

**Ambienta X Environmental Mid Cap Fund**  
**(a sub-fund of Ambienta X ICAV)**

Semi-Annual Report and Unaudited Financial Statements

For the financial period from 29 April 2022 (date of commencement) to  
31 December 2022

# Ambienta X Environmental Mid Cap Fund

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For the financial period from 29 April 2022 (date of commencement) to 31 December 2022

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# Ambienta X Environmental Mid Cap Fund

## Management and Administration

### **Directors**

Enda Allen\* (Irish resident)  
Donard McClean\* (Irish resident)  
Robert Moore (UK resident)  
Joel Bird

### **Registered Office of the ICAV**

33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **Manager**

Ambienta Sgr S.p.A.  
Piazza Fontana, 6  
20122 Milan  
Italy

### **Depositary**

Northern Trust Fiduciary Services (Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### **Administrator**

Morgan Stanley Fund Services (Ireland) Limited  
The Observatory  
7 – 11 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **Legal Advisers**

Dillon Eustace  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **Independent Auditors**

Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
29 Earlsfort Terrace  
Dublin 2  
D02 AY28  
Ireland

### **Secretary**

Tudor Trust Limited  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

\*Independent and non-executive Director

# Ambienta X Environmental Mid Cap Fund

## Investment Manager's Report

### Market Overview

We can finally draw a line under a tumultuous year, which has taught the world (and us) quite a bit: central banks are not there to prop up asset prices, international cooperation and peaceful global order are not a given, and favorable Covid-induced trends should not be linearly extrapolated for most industries, both in terms of future growth and margin expansion.

December ended the year as another difficult month for the markets with global indices losing across the board. For the full 12-month period, the Eurostoxx 600 fell by 12.9%, the S&P 500 dropped 19.4% and the Nasdaq plunged 33.0%.

### Fund Performance

After launching on the 29<sup>th</sup> of April, 2022, the Ambienta X Environmental Mid Cap Fund performance registered returns of -12.0%, -1.8% and +12.1% for the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> quarters, respectively. The environment for equity markets around the world created hostile conditions early in the life of the fund that were offset by outperformance later in the year. The Fund ended 2022 down -4.7% net of fees while the Eurostoxx 600 declined by -5.7%, over the same eight-month period.

The key contributions by single names during 2022 were the following:

<i>Position</i>	<i>Bps</i>	<i>Position</i>	<i>Bps</i>
Munters Group	+176	Kingspan	-141
Clean Harbors	+50	Teleperformance	-116
Terna	+40	Reply	-82
Infineon Technologies	+33	Croda	-49

When analysing the drivers of each name's performance, some key differences can be highlighted:

In the Buildings and Construction space, Kingspan was heavily affected by the worsening macro outlook. The expected slowdown in construction activity, normalising raw materials prices and slower order intake resulted in cuts to 2023 estimates and impacted investors' sentiment. We have progressively increased the position, taking advantage of the share price weakness to get higher exposure to a strong compounding growth story.

Teleperformance was embroiled in a highly publicised labour controversy which took management attention away from the business and impacted the content moderation area. Following a thorough ESG business review, we decided to exit the position towards the end of December, having lost confidence in the current management team's ability to handle the situation and in the underlying credentials of the business.

## Ambienta X Environmental Mid Cap Fund

### Investment Manager's Report (continued)

#### **Fund Performance (continued)**

Reply, Croda and Spirax-Sarco, although exposed to very different sectors and end markets, have all been negatively impacted by secular growth multiple derating, resulting from higher interest rates and market rotations. All three companies have actually witnessed an increase in analysts' earnings estimates for 2023, as the underlying fundamental trends remain strong.

Infineon were positively impacted by the improved sentiment towards the semis cycle. After months of destocking and capex cuts announcements from companies across the silicon supply chain, investors started to price the end of the downturn by mid-2023. We believe that the company is exposed to secular growth trends that will allow them to meaningfully outperform the underlying semis market for years to come. These drivers should help them manage any downturn.

Befesa reversed some of their very weak performance throughout the 2<sup>nd</sup> and 3<sup>rd</sup> quarter, mostly on the back of the declining gas prices in Europe during Q4. The company is highly energy intensive and it has a sizeable exposure to Europe.

Infrastructure companies and Utilities showed resiliency in a difficult and volatile market context, with both Terna and Clean Harbors contributing positively to the performance. Higher than average earnings visibility, earnings highly protected from inflation and attractive valuations still result in a compelling investment case for these companies.

#### **Positioning**

The portfolio has seen some changes since inception, the largest being the reduction of Index holdings. Having closed the first month in existence with overall index exposures around the 39% mark, the fund is slowly progressing towards the goal of being 100% in single names by the end of the 1<sup>st</sup> quarter 2023 after ending the year at ca. 17%.

