Watches of Switzerland Group PLC	GBP	3,621,443.53	8.176	4,740,386.33	0.79
	Total United Kingdom		77,942,306.86		87,749,815.30	14.63
	Total Equities		486,740,963.71		579,309,482.57	96.61
	Total transferable securities and money market instruments admitted to an official stock exchange or dealt in on another regulated market		486,740,963.71		579,309,482.57	96.61
	Total investments in securities		486,740,963.71		579,309,482.57	96.61
	Cash/(bank overdraft)				20,916,287.06	3.49
	Other assets and liabilities				(606,874.54)	(0.10)
	Total Net Assets				599,618,895.09	100.00

The notes are an integral part of these financial statements.

Geographical Classification of the Investments on Securities

As of 31 December 2023

Melchior European Opportunities Fund

Countries	% of net assets
United Kingdom	14.63
France	11.75
Netherlands	11.25
Switzerland	11.19
Spain	10.46
Ireland	6.76
Germany	6.32
Italy	5.61
Jersey Channel Islands	4.06
Austria	2.93
Belgium	2.81
Sweden	2.52
Norway	2.33
Finland	1.68
Denmark	1.41
Portugal	0.90
Total investments in securities	96.61
Other assets/(liabilities) and liquid assets	3.39
Net Assets	100.00

The notes are an integral part of these financial statements.

Economic Classification of the Investments on Securities

As at 31 December 2023

Melchior European Opportunities Fund

Economic sectors	% of net assets
Industrials	21.37
Financials	15.49
Consumer Discretionary	12.91
Materials	12.37
Technology	11.76
Consumer Staples	10.68
Health Care	10.46
Energy	1.57
Total investments in securities	96.61
Other assets/(liabilities) and liquid assets	3.39
Net Assets	100.00

Notes to the Financial Statements
31 December 2022

1. General

The Fund is an investment company organised under the laws of the Grand Duchy of Luxembourg as a Société d'Investissement à Capital Variable ("SICAV") incorporated on 6 March 2006. It is governed by Part I of the modified Law of 2010 and it qualifies as a SICAV complying with the provisions of the law of 17 December 2010 regarding Undertakings for Collective Investment, as amended.

The revised Articles of Incorporation have been published in the Mémorial C, Recueil des Sociétés et Associations (the "Mémorial") of 7 May 2015 and have been filed with the Registre de Commerce et des Sociétés on 25 March 2015. Any interested person may inspect these documents at the Chancery of the Registre de Commerce et des Sociétés. Copies are available on request at the registered office of the Fund. The Fund is registered at the Registre de Commerce et des Sociétés under the number B 114.615.

The Board of Directors has resolved to appoint ONE fund management S.A. as the Management Company of the Fund.

The capital of the Fund is at any time equal to the total net assets of the various Sub-Funds, and is expressed in euros ("EUR").

The Fund is an "umbrella fund" which consists of a separate portfolio of assets for each Sub-Fund and invested in accordance with the investment objective applicable to the relevant Sub-Fund.

During the year, Melchior Absolute Return Fund liquidated on 2 May 2023.

As of 31 December 2023, the following Sub-Fund is available to investors:

- Melchior European Opportunities Fund

The Fund issues Shares of different classes reflecting the various Sub-Funds. As of 31 December 2023, the following share classes are available to investors:

- Class B Shares which are denominated in:
  Class B – EUR Accumulation Shares
- Class CS Shares which are denominated in:
  Class CS – EUR Accumulation Shares
- Class I Shares which are denominated in:
  Class I – EUR Accumulation Shares
  Class I – EUR Distribution Shares
  Class I – GBP Accumulation Shares
  Class I – USD Accumulation Shares
- Class P Shares which are denominated in:
  Class P – EUR Accumulation Shares
  Class P – EUR Distribution Shares
- Class X Shares which are denominated in:
  Class X – GBP Accumulation Shares

Class X – EUR Accumulation Shares became dormant on 25 November 2023.

Class X shares of a Sub-Fund are restricted to investors comprising other Sub-Funds of the Fund and such other investors as approved by the Board of Directors, which may include investors which are party to a discretionary management agreement with the Investment Manager or one of its affiliates.

2. Presentation basis of Financial Statements

The combined financial statements are based on the last official net asset value of the financial year (29 December 2023).

The combined financial statements of the Fund are expressed in EUR. Consequently, net assets and net results of each Sub-Fund expressed in a foreign currency other than EUR are converted and combined in EUR at the exchange rate applicable at the date of the financial statements.

The Fund prepares its combined financial statements and those of each Sub-Fund under going concern basis of accounting following generally accepted principle in Luxembourg ("Luxembourg GAAP").

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities during the reporting year. Actual results could differ from those estimates.

3. Summary of Significant Accounting Policies

a) Valuation of the investments

The value of any securities listed or exchanged on a stock exchange or regulated market is calculated on the basis of the last available price.

In the event that the securities held in the portfolio on the relevant valuation date are not listed or exchanged on a stock exchange or another regulated market or if the price as determined pursuant to paragraph above is not representative of the fair market value of the relevant securities, the value of such securities is determined based on the reasonably foreseeable sales price determined prudently and in good faith by the Board of Directors of the Fund.

b) Net realised gain or loss on sales of investments

Net realised gain or loss on sales of investments are calculated on the basis of the average cost of the investments sold.

c) Translation of foreign currencies

Bank accounts, other net assets and market value of the investments in securities expressed in currencies other than the Sub-Fund's reporting currency are converted into the reporting currency at the exchange rates prevailing on the date of the balance sheet. Income and expenses in currencies other than the Sub-Fund's reporting currency are converted at the rate of exchange prevailing at payment date.

d) Formation expenses

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

In the event that any additional Sub-Fund is set up within the Fund, then the following amortisation rules shall apply: the costs and expenses for setting-up such additional Sub-Fund shall be borne by all Sub-Funds and will be written off over a period of five years and the additional Sub-Fund shall bear a pro rata of the costs and expenses incurred in connection with the creation of the Fund and the initial issue of Shares, which have not already been written off at the time of the creation of the additional Sub-Fund.

e) Income and expense recognition

Dividends are recorded on the date upon which the relevant investments are first listed as ex-dividend.