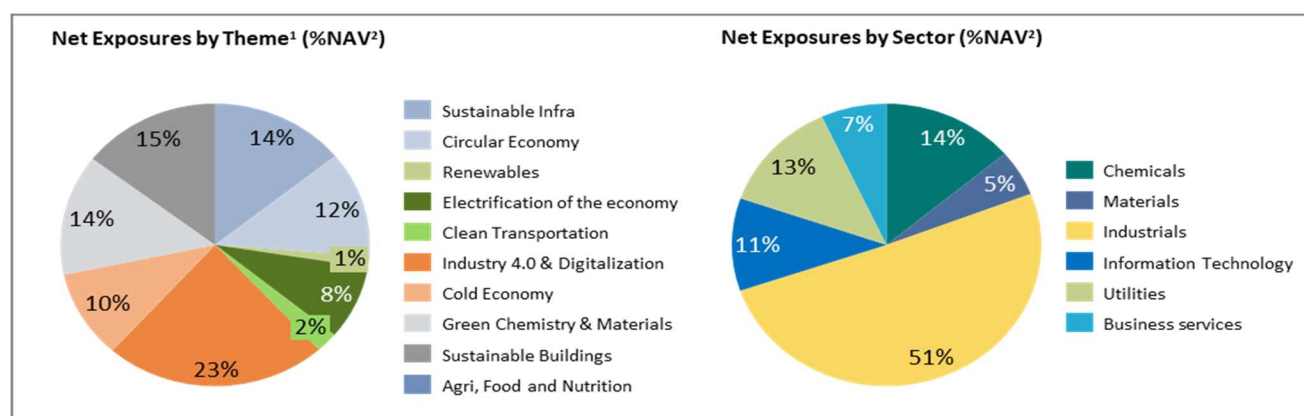
On a single name basis we have reduced our positions in Covestro, Munters, Clean Harbors, Spie and VAT Group towards the end of the year following positive relative performance and resulting lower expected IRRs. We have also exited Teleperformance, as noted above and we have increased the weights of Reply, Danieli, Be Semiconductor and Volution, given improved valuations and risk reward profiles. Lastly, we have added to the portfolio some new names, including Advance Drainage Systems and Terna which in turn have continued to help reduce the index holdings.

# Ambienta X Environmental Mid Cap Fund

## Investment Manager's Report (continued)

### Positioning (continued)

The graphs below summarise the current exposures of the single name positions to themes and industries of the Fund as of December 31<sup>st</sup>, 2022.



1: Theme: Environmental Themes, as defined by Ambienta

2: % NAV invested in single stocks (excluding indexes)

The following table shows the top 10 single name exposures with relevant theme:

<i>Company</i>	<i>Country</i>	<i>Theme</i>	<i>%NAV</i>
Reply	Italy	Industry 4.0 & Digitalisation	4.9%
Symrise	Germany	Green Chemistry	4.4%
Befesa	Germany	Circular Economy	4.3%
Belimo Holding	Switzerland	Cold Economy	4.1%
Kingspan Group	Ireland	Sustainable Buildings	4.0%
Advance Drainage Systems	United States	Sustainable Infrastructure	4.0%
Danieli & Co	Italy	Electrification of the Economy	4.0%
Spirax-Sarco Engineering	United Kingdom	Industry 4.0 & Digitalisation	3.9%
Getlink	France	Sustainable Infrastructure	3.9%
Croda	United Kingdom	Green Chemistry	3.9%

## Ambienta X Environmental Mid Cap Fund

### Investment Manager's Report (continued)

#### **Outlook**

Having been left with many sobering thoughts from the experience in the markets of 2022, it might be easy to lose perspective on key trends which emerge each time we face issues negatively impacting our treasured economic growth and individual well-being. Governments continue to press the sustainable investment agenda – a good example being the Inflation Reduction Act in the US - not only for the greater good, but because it is becoming increasingly apparent to leading nations that the next battleground will be access to technologies and resources to support our fight to make growth more environmentally sustainable. In the midst of bearish global headlines, there is cause for cautious optimism. We enter 2023 with cooling inflation, a reopening of the Chinese economy, and a lessening of the gas imbalance in Europe. These macro factors should provide a backdrop for constructive price action and investment opportunities, with differentiation across equity valuations after the risk-off trends of 2022.