Interest income is accrued on a daily basis. Income is recorded net of withholding tax, if any.

Expenses are accounted for on accrual basis. Expenses are included in the statement of operations and changes in net assets except for expenses incurred on the acquisition of an investment which are included within the cost of that investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

f) Valuation of futures and options

Realised gains or losses on futures and options and changes in unrealised gains or losses are included in the Statement of Operations and Changes in Net Assets.

g) Forward foreign exchange contracts

Forward foreign exchange contracts are valued at the forward rate applicable at the Statement of Net Assets date for the remaining period until maturity.

Realised and unrealised gains or losses resulting from forward foreign exchange contracts are recognised in the Statement of Operations and Changes in Net Assets under the captions net realised result on foreign exchange and change in net unrealised appreciation/(depreciation) on forward foreign exchange contracts on currencies.

As of 31 December 2023, the unrealised gain or loss result on the outstanding forward foreign exchange contract(s) on currencies for Melchior European Opportunities Fund and Melchior European Absolute Return Fund is included in the Statement of Operations and Changes in Net Assets.

Notes to the Financial Statements continued

31 December 2023

3. Summary of Significant Accounting Policies continued

h) Valuation of contracts for difference

Contracts for difference are valued based on the closing market price of the underlying security, out of any financing charges attributable to each contract. Upon entering into contracts for difference, the Fund may be required to pledge to the broker an amount of cash and/or other assets equal to a certain percentage of the contract amount ("initial margin").

Subsequently, payments known as "variation margin" are made or received by the Fund periodically, depending on fluctuations in the value of the underlying security. During the period the contracts are open, changes in the value of contracts are recognised as unrealised gains and losses by marking to market at each valuation point in order to reflect the value of the underlying security. Realised gains or losses upon closure of the contract are equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

Dividends attributable to open contracts for difference are included in the value of the unrealized gain/(loss) at the end of the period.

The contracts are subject to a daily financing charge and income, usually applied at a previously agreed rate, which is accounted for as net interest on contracts for difference. All revenues arising from contracts for difference, net of direct and indirect operational costs and fees, will be returned to the Sub-Fund.

As of 31 December 2023, no Sub-Fund has unrealised gain/(loss) on the open contracts for difference.

4. Other Assets

The item "Other assets" includes mainly dividends receivable on contracts for difference and receivable on forward foreign exchange transactions.

5. Cross-investments between Sub-Funds

A Sub-Fund may subscribe, acquire and/or hold units to be issued or issued by one or more Sub-Funds of the Fund under the condition that:

- the target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund; and
- no more than 10% of the assets of the target Sub-Funds whose acquisition is contemplated, may be invested in aggregate in units of other UCIs; and
- voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 2010.

There is no duplication of management/subscription or redemption fees between those at the level of the Sub-Fund having invested in the target Sub-Fund, and the target Sub-Fund.

As of 31 December 2023, no Sub-Fund holds cross-investments.

6. Exchange rates as of 31 December 2023

1	EUR	=	0.92973	CHF
1	EUR	=	7.45456	DKK
1	EUR	=	0.86653	GBP
1	EUR	=	11.21849	NOK
1	EUR	=	11.13250	SEK
1	EUR	=	1.10465	USD

7. Annual Tax

The Fund is governed by the Luxembourg taxation laws.

Under the currently applicable legislation and regulation, the Fund is liable in Luxembourg to a tax (the "subscription tax") on its assets at an annual rate of 0.01% for Class P Shares and 0.05% for Class B Shares, Class C Shares, Class CS Shares, Class H Shares, Class I Shares, Class L Shares and Class X Shares, such tax being payable quarterly and calculated on the basis of the net assets at the end of the relevant quarter.

The value of assets represented by shares held in other undertakings for collective investment already subject to the subscription tax is free from such taxation.

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

Interests, dividends and capital gains on securities may be subject to withholding or capital gains taxes in certain countries.

8. Investment Management Fee

Investment Manager

The Board of Directors has appointed Polar Capital LLP as the Investment Manager.

The fee of the Investment Manager for its services is as follows:

Share Class	Investment Management Fee
Melchior European Opportunities Fund	
Class B	1.65%
Classes CS, I and P	0.85%
Class X	None
Melchior European Absolute Return Fund (liquidated on 2 May 2023):	
Class C	2.00%
Class H	1.75%
Class I	1.50%
Class L	1.00%

The investment management fee is payable in arrears at the end of each month out of the assets of the Sub-Funds and calculated on the average of the net assets of the Sub-Funds as at each Valuation Day.

The Investment Manager may from time to time and at its sole discretion and out of its own resources, decide to rebate to some or all shareholders part or all of its fees on eligible share classes.

In addition, the relevant Investment Manager may designate an Investment Advisor or Sub-Investment Manager, who will be paid by the Investment Manager.

9. Performance Fee

The Investment Manager was entitled to a Performance Fee out of the assets of the Melchior European Absolute Return Fund (liquidated on 2 May 2023), subject to certain conditions being met, as outlined in the Prospectus.

During the year, no Performance Fees were charged.

Notes to the Financial Statements continued

31 December 2023

10. Management Company Fees

The Board of Directors has appointed ONE fund management S.A. as Management Company of the Fund ("Management Company") to perform investment management, administration, and marketing functions as described in Annex 2 of the 2010 Law pursuant to an agreement entered into between the Fund and the Management Company ("Fund Management Company Agreement") which may be terminated by a written prior notice given three months in advance by either party to the other.

The Management Company will receive from the Fund a fee (namely, the "Fund Management Fee") payable in arrears at the end of each calendar month, calculated and accrued on each Valuation Day at a rate per annum of 0.03% since 1 June 2022 of the NAV of the Fund.

11. Depositary Bank

The Fund has appointed Northern Trust Global Services SE, as depositary of its assets pursuant to a Depositary Bank Agreement.

The Depositary will, in accordance with the Luxembourg laws and the Depositary Bank Agreement:

(i) ensure that the sale, issue, conversion, repurchase, redemption and cancellation of the shares of the Fund are carried out in accordance with Luxembourg laws and the Articles;

(ii) ensure that the value of the shares of the Fund is calculated in accordance with Luxembourg laws and the Articles;

(iii) carry out the instructions of the Fund and the Management Company, unless they conflict with Luxembourg laws or the Articles;

(iv) ensure that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits; and

(v) ensure that the Fund's income is applied in accordance with Luxembourg laws and the Articles.

11. Depositary Bank (continued)

The Depositary fees will be paid directly by the Fund to either the Depositary or to the Administrator which will then be in charge to pay the Depositary. In addition to the abovementioned fees, the Depositary is entitled to any other fees for specific services and transactions as agreed from time to time between the Fund and the Depositary and disclosed in the agreements. The Depositary is further entitled to be reimbursed by the Fund for their respective reasonable out-of-pocket expenses properly incurred in carrying out their duties as such and for the charges of any correspondents.

For the provision of the service, the fees charged to the Fund by the Depositary, shall amount to a maximum of 0.12% per annum of the average net assets of the relevant Sub-Fund, subject to annual minimum fees of EUR 13,000 per Sub-Fund per annum for the Depositary. Such fees will be calculated quarterly on the basis of the average net assets of the Sub-Fund during the relevant quarter.

12. Domiciliary Agent

ONE corporate S.à r.l. has been appointed by the Fund as domiciliary agent of the Fund (the "Domiciliary Agent").

The Domiciliation Agent will receive from the Fund a fee in accordance with the Domiciliation and Corporate Services agreement executed between the Fund and the Domiciliation Agent.

13. Transactions Fee

The total amount of transaction fees is included in the Statement of Operations and Changes in Net Assets and includes Depositary and Sub-Depositary fees, Correspondent's expenses and Brokerage fees.

14. Directors Fees

Further to the Annual General Meeting held on 3 May 2023, the shareholders of the Fund have resolved to ratify the following Directors fees:

- Mr. Yves Kuhn: EUR 40,000 gross, per year, pro-rata temporis, to be paid in quarterly arrears.
- Mr. Geoffroy Linard de Guertechin: EUR 25,000 gross, per year, pro-rata temporis, to be paid in quarterly arrears.

15.Sales Charges

The Fund reserves the right to apply a sales charge of up to 5% of the NAV per Share on subscriptions.

16.Distribution Policy

The Fund may issue both Accumulation Shares and Dividend Shares as described in the section "The Shares" in the Prospectus.

The policy of the Fund with respect to Accumulation Shares is to make no dividend distributions and to accumulate all net earnings within the relevant Share class and while for Dividend Shares is to pay dividends.

The Board of Directors determines the distribution policy for each relevant class of Dividend Shares.

If sufficient net income is available in respect of Melchior European Opportunities Fund, the Board of Directors' current intention is to declare semi-annual distributions (including interest and dividends) of substantially the whole of the net income which will be declared at the end of each semi-annual period and distributed by the end of the following month.

The investment management fees attributable to Distribution Shares will be charged to the income of the relevant Shares. The effect of this is that the income available for distribution will be reduced.

Melchior European Opportunities Fund operates equalisation in relation to all Distribution Shares. A shareholder who has purchased Shares during an accounting period will receive a distribution made up of two amounts:

- income which has accrued from the date of purchase, and
- capital which represents the return of the equalisation element.

Shareholders of all Shares who redeem their Shares will receive an amount which will include the income accrued to the date of redemption and which may be treated as income for tax purposes, subject to the tax rules in the country where a shareholder pays tax.

Shareholders may elect in their application for Shares either to receive dividends in cash or to reinvest the dividend amount in further Dividend Shares. In the absence of the shareholder making the election as above, the Fund shall reinvest the dividend payment in Shares, until otherwise directed in writing by the Shareholder. If dividends are to be paid in cash, they will normally be paid by electronic transfer at the shareholder's risk and expense.

Failure by a Shareholder (who has specifically elected to receive dividends in cash) to provide required documentation in connection with antimony laundering procedures will result in dividend payments being held in until receipt of required documentation.

Any distribution for dividend entitlements of less than EUR 100 (or its foreign currency equivalent) in value will automatically be reinvested in the subscription of further Shares.

Any dividend paid on a Dividend Share that is not being claimed will not earn interest and, if not claimed within six years of its declaration, shall be forfeited and shall be returned to the account of, and for the benefit of the Fund.

For the year ended 31 December 2023, the Melchior European Opportunities Fund paid distributions of EUR 168,728.84 as follows:

Sub-Fund	Distribution	Distribution Rate	Record Date	Ex-Date	Pay Date
Melchior European Opportunities Fund					
Class I EUR Distribution Shares	EUR 10.95	0.970710	30 June 2023	3 July 2023	31 July 2023
Class P EUR Distribution Shares	EUR 168,717.89	1.060450	30 June 2023	3 July 2023	31 July 2023

The following table shows distributions declared after the year ended 31 December 2023:

Sub-Fund	Distribution	Distribution Rate	Record Date	Ex-Date	Pay Date
Melchior European Opportunities Fund					
Class I EUR Distribution Shares	EUR 2.35	0.206497	29 December 2023	2 January 2024	31 January 2024
Class P EUR Distribution Shares	EUR 3.46	0.303786	29 December 2023	2 January 2024	31 January 2024

Notes to the Financial Statements continued

31 December 2023

17. Swing Price

The Board of Directors will apply the swing pricing mechanism to the Melchior European Opportunities Fund as described herein. Sub-Fund may suffer dilution of the NAV per Shares due to investors buying or selling Shares at a price that does not take into account dealing and other costs arising when the Investment Manager makes or sells investments to accommodate cash inflows or outflows. To counteract this, a partial swing pricing mechanism will be adopted to protect shareholders' interests. If on the Valuation Day, the netted inflows and outflows in a Sub-Fund exceeds 5% of the previous NAV of such Sub-Fund, the NAV may be adjusted upwards or downwards to reflect net inflows and net outflows respectively.