# Ambienta X Environmental Mid Cap Fund

## Unaudited Statement of Financial Position as at 31 December 2022

	Note	31 December 2022 €
<b>Assets</b>		
<b>Current assets</b>		
Financial assets at fair value through profit or loss	3	53,125,198
Due from brokers		3,079,333
Placement fees	6	1,621,897
Cash		147,552
Subscriptions receivable		39,575
Interest receivable		2,497
Other assets		42,347
<b>Total assets</b>		<u>58,058,399</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Financial liabilities at fair value through profit or loss	3	499,769
Due to brokers		243,225
Management fees payable	6	91,936
Expenses payable	6	74,060
Redemptions payable		52,559
Interest payables		644
Performance fee payable	6	15
<b>Liabilities (excluding net assets attributable to holders of redeemable shares)</b>		<u>962,208</u>
<b>Net assets attributable to holders of redeemable shares</b>		<u><u>57,096,191</u></u>
<b>Net asset value per redeemable share</b>		
Class DB Accumulation (based on 522,595 shares outstanding)	5	€ 95.30
Class DL Accumulation (based on 1 share outstanding)	5	€ 1,083.69
Class DR Accumulation (based on 76,260 shares outstanding)	5	€ 95.61
Class DT Accumulation (based on 1 share outstanding)	5	€ 1,086.81



# Ambienta X Environmental Mid Cap Fund

## Unaudited Portfolio of Investments

31 December 2022

<u>No. of shares</u>	<u>Security description</u>	<u>Fair value</u>	<u>% of net assets</u>
<b>Financial assets at fair value through profit or loss</b>			
<b>Common stock</b>			
France			
150,734	Getlink SE	€ 2,257,242	3.95 %
85,260	Spie S.A.	2,076,934	3.64
France - Total		<u>4,334,176</u>	<u>7.59</u>
Germany			
46,647	Covestro AG	1,704,948	2.99
76,287	Infineon Technologies AG	2,168,839	3.80
24,859	Symrise AG	2,526,917	4.42
Germany - Total		<u>6,400,704</u>	<u>11.21</u>
Ireland			
31,942	Kingspan Group Plc	1,615,626	2.83
Italy			
94,430	Carel Industries S.p.A.	2,219,105	3.89
158,956	Daniele & C Risp NC	2,276,250	3.98
21,366	Industrie De Nora S.p.A.	306,388	0.54
26,137	Reply S.p.A.	2,796,659	4.90
243,046	Terna S.p.A.	1,677,017	2.93
Italy - Total		<u>9,275,419</u>	<u>16.24</u>
Luxembourg			
54,963	Befesa S.A.	2,476,633	4.34
Netherlands			
30,096	BE Semiconductors N.V.	1,702,230	2.98
Sweden			
39,835	Alfa Laval AB	1,078,605	1.89
147,554	Munters Group AB	1,365,379	2.39
Sweden - Total		<u>2,443,984</u>	<u>4.28</u>

## Ambienta X Environmental Mid Cap Fund

### Unaudited Portfolio of Investments (continued)

		31 December 2022			
No. of shares/ Face Value	Security description	Coupon rate	Maturity date	Fair value	% of net assets
<b>Financial assets at fair value through profit or loss (continued)</b>					
<b>Common stock (continued)</b>					
Switzerland					
5,205	BELIMO Holding AG			€ 2,319,378	4.06 %
7,709	VAT Group AG			1,973,665	3.46
Switzerland - Total				<u>4,293,043</u>	<u>7.52</u>
United Kingdom					
72,140	Ceres Power Holdings Plc			285,151	0.50
30,147	Croda Internation Plc			2,243,957	3.93
18,793	Spirax-Sarco Engineering Plc			2,248,431	3.94
530,037	Volution Group Plc			2,180,532	3.82
United Kingdom - Total				<u>6,958,071</u>	<u>12.19</u>
United States of America					
29,852	Advanced Drainage Systems, Inc			2,292,779	4.01
19,277	Clean Harbors, Inc			2,061,271	3.61
24,581	Sealed Air Corporation			1,148,841	2.01
4,853	Watsco, Inc			1,134,072	1.99
United States of America - Total				<u>6,636,963</u>	<u>11.62</u>
<b>Total common stock</b>				<u>46,136,849</u>	<u>80.80</u>
<b>Exchange traded funds</b>					
Germany					
118,826	iShares Stoxx Europe 600 UCITS ETF (DE)			5,006,734	8.77
<b>Total exchange traded funds</b>				<u>5,006,734</u>	<u>8.77</u>
<b>Government bonds</b>					
Germany					
€ 1,500,000	Bundesrepublik Deutschland	0%	22/03/2023	1,494,345	2.62
<b>Total government bonds</b>				<u>1,494,345</u>	<u>2.62</u>
<b>Total investments in securities</b>				<u>€ 52,637,928</u>	<u>92.19 %</u>