As at 31 December 2023, no swing pricing was applied.

The Board adopted the following Swing Pricing Policy with effect from 30 April 2018 for Melchior European Opportunities Fund.

If on the Valuation Day, the netted inflows and outflows in a Sub-Fund exceeds 5% of the previous NAV of such Sub-Fund, the NAV may be adjusted upwards or downwards to reflect net inflows and net outflows respectively.

- If the netting results in net outflows of more than 5% of the NAV of a Sub-Fund, the swing pricing mechanism shall apply regardless of the NAV of the Sub-Fund.
- If the netting results in net inflows of more than 5% of the NAV of a Sub-Fund, the swing pricing mechanism shall only apply in case the total NAV of the Sub-Fund exceed EUR 100 million (or its equivalent in another currency).

The extent of the price adjustment will be set by the Board of Directors, or via a delegation, by the Investment Manager concerned, to reflect dealing and other costs. Such adjustment is not expected to exceed 1% of the original NAV per Share.

18. Dilution Levy

To the extent that the Board of Directors considers that it is in the best interests of the Fund, the Board of Directors will apply such dilution levy if on the Valuation Day, the netted inflows and outflows in a Sub-Fund exceed 5% of the previous NAV of such Sub-Fund.

- If the netting results in net outflows of more than 5%, the dilution levy shall apply regardless of the NAV of the Sub-Fund.
- If the netting results in net inflows of more than 5% of the NAV of a Sub-Fund, the dilution levy shall only apply in case the total NAV of the Sub-Fund exceed EUR 100 million (or its equivalent in another currency).

The dilution levy policy will be defined by the Board of Directors, but the extent of the dilution levy will be set either by the Board of Directors, or, via a delegation, by the Investment Manager concerned. The dilution levy to be applied by the Board of Directors is not expected to exceed 1% of the NAV per Share.

19. Changes in the Investment Portfolio

A copy of the changes in the investment portfolio for the year ended 31 December 2023 is available free of charge at the registered office of the Fund.

20. Significant events during and after the Financial Year

Mr. Richard Jones resigned as a Director of the Fund on 3 May 2023.

Class X EUR Accumulation Shares of Melchior European Opportunities Fund became dormant on 25 November 2023.

In relation to the liquidation of previous Sub-Funds of the Fund

Melchior Asian Opportunities Fund

At the end of the Financial Year, shares of the following security remained at the former Depositary Bank (Edmond de Rothschild (Europe)):

Sub-Fund	Qty	Security
Melchior Asian Opportunities Fund	300,000	BEST WORLD INTERNATIONAL

In February 2024, the former Depositary Bank sold the security for 371,183.11 Singaporean dollars. The proceeds of the sale were distributed to shareholders remaining on the register of investors at the time of the Sub-Fund's liquidation. This security was previously deemed illiquid following its suspension from the Singaporean stock exchange in 2019.

The Sub-Fund is now fully closed, and notification of closure has been made to the CSSF.

Melchior European Absolute Return Fund

Due to the low level of assets in the Fund, the Board of Directors took the decision to liquidate the Melchior European Absolute Return Fund on 2 May 2023.

As at 31 December 2023, the Sub-Fund held a cash balance of EUR (15,385.69). The negative cash balance was due to a delayed currency spot exchange contract booking which was booked with effective date 2 January 2024 which immediately cleared the overdraft.

The Sub-Fund is now fully closed, and notification of closure has been made to the CSSF.

Melchior Global Equity Fund

The Sub-Fund is now fully closed, and notification of closure has been made to the CSSF.

Melchior Global Multi Asset Fund

At the end of the Financial Year, shares of the following security remained at the former Depositary Bank (Edmond de Rothschild (Europe)):

Sub-Fund	Qty	Security
Melchior Global Multi Asset	42,000	SECURITY BANK CORP - PFD SHS

The security is deemed illiquid with zero value. The Fund, local sub-custodian and former Depositary Bank have established the process required to re-register the security to allow the closure of the Sub-Fund. It is expected that once re-registration is complete, the Sub-Fund will fully close and notification to the CSSF will be made.

Melchior Japan Advantage Fund

The Sub-Fund is now fully closed, and notification of closure has been made to the CSSF.

Annex

MELCHIOR SELECTED TRUST
SFDR (Sustainable Finance Disclosure Regulation) (unaudited)

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: Melchior Selected Trust – Melchior European Opportunities Fund (the "Sub-Fund") **Legal entity identifier:** 549300DUHA7ST16HD406

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**
☐ It made **sustainable investments with an environmental objective:** ___%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☒ It promoted E/S characteristics, but **did not make any sustainable investments**

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

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

The Investment Manager believes that long-term value creation for shareholders is closely aligned with investment in companies that consider social and environmental characteristics, such as a company's impact on its customers, suppliers, employees, the wider community and the environment. The Investment Manager sought to invest in companies with good governance practices and excluded from the portfolio companies which, in its view, were detrimental to society and/or the environment.

MELCHIOR SELECTED TRUST

SFDR (Sustainable Finance Disclosure Regulation) (unaudited)

(continued)

How did the sustainability indicators perform?