## Ambienta X Environmental Mid Cap Fund

### Unaudited Portfolio of Investments (continued)

31 December 2022

No. of shares/ Face Value	Security description	Fair value	% of net assets
<b>Financial assets at fair value through profit or loss (continued)</b>			
<b>Forward contracts</b>			
	Buy EUR, Sell USD, 19/01/2023	€ 396,550	0.69 %
	Buy EUR, Sell GBP, 19/01/2023	90,720	0.16
<b>Total forward contracts</b>		<u>487,270</u>	<u>0.85</u>
<b>Financial assets at fair value through profit or loss</b>		<u>€ 53,125,198</u>	<u>93.04 %</u>
<b>Financial liabilities at fair value through profit or loss</b>			
<b>Equity swaps - Long exposure</b>			
Ireland			
	13,650 Kingspan Group Plc	(1,266)	-
<b>Total equity swaps - Long exposure</b>		<u>(1,266)</u>	<u>-</u>
<b>Forward contracts</b>			
	Buy USD, Sell EUR, 19/01/2023	(243,459)	(0.42)
	Buy EUR, Sell CHF, 19/01/2023	(15,633)	(0.03)
	Buy EUR, Sell GBP, 04/01/2023	(94)	-
<b>Total forward contracts</b>		<u>(259,186)</u>	<u>(0.45)</u>
<b>Futures</b>			
	131 DOW JONES EURO STOXX 50 IND, 03/2023	(239,317)	(0.42)
<b>Total futures</b>		<u>(239,317)</u>	<u>(0.42)</u>
<b>Financial liabilities at fair value through profit or loss</b>		<u>€ (499,769)</u>	<u>(0.87) %</u>

Northern Trust is the counterparty to the forward contracts.

Morgan Stanley is the counterparty to the equity swaps and futures.

Ambienta X Environmental Mid Cap Fund

Unaudited Portfolio of Investments (continued)

31 December 2022

<b>Total investments</b>	<b>€ 52,625,429</b>	<b>92.17 %</b>
Net due from broker and other receivables	4,933,201	8.64
Other net liabilities	(462,439)	(0.81)
<b>Net assets attributable to holders of redeemable shares</b>	<b><u>€ 57,096,191</u></b>	<b><u>100.00 %</u></b>

## Ambienta X Environmental Mid Cap Fund

Unaudited Statement of Comprehensive Income  
for the financial period from 29 April 2022 to 31 December 2022

	Note	For the financial period from 29 April 2022 to 31 December 2022 €
<b>Investment Income</b>		
Dividends		417,496
Interest income		6,439
Other income		2,001
Net loss on financial assets and liabilities at fair value through profit or loss	7	<u>(521,947)</u>
<b>Total investment loss</b>		<b>(96,011)</b>
<b>Expenses</b>		
Management fees	6	(611,305)
Administration fees	6	(57,138)
Interest expense		(27,661)
Professional fees		(21,091)
Directors' fees	13	(13,480)
Depositary fees	6	(8,665)
Performance fees		(15)
Other expenses	6	<u>(48,151)</u>
<b>Total expenses</b>		<b>(787,506)</b>
<b>Loss for the period before tax</b>		<b>(883,517)</b>
Withholding tax on dividends		<u>(45,295)</u>
<b>Decrease in net assets attributable to holders of redeemable shares from operations</b>		<b><u><u>(928,812)</u></u></b>

## Ambienta X Environmental Mid Cap Fund

### Unaudited Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares for the financial period from 29 April 2022 to 31 December 2022

	Note	For the financial period from 29 April 2022 to 31 December 2022 €
<b>Net assets attributable to holders of redeemable shares at beginning of period</b>		-
Issuance of redeemable shares		60,265,022
Redemption of redeemable shares		(1,948,305)
Decrease in net assets attributable to holders of redeemable shares from operations		(928,812)
Placement fees	6	<u>(291,714)</u>
<b>Net assets attributable to holders of redeemable shares at end of period</b>		<b><u><u>57,096,191</u></u></b>

## Ambienta X Environmental Mid Cap Fund

Unaudited Statement of Cash Flows  
for the financial period from 29 April 2022 to 31 December 2022

For the financial  
period from  
29 April 2022 to  
31 December 2022  
€

### Cash flows from operating activities

Decrease in net assets attributable to holders of redeemable shares from operations	(928,812)
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### Adjustments to reconcile decrease in net assets attributable to holders of redeemable participating shares from operations to net cash used in operating activities:

Purchases of investments in securities	(63,421,350)
Proceeds from disposal of investments in securities	9,991,143
Proceeds from disposal of derivative contracts	196,024
Net realised loss on investments in securities	340,965
Net unrealised loss on investments in securities	451,314
Net realised gain on investments in derivative contracts	(196,024)
Net unrealised loss on investments in derivative contracts	12,499

### Changes in assets and liabilities

#### Changes in assets

Due from brokers	(3,079,333)
Placement fees	(1,621,897)
Interest receivable	(2,497)
Other assets	(42,347)

#### Changes in liabilities

Due to brokers	243,225
Management fees payable	91,936
Expenses payable	74,060
Interest payable	644
Performance fee payable	15

<b>Net cash used in operating activities</b>	<u>(57,890,435)</u>
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### Cash flows from financing activities

Amounts received on issuance of redeemable shares	60,225,447
Amounts paid on redemptions of redeemable shares	(1,895,746)
Placement fees	(291,714)

<b>Net cash provided by financing activities</b>	<u>58,037,987</u>
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### Net change in cash and cash equivalents

Cash and cash equivalents at beginning of the period	-
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<b>Cash and cash equivalents at end of period</b>	<u><u>147,552</u></u>
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# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements

### 1. Organisation

Ambienta X ICAV (“ICAV”) was registered in Ireland pursuant to the Irish Collective Asset Management Vehicle Act 2015 on 25 July 2019 under registration number C195780. The ICAV is authorised by Central Bank of Ireland (the “Central Bank”) as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) on 21 April 2020 pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the “UCITS Regulations”). The ICAV is structured as an umbrella type Irish collect asset-management vehicle which may consist of different funds, each comprising one or more classes. As at 31 December 2022, the ICAV has three sub-funds: Ambienta X Alpha Fund, Ambienta X Sustainable Leaders Fund and Ambienta X Environmental Mid Cap Fund.

The ICAV has appointed Ambienta Sgr S.p.A., an Italian company, as its UCITS management company (the “Manager”). The Manager has been appointed to act as discretionary investment manager of the ICAV and distributor of the shares.

The investment objective of the Ambienta X Environmental Mid Cap Fund (the “Fund”) is to generate attractive risk-adjusted absolute returns by investing primarily in environmentally sustainable investments.

The Fund commenced operations on 29 April 2022 and therefore the portfolio data contained herein is from 29 April 2022, the commencement of operations date and includes updates made to the Fund’s supplement 1 February 2022 and 29 June 2022.

- On 14 December 2021, the Fund, was established in accordance with the requirements of the Central Bank.
- The Supplement was updated on 1 February 2022 to include disclosures required pursuant to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment as may be amended, supplemented or updated from time to time (the “Taxonomy Regulation”).



# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 2. Significant accounting policies

The significant accounting policies adopted by the Fund are set out below.

#### *(a) Basis of preparation*

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, and applied in accordance with the ICAV Act, the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertaking for Collective Investment in Transferable Securities) Regulations 2019 (the “Central Bank UCITS Regulations”).

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

#### *(b) Basis of measurement*

The financial statements have been prepared on the historical cost basis, except for the financial instruments at fair value through profit or loss, which are measured at fair value.

#### *(c) New accounting standards*

There are no new accounting standards updates effective for the current period that have any impact on the Fund’s financial statements.

#### *(d) Functional and presentation currency*

The trading activities of the Fund are conducted primarily in Euro (“€”); consequently the functional and presentational currency of the Fund is Euro.

#### *(e) Transactions and balances*

Investment securities and other assets and liabilities denominated in foreign currencies are translated into Euro amounts at the date of valuation. Purchases and sales of investment securities and income and expenses denominated in foreign currencies are translated into Euro amounts on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net loss on financial assets and liabilities at fair value through profit or loss.

#### *(f) Use of estimates and judgments*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 2. Significant accounting policies (continued)

#### *(f) Use of estimates and judgments (continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

#### *(g) Distribution policy*

The Directors of the ICAV determine the distribution policy of the ICAV in accordance with details set out in the ICAV's Instrument of Incorporation. In the event of a distribution being paid, the Fund will be obligated to deduct Irish tax if the shareholder concerned is an Irish taxpayer. Any such amounts deducted will be forwarded to the Irish Tax Authorities. Distributions are included in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares as distributions.

#### *(h) Financial assets and liabilities at fair value through profit or loss*

##### *(i) Classification*

The Fund has classified its financial assets and financial liabilities in accordance with IFRS into the following categories:

Financial assets and financial liabilities at fair value through profit or loss comprises financial instruments held for trading which includes common stock, exchange traded funds, forward contracts, equity swaps, futures and government bonds. All common stock, exchange traded funds and government bonds held long and derivative contracts in net receivable position (positive fair value) are reported as financial assets held for trading. All derivative contracts in a net payable position (negative fair value) are reported as financial liabilities held for trading. The Fund recognises financial assets and financial liabilities held for trading on a trade date basis.

Financial assets that are classified as loans and receivables include balances due from brokers and receivable balances, and cash and cash equivalents.

Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

##### *(ii) Recognition and measurement*

Subsequent to initial recognition, all trading instruments at fair value through profit or loss are measured at fair value, with changes in fair value recognised in the Statement of Comprehensive Income.

Financial assets classified as loans and receivables and financial liabilities that are not at fair value through profit or loss are carried at amortised cost using the effective interest rate method less impairment losses, if any.

# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 2. Significant accounting policies (continued)

*(h) Financial assets and liabilities at fair value through profit or loss (continued)*

*(iii) Fair value measurement principles*

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in the absence of a principal market, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. An active market is one where the transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Fund measures such instruments at the closing (bid, offer or mid, as appropriate) or, if no closing price is available, at the last known market prices.