The Investment Manager applied an exclusions-based approach to attain the environmental and social characteristics promoted by the Sub-Fund.

The Investment Manager measured the Sub-Fund's attainment of its characteristics by excluding companies that are classified by the Investment Manager as being detrimental to the environment and/or society. The Investment Manager classified a company as being involved in detrimental activities where the company's business activities had any exposure to controversial or nuclear weapons or any company whose business activities involved the following products and services to the extent that the product or service accounts for more than 5% of the relevant company's revenue:

- provision or delivery of adult entertainment;
- production and distribution of palm oil;
- provision of predatory lending;
- extraction and production of thermal coal or the generation of power from thermal coal;
- manufacture, distribution and sale of all tobacco;
- provision of unregulated gambling; and
- production of nuclear energy.

The Investment Manager also excluded from the Sub-Fund companies based on other criteria such as involvement in environmental damage, corruption, human rights issues, controversial labour practices, or any other perceived violations of United Nations Global Compact principles and norms.

During the reference period there was no change to the exclusions criteria.

Over the reference period, 100% of investee companies passed the exclusion criteria. As such, taking into account the average cash holdings of the portfolio, an average of 94.9% of investments of the Sub-Fund were aligned with the environmental or social characteristics promoted by the Sub-Fund.[1]

...and compared to previous periods?

During the previous reference period of 2022, 0% of investee companies over the reference period failed the exclusion criteria.

During the reference period of 2021, 0% of investee companies over the reference period failed the exclusion criteria.

[1] Figure shows the percentage of the Fund's asset, including cash, on a portfolio weighted basis, aligned with the Fund's characteristics. The average is calculated as a simple average of the Fund's quarterly portfolio weighted alignment as at each calendar quarter end (i.e. 31 March, 30 June, 30 September and 31 December).

Annex continued

MELCHIOR SELECTED TRUST
SFDR (Sustainable Finance Disclosure Regulation) (unaudited)
(continued)

For the avoidance of doubt, neither the Fund's sustainability indicators nor the Fund's performance on those indicators are subject to assurance by an auditor or review by a third party.

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 as the Sub-Fund does not invest in Sustainable Investments as defined under Article 2 (17) of the SFDR.

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.

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

The Fund does not invest in Sustainable Investments as defined under Article 2 (17) of the SFDR.

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

The Fund does not invest in Sustainable Investments as defined under Article 2 (17) of the SFDR.

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

The Fund does not invest in Sustainable Investments as defined under Article 2 (17) of the SFDR.

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 EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

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

MELCHIOR SELECTED TRUST

SFDR (Sustainable Finance Disclosure Regulation) (unaudited)

(continued)

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

The Investment Manager monitors and analyses a range of principal adverse impacts (PAIs) covering environmental and social factors. Data on each of the PAIs for companies in which the Sub-Fund invests is collated and updated on a quarterly basis and included in an internal sustainability report, which is reviewed every quarter by the Investment Manager and the Sustainability team. Any issues or areas that are considered as high risk are raised at this quarterly review. If it is considered appropriate, the Investment Manager will subsequently raise issues with the relevant company.

The environmental impact of each company that the Sub-Fund invests in, or considers investing in, is covered by a range of different PAIs. This includes PAIs relating to a company's greenhouse gas emissions, namely carbon emissions (both Scope 1 and 2 and, where available, Scope 3), carbon emissions intensity. Where data disclosure is inadequate, for instance with Scope 3 emissions, and deemed necessary, the Investment Manager has engaged with those companies to work to quantify this and improve disclosure.

Revenues of investee companies attributed to the fossil fuel sector were also considered by the Investment Manager. The Investment Manager excluded companies from the Sub-Fund which derive more than 5% of their revenues from the extraction and production of thermal coal, and/or companies that generate power from thermal coal.

The Investment Managers also considers PAIs covering gender diversity when carrying out investment activity in relation to the Sub-Fund. The Investment Manager monitors board gender diversity and where female representation is flagged as below 20% of the overall board, the Investment Manager will monitor the situation and may engage with the company. During the period under review, the two investee companies that had previously been below the minimum threshold increased their female representation at board level above the 20% threshold meaning that at 31st December 2023, none of the Sub-Fund's holdings were below this threshold.

The Investment Manager also had discussions with another company in which female representation across the workforce is meaningfully below average about measures to increase female participation in the workforce. The Investment Manager considered these engagements on a case-by-case basis, and did not encourage the setting ofa generic target, to reflect differences in business models and cultural or social barriers that may have restricted female participation, as well as the ability of companies to source sufficiently qualified employees.

The Investment Manager considered the standards of the United Nations Global Compact, and the Organisation for Economic Co-Operation and Development's Guidelines for Multinational Enterprises. If a company was involved in severe controversies or norms violations, the Investment Manager assessed the severity of the incident and decided the appropriate action of whether to monitor, enter enhanced engagement, or divest from the company.

Annex continued

MELCHIOR SELECTED TRUST

SFDR (Sustainable Finance Disclosure Regulation) (unaudited)

(continued)

During the reference period, according to the Investment Manager's analysis, no investee companies were deemed to be in violation of the standards of the United Nations Global Compact, and the Organisation for Economic Co-Operation and Development's Guidelines for Multinational Enterprises.

The Investment Manager excluded from the Sub-Fund any company involved in the manufacture and sale of controversial weapons such as cluster munitions and anti-personnel mines.

While the Fund considers principal adverse impacts on sustainability factors primarily at company level, the below table highlights the portfolio performance of selected PAI indicators compared to the Fund's benchmark.