If there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation techniques incorporate all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

*(iv) Amortised cost measurement principles*

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

*(v) Derecognition*

A financial asset is derecognised when the Fund loses control over the contractual rights that comprise that asset. This occurs when the rights are discharged, expire or cancelled.

Assets held for trading that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Fund commits to sell the assets. The Fund

# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 2. Significant accounting policies (continued)

*(h) Financial assets and liabilities at fair value through profit or loss (continued)*

*(v) Derecognition (continued)*

uses the specific cost method to determine the gain or loss on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

*(vi) Derivative contracts*

*Swaps*

Generally, a swap contract is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified notional amount of the underlying assets. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Swap contracts which may be entered into by the Fund include interest rate swaps, dividend swaps, currency swaps, credit default swaps, index swaps and total return swaps.

*Forward contracts*

Forward contracts entered into by the Fund represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time based upon an agreed or contracted quantity. Gain and loss on forward contracts are measured by the Fund based upon fair value fluctuations.

*Futures*

A futures contract represents a commitment for the future purchase or sale of an asset or index at a specified price on a specified date. The Fund values futures contracts that are traded on an exchange at their last reported sales price.

*(i) Due from/to brokers*

Due from/to brokers consist primarily of cash held at brokers, spot foreign currency contract and variation margin with the Fund's clearing brokers and various counterparties, and the amounts receivable or payable for securities transactions that have not yet settled at 31 December 2022.

*(j) Cash*

Cash represents cash deposits held at financial institutions. Cash held at major financial institutions is subject to credit risk to the extent those balances exceed applicable FDIC or SIPC limitations. Bankers to the Fund are currently Northern Trust with a Moody's long term deposit credit rating of A2.

*(k) Interest income*

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other

# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 2. Significant accounting policies (continued)

#### *(k) Interest income (continued)*

differences between the initial carrying amount of an interest-bearing non-derivative financial asset and its amount at maturity calculated on an effective interest rate basis.

#### *(l) Dividend income*

Dividends are recognised when the shareholders' right to receive payment is established. Dividend income relating to exchange-traded common stock is recognised in the Statement of Comprehensive Income on the ex-dividend date. In some cases, the Fund may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases the Fund recognises as dividend income the amount of the cash dividend alternative with the corresponding debit being treated as an additional investment.

#### *(m) Expenses*

All expenses are recognised in the Statement of Comprehensive Income on an accrual basis.

#### *(n) Income taxes*

The ICAV is an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997. The ICAV will not be liable to Irish tax in respect of its income and gains, other than on the occurrence of a chargeable event with respect to Irish resident shareholders.

Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation, transfer of shares by an Irish resident shareholder or on the ending of a relevant period. A relevant period ("Relevant Period") is an eight year period beginning with the acquisition of the shares by the Irish resident shareholder and each subsequent period of eight years beginning immediately after the preceding Relevant Period.

A gain on a chargeable event does not arise in respect of:

- (i) a shareholder who is not an Irish resident and not ordinarily resident in Ireland at the time of the chargeable event provided the necessary signed statutory declarations are held by the ICAV; or
- (ii) certain exempted Irish resident investors who have provided the ICAV with the necessary signed statutory declaration; or
- (iii) any transactions in relation to shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- (iv) an exchange of shares representing one Fund for another Fund of the ICAV; or
- (v) an exchange of shares arising on a qualifying amalgamation or reconstruction of the ICAV with another ICAV; or
- (vi) certain exchanges of shares between spouses and former spouses.

In the absence of an appropriate declaration, the Fund will be liable to Irish tax on the occurrence of a chargeable event.

# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 2. Significant accounting policies (continued)

#### *(n) Income taxes (continued)*

Capital gains, dividends, and interest received by the Fund may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Fund or its shareholders.

#### *(o) Transaction costs*

Transaction costs are directly attributable to trade in a financial asset or liability. Transaction costs are incremental as they would not be incurred unless the financial asset or liability was acquired, disposed of or issued. On initial recognition the Fund includes transaction costs in the values of financial assets and financial liabilities. For the Fund, there was transaction costs of €120 for the financial period 29 April 2022 to 31 December 2022.

#### *(p) Redeemable shares*

All redeemable shares issued by the Fund provide the shareholders with the right to require redemption for cash at the value proportionate to the shareholder's share in the Fund's net assets at the redemption date. In accordance with IFRS such instruments give rise to a financial liability for the value of the redemption amount. The redemption price for each redeemable share is equal to the Net Asset Value ("NAV") per redeemable shares on the dealing day.

#### *(q) Equalisation*

Equalisation payable is due to investors who subscribed to share classes of the Fund during the financial year at an NAV higher than the high water mark. It will be paid to investors on the first day of the new financial year by issuing shares to those investors. Equalisation received from investors is accrued for as a liability as equalisation payable in the Statement of Financial Position until such time as under the terms set out in the prospectus, the equalisation is converted into additional shares, at which point the equalisation becomes a capital contribution and is reflected in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares or is no longer due to the investor and is written back to the Fund in the Statement of Comprehensive Income. See note 6 for details of performance fees and equalisation.

#### *(r) Establishment expenses*

The Manager has elected to amortise the establishment and organisation expenses of the ICAV over the first five accounting periods as per the ICAV's prospectus.

#### *(s) Dividend income*

Dividend income is accounted for as receivable when the dividend is declared and the underlying asset is quoted ex-dividend. Dividend income is included in the Statement of Comprehensive Income net of applicable overseas withholding income taxes.

#### *(t) Placement fee*

Class DB shares are subject to a placement fee. The placement fee for each subscribed share in Class DB amounts to up to 4% of the net asset value per share on the day when a share in Class

# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 2. Significant accounting policies (continued)

#### *(t) Placement fee (continued)*

DB is first subscribed for. The placement fee for each subscribed share of the relevant Class DB share is paid monthly in arrears by the Fund as remuneration to sub-distributors for the distribution of the Class DB share. Placement fees have been included in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares, as the Directors regard the placement fees to represent non-operating income to the Fund.

### 3. Fair value

In accordance with IFRS, the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in determining these measurements.

The fair value hierarchy has the following levels:

- Level 1 – Quoted market price in an active market for an identical instrument.
- Level 2 – Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 – Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following tables below analyse within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value as of 31 December 2022:

	<b>Assets at Fair Value as of 31 December 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common stock	€ 46,136,849	€ -	€ -	€ 46,136,849
Exchange traded funds	5,006,734	-	-	5,006,734
Government bonds	1,494,345	-	-	1,494,345
Forward contracts	-	487,270	-	487,270
<b>Total</b>	<b>€ 52,637,928</b>	<b>€ 487,270</b>	<b>€ -</b>	<b>€ 53,125,198</b>

## Ambienta X Environmental Mid Cap Fund

### Notes to Financial Statements (continued)

#### 3. Fair value (continued)

<b>Liabilities at Fair Value as of 31 December 2022</b>						
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>		
Future contracts	€ 239,317	€ -	€ -	€ 239,317		
Forward contracts	-	259,186	-	259,186		
Equity swaps	-	1,266	-	1,266		
<b>Total</b>	<b>€ 239,317</b>	<b>€ 260,452</b>	<b>€ -</b>	<b>€ 499,769</b>		

#### 4. Commitments and contingent liabilities

There are no significant commitments or contingent liabilities for the financial period from 29 April 2022 to 31 December 2022.

#### 5. Share capital

The authorised share capital of the ICAV is 10,000,000 ordinary participating shares of no nominal value (“Shares”) and two ordinary management shares of no nominal value (“Management Shares”). The Directors may allot shares on such terms as they deem appropriate.

##### *Voting rights*

On a poll every shareholder present in person or by proxy and entitled to vote shall have one vote in respect of each Share held by him and every holder of Management Shares shall be entitled to one vote in respect of all Management Shares held by him. Each class of Shares may be issued with such voting rights or restrictions on voting rights as the Directors determine in their absolute discretion, including non-voting classes.

##### *Redeemable shares*

The price of a redeemable share is determined by reference to the NAV attributable to the relevant share being redeemed. Redeemable shares may be redeemed at every dealing day.

The share activity for the financial period from 29 April 2022 to 31 December 2022 is as follows:

	<b>Opening shares</b>	<b>Shares issued</b>	<b>Shares redeemed</b>	<b>Closing shares</b>	<b>NAV per share</b>	<b>Net asset value</b>
Class DB Accumulation	-	538,617	(16,022)	522,595	€ 95.30	€ 49,802,665
Class DL Accumulation	-	1	-	1	€ 1,083.69	€ 1,084
Class DR Accumulation	-	80,901	(4,641)	76,260	€ 95.61	€ 7,291,355
Class DT Accumulation	-	1	-	1	€ 1,086.81	€ 1,087



# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 5. Share capital (continued)

The individual series within Class DB, have been combined for purposes of these financial statements, as all the Individual series are owned by one distribution channel and the NAV per series are consistent within this class. Class DB is subject to a placement fee. The placement fee for each subscribed share in Class DB amounts to up to 4% of the net asset value per share on the day when a share in Class DB is first subscribed for. The placement fee for each subscribed share of the relevant Class DB share is paid monthly in arrears by the Fund as remuneration to sub-distributors for the distribution of the Class DB share.

After a share in Class DB has been held by a shareholder for four years commencing when a share is first subscribed for, their shares will be automatically exchanged for a corresponding number of shares in Class DR shares in the Fund.