Indicator[2]		Fund	Fund Coverage	Benchmark	Benchmark Coverage	Relative %[3]
GHG Emissions (TCO2e)	Scope 1	28,168.2	92.6%	38,479.1	99.9%	-26.8%
	Scope 2	6,172.3	92.6%	7,533.3	99.9%	-18.1%
	Scope 1 & 2	34,340.5	92.6%	46,012.3	99.9%	-25.4%
Carbon Footprint (TCO2e/ €m Invested)	Scope 1 & 2	59.3	92.6%	76.7	99.9%	-22.7%
GHG Intensity (TCO2e / Revenue)	Scope 1 & 2	145.8	92.6%	151.0	99.9%	-3.5%
Weighted Average Carbon Intensity (TCO2e / Revenue)	Scope 1 & 2	109.1	92.6%	93.3	99.9%	16.8%
Female Board Representation (%)		37.9%	92.6%	41.1	100.0	-8.0%

[2] Source: MSCI ESG Ratings and Climate Change Metrics: GHG emissions, GHG emissions footprint and GHG intensity, and board gender diversity data as of 31 December 2023. Benchmark: MSCI Europe Net Total Return Index. Allocated emissions of investee companies is calculated using the companies' Enterprise Value Including Cash. Scope 1 and 2 GHG emissions are representative of the Fund's AUM of €599.6 m as of 31 December 2023. Fund and benchmark metrics have been grossed to 100% where coverage is not equal to 100% to provide a representative estimation of all portfolio investments emissions and for comparative purposes. Please note figures are provided for comparative and illustrative purposes only and should not be relied upon. Figures have not been independently audited by the Investment Manager and may be subject to quality, timing, consistency, availability and calculation issues. Data may be limited or distorted due to a lack of sustainability related regulations and reporting standards in the countries where investee companies are domiciled, the inconsistency of those regulations and reporting standards where applicable, or by companies' interpretations of those regulations and reporting standards or, in the case of GHG metrics, subject to adjustment as a result of changes in calculation methodology or improved data availability.

[3] The figures shown demonstrate the difference in performance of the Fund and the Benchmark on each metric based on 100% data coverage (whether achieved or estimated).

MELCHIOR SELECTED TRUST

SFDR (Sustainable Finance Disclosure Regulation) (unaudited)

(continued)

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:

Largest investments[4]	Sector	% Assets	Country
ASML Holding NV	Information Technology	3.7	Netherlands
Nestle SA	Consumer Staples	3.3	Switzerland
Robertet SA	Materials	2.9	France
ASR Nederland NV	Financials	2.8	Netherlands
Roche Holding AG	Health Care	2.7	Switzerland
Cie Financiere Richemont	Consumer Discretionary	2.6	Switzerland
Merck KGaA	Health Care	2.4	Germany
Capgemini SE	Information Technology	2.4	France
Kongsberg Gruppen ASA	Industrials	2.3	Norway
JTC PLC	Financials	2.3	Channel Islands
Laboratorios Farmaceuticos	Industrials	2.2	Spain
CRH PLC	Health Care	2.1	Ireland
QIAGEN NV	Basic Materials	2.1	Netherlands
Linde PLC	Financials	2.1	Ireland
Amundi SA	Technology	1.9	France

What was the proportion of sustainability-related investments?

What was the asset allocation?

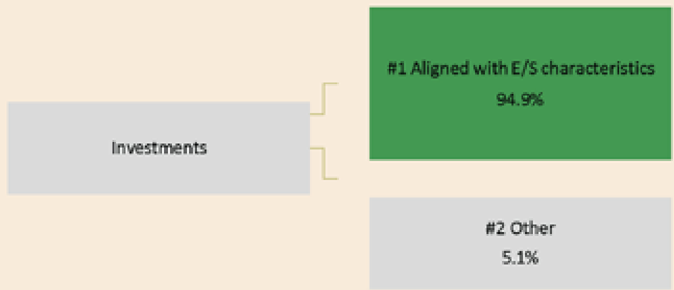
100% of equity holdings, excluding ancillary liquid assets and cash equivalents, were aligned with the promoted Sub-Fund's environmental and social characteristics as they all pass the exclusion criteria.

[4] Figure shows the top 15 largest holdings, excluding cash, as at 31 December 2023.

Annex continued

MELCHIOR SELECTED TRUST
SFDR (Sustainable Finance Disclosure Regulation) (unaudited)
(continued)

During the reference preiod, an average of 94.9% of investments of the Sub-Fund were aligned with the environmental or social charactersitcs promoted by the Sub-Fund (#1 E/S characteristics).[5]



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

In which economic sectors were the investments made?

Economic Sectors	% Assets[6]
Industrial Products	12.4
Materials	12.4
Consumer Staple Products	10.7
Health Care	10.5
Industrial Services	8.9
Consumer Discretionary Products	8.7
Financial Services	6.9
Tech Hardware & Semiconductors	6.4
Banking	5.8
Software & Tech Services	5.4
Retail & Whsle - Discretionary	4.2
Insurance	2.8
Oil & Gas	1.6

The Sub-Fund does not invest in companies that derive greater than 5% of revenue from the extraction and production of thermal coal or the generation of power from thermal coal for more than.

[5] Figure shows the percentage of the Fund's assets, including cash, on a portfolio weighted basis, aligned with the Fund's characteristics. The average is calculated as a simple average of the Fund's quarterly portfolio weighted alignment as at each calendar quarter end (i.e. 31 March, 30 June, 30 September and 31 December).

[6] Figure shows the percentage of the Fund's assets within each economic sector as at 31 December 2023.

MELCHIOR SELECTED TRUST

SFDR (Sustainable Finance Disclosure Regulation) (unaudited)

(continued)

Although the Sub-Fund remained underweight the Oil and Gas sector, it continued to hold two companies with exposure to the fossil fuel industry during the reference period.

Schoeller Bleckmann Oilfield Equipment AG is an Austria-based company engaged in the industrial manufacturing of components and parts for the oil and gas industry, although its 3D printing expertise is used in a number of other industries, notably aerospace, semiconductors and thermal energy.

The company's activities are structured into two divisions: (i) the high-precision components division, which covers applications in the Measurement While Drilling/Logging While Drilling (MWD/LWD) technology sector; collars and internals made of alloyed steel and other non-magnetic metals, and (ii) the oilfield supplies and services division, which comprises a range of products, including Non-Magnetic Drill Collars (NMDC), steel bars, which are used to prevent magnetic interference during MWD Operations; drilling motors, which drive the bit for directional drilling operations; circulation tools steer the flow direction of drilling muds in the drill string and various other tools for the oilfield. In addition, the company has announced that it intends to build a new business segment outside its legacy business, which will involve strategic investments and acquisitions, which they have indicated is most likely in the fields of energy transition and green tech industries.

Although the company's own carbon emissions are low and it has targets for further emissions reductions in place, the Investment Manager engaged with the company over the need for more precise and science-based GHG reduction targets. The management has informed the Investment Manager that it is in the process of preparing for Scope 3 reporting and the publication of science-based targets, around its own carbon emissions and is aiming to diversify its business into the aerospace, geothermal and industrial sectors.

Viscofan SA is a Spanish-based company engaged in the packaging industry, mainly for meat products. The company focuses on the manufacture and distribution of artificial castings, as well as plastic films that are used for separation of sliced food. Its product range includes cellulose, collagen, fibrous and plastic castings. In addition, the group designs and produces packing machinery, as well as provides related spare parts. As a non-core activity, the company also sells electric power, which is produced by co-generation systems. The co-generation engines are powered with a mixture of hydrogen and natural gas. Co-generation accounted for 6.8% of Viscofan's sales in the first 9 months of 2023, down from 7.8% in 2022, and is likely to be lower again in 2024. The company is also looking to diversify its source of energy away from natural gas, with hydrogen expected to be a greater energy source in the future.

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

Annex continued

MELCHIOR SELECTED TRUST
SFDR (Sustainable Finance Disclosure Regulation) (unaudited)
(continued)

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.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[7]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

✖ No

While this Sub-fund promotes environmental or social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in any "Sustainable Investments" within the meaning of SFDR or the Taxonomy Regulation.

Therefore, 0% of investments were sustainable investments with an environmental objective aligned with the EU Taxonomy.

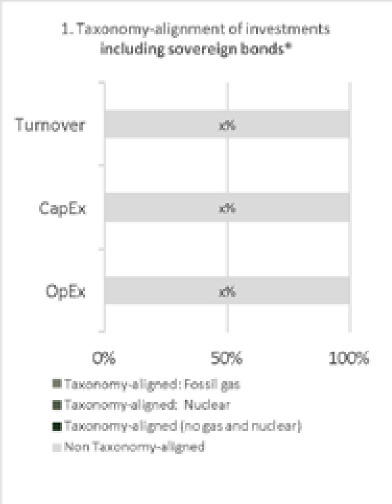
Accordingly, it should be noted that this Sub-Fund does not consider the EU criteria for Environmentally Sustainable Economic Activites within the meaning of the Taxonomy Regulation and its portfolio alignment with such Taxonomy Regulation is 0%. Therefore, the "do not signifcant harm" principle does not apply to any of the investments of this Sub-Fund.

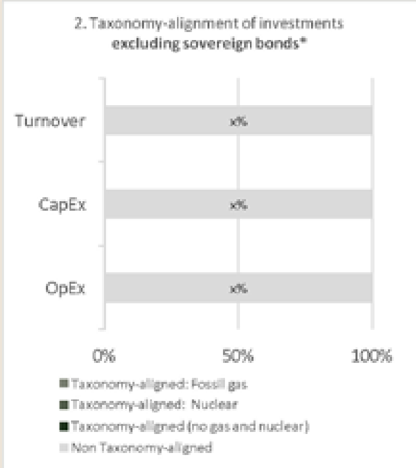
[7] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

MELCHIOR SELECTED TRUST
SFDR (Sustainable Finance Disclosure Regulation) (unaudited)
(continued)

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.





This graph represents x% of the total investments.

* *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?

The Sub-Fund promotes environmental and social characteristics but does not commit to making any Sustainable Investments. As a consequence, the Sub-Fund does not commit to a minimum extent of Sustainable Investments with an environmental objective aligned with the EU Taxonomy, neither to a minimum share of investments in transitional and enabling activities.

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

The Sub-Fund promotes environmental and social characteristics but does not commit to making any Sustainable Investments. As a consequence, the Sub-Fund does not commit to a minimum extent of Sustainable Investments with an environmental objective aligned with the EU Taxonomy.

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?

The Sub-Fund prmotes environmental and social characteristics but does not commit to making any Sustainable Investments. As a consequence, the Sub-Fund does not commit

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to a minimum extent of Sustainable Investments with an environmental objective aligned with the EU Taxonomy.

What was the share of socially sustainable investments?

Not applicable as the Sub-Fund does not invest in Sustainable Investment as defined under Article 2 (17) of the SFDR.

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

During the reference period, an average of 5.1%[8] of the Sub-Fund was held in cash for liquidity purposes where there are non minimum environmental or social safeguards applicable to these investments.

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

The Investment Manager monitors the environmental and social characteristics of all the Sub-Fund's investments on an ongoing basis. The Investment Manager believes in working constructively with the Sub-Fund's investee companies to ensure continued progress on environmental and social matters. In the event that a company is not making the required progress, or is involved in any environmental or social controversy, the Investment Manager will endeavour to raise this with the management team and discuss the strategy and actions of the management to improve or resolve the matter.

In past reporting periods, engagements are referred to as the broad term for such ESG interactions. Acknowledging that terminology around stewardship has evolved rapidly, for this reporting period high-level stats cover both ESG interactions and engagements with companies.

ESG interactions include meetings, letters or email exchanges with company management or other stakeholders, with the purpose of investigating specific issues, testing an investment thesis or further understanding how companies are managing key risks and opportunities. These are more common and make up the majority of the Investment Manager's ESG interactions with the Sub-Fund's investee companies.

In contrast, an engagement has the intention of influencing company behaviour or practices in some way. There is large variation in the topic and severity of an engagement, ranging from engaging to encouraging disclosure to improving sustainability practices.

Engagement with investee companies and prospective investments is a critical part of the Investment Manager's investment process for the Sub-Fund. The Investment Manager takes its stewardship responsibilities seriously and incorporates engagement as an

[8] The Sub-Fund's average cash level over the reference period is calculated by taking a simple average of each calendar quarter end (31 March 2023, 30 June 2023, 30 September 2023 and 31 December 2023) cash percentage.

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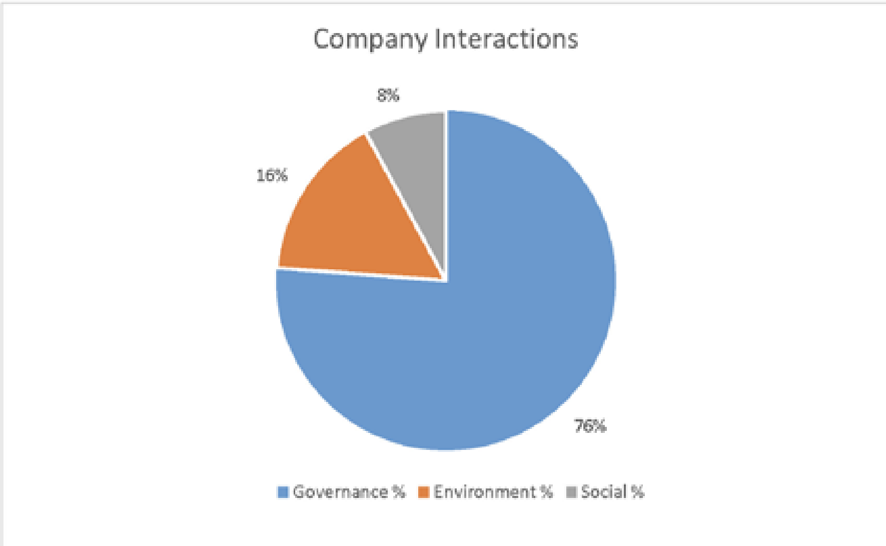
(continued)

integral part of the investment process. Wherever possible, the Investment Manager aims to meet and/or maintain a regular dialogue with company management as part of both the investment research and due diligence process as well as also the ongoing monitoring of holdings. As part of this engagement, the Investment Manager aims to:

- Interact proactively and constructively with investee companies;
- Raise issues of concern with management;
- Maintain an active dialogue with management, once invested in a company;
- Make suggestions for improvements on areas of the business where there is material concerns and if these are not satisfactory ; and
- Disregard companies unwilling to engage with us.

During 2023, the Investment Manager undertook 151 interactions and engagements with companies where ESG issues were raised and discussed, either in the context of a more general meeting (123 interactions) or specifically ESG-focussed (28 engagements). The below graph summarises the breakdown of the board ESG topics covered during these.



16% of the interactions in 2023 concerned environmental matters, while 8% concerned social issues. In most cases, these interactions did not concern a major omission or controversy, but rather regarding the publication of more detailed environmental and social targets and improved disclosure generally in this field. This included Scope 3 emissions, which account for the greatest share of the emissions connected to most companies yet, given the scale and complexity of quantifying this data, remains an area

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with the least disclosure. A number of companies were engaged with on the importance of improving Scope 3 emissions data and disclosure, for instance with a French-based beverage group, which collates the data, but is currently reluctant to disclose it for competitive reasons. Meanwhile, it was pleasing to see tangible improvements during the year in Scope 3 emissions disclosure and targets from holdings that had committed to do so, for example a UK-based engineering group and a German-based automotive and industrial supplier.

During the period, in the context of the Fund's policy on nuclear weapons, the Investment Manager investigated a potential nuclear weapons exposure of its holding in a European defence company that was raised by third party ESG research The Investment Manager investigated potential involvement in nuclear weapons, including by conducting further due diligence and engaging directly with the company, and concluded that the holding does not breach the Sub-Fund's exclusion policy.

Governance remains a core part of the Sub-Fund's ESG framework; sound governance structures and practices are a pre-requisite for a strong sustainability framework. This is reflected in the fact that governance remained the primary focus of the Sub-Fund's engagements with companies over the reference period. The majority of these engagements were constructive, with management teams increasingly recognising the importance of both the environmental and social impact of their business and taking tangible measures to improve this. However, the Investment Manager did escalate governance concerns with management of one investee company regarding governance changes, though there has not been significant action taken by the board on the matter, they have acknowledged the concerns and the Investment Manager is monitoring progress, and regarding the response of the board in respect of a takeover offer for another investee company, again, the situation is live and continues to be monitored.

In the rare instances where the Investment Manager considers the response of the management team to be inadequate, it is the policy of the Investment Manager to take action either by voting against proposals or, if other avenues are exhausted, by divesting from the Sub-Fund's investment in the company.

Voting forms a core part of engagement with the Fund's investments. Where the Investment manager has concerns about a particular vote, they are raised directly with the investee company. When the Investment Manager disagrees with management on their recommendation and do not receive a satisfactory response from the investee company, they may against it. During 2023, the Investment Manager voted against management recommendation or abstained from voting on approximately 5% of proposals at shareholder meetings.

In one instance, the Investment Manager's concerns regarding internal controls at one holding, a UK-listed bank, were not adequately addressed and the decision was made to divest the position.

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(continued)

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

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

No reference benchmarks has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

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

  No reference benchmark has been designated for the purpose of attining the environmental or social characteristics promoted by the Fund.

- ***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?***

  No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

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

  No reference benchmark has been designated for the purpose of attaining the environmetnal or social characteristics promoted by the Fund.

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

  No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

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