Not all share classes have launched yet; investors should refer to the Fund's prospectus for all classes.

### 6. Fees

#### *Management fees*

Each class, pays a management fee to the Manager in consideration for the management of the Fund's portfolio and other services which the Manager and its affiliates provide to the Fund.

The fee rates for 2022 are as follows:

Class DR Accumulation	2.30% of NAV per annum
Class DL Accumulation	1.35% of NAV per annum
Class DB Accumulation	1.80% of NAV per annum
Class DT Accumulation	0.70% of NAV per annum

The management fee will be calculated and accrued daily and is payable monthly in arrears within ten business days of the last business day of each month end. The Management fees for the financial period from 29 April 2022 to 31 December 2022 were €611,305 with €91,936 being payable at the financial period end.

#### *Performance fees*

The Manager is entitled to a performance fee in respect of the performance of all the share classes except DR and DB. A performance fee on Class DL and DT is charged at 15%. The performance fee is charged on the outperformance of the relevant share classes against STOXX Europe 600 Index (the "benchmark"), in respect of each performance period after adding back any distributions made and before the accrual of any performance fee. No share will be charged a performance fee until any previous losses are recovered.

The performance fee shall be calculated and accrued as of each valuation day. The performance fee is payable by the Fund to the Manager within ten days after it becomes due. Performance fees

# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 6. Fees (continued)

#### *Performance fees*

accrued during the financial period from 29 April 2022 to 31 December 2022 were €15 with €15 being accrued at the financial period end.

#### *Administration fees*

The Manager and the ICAV have appointed Morgan Stanley Fund Services (Ireland) Limited (the “Administrator”) as the administrator pursuant to the administration agreement. The Administration fees charged during the financial period from 29 April 2022 to 31 December 2022 were €57,138 with €25,055 being payable at the financial period end.

#### *Depositary fees*

The ICAV has appointed Northern Trust Fiduciary Services (Ireland) Limited (the “Depositary”) to act as depositary to the ICAV. The Depositary fee for the financial period from 29 April 2022 to 31 December 2022 were €8,665 with €2,685 being payable at the financial period end.

#### *Placement fees*

Class DB shares are subject to a placement fee. The placement fee for each subscribed share in Class DB amounts to up to 4% of the net asset value per share on the day when a share in Class DB is first subscribed for (further information disclosed in Note 5). The placement fee for the financial period from 29 April 2022 to 31 December 2022 were €291,714 with €1,621,897 being prepaid at the financial period end.

#### *Other expenses*

Other expenses for the financial period from 29 April 2022 to 31 December 2022 are detailed in the below table:

	<b>31 December 2022</b>	
Other professional fees	€	23,094
Bank fees		11,132
Establishment expenses		6,739
Taxes		4,388
Other expenses		2,619
Transaction fees		102
Brokerage commission expense		77
<b>Total</b>	<b>€</b>	<b>48,151</b>

## Ambienta X Environmental Mid Cap Fund

### Notes to Financial Statements (continued)

#### 6. Fees (continued)

##### *Expenses payable*

Expenses payable as of 31 December 2022 are detailed in the below table:

	<b>31 December 2022</b>
Other professional fees	€ 34,195
Fund administrative fees	25,055
Director's fees	9,429
Bank fees	2,696
Depository fees	2,685
<b>Total</b>	<b>€ 74,060</b>

#### 7. Net gains/(losses) on financial assets and liabilities at fair value through profit or loss

	<b>31 December 2022</b>
Net realised losses on investments in securities	€ (340,965)
Net realised gains on derivative contracts	196,024
Net unrealised losses on investments in securities	(451,314)
Net unrealised losses on derivative contracts	(12,499)
Net gains on foreign exchange	86,807
<b>Net losses on financial assets and liabilities at fair value through profit or loss</b>	<b>€ (521,947)</b>

#### 8. Efficient portfolio management

Subject to the conditions and limits set out by the Central Bank, and except as otherwise stated in the investment objective and policies of the Fund, the Manager may employ investment techniques and instruments including derivative contracts for efficient portfolio management of the assets of the Fund.

UCITS are required to disclose revenues arising from efficient portfolio management techniques for the reporting period together with direct and indirect operational costs and fees incurred, if there are repurchase agreements, reverse repurchase agreements and stock lending. The Fund did not engage in repurchase agreements, reverse repurchase agreement or stock lending for the financial period 29 April 2022 to 31 December 2022. The Fund had no collateral received as of 31 December 2022.

# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 9. Financial risk management

In pursuing its investment objective the Fund is exposed to a variety of financial risks as described by IFRS. The Fund is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The main risks arising from the Fund's financial instruments are market risk, currency risk, liquidity risk and credit risk.

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Manager manages the market risk by holding a diversified portfolio of securities to reduce the risk that a price change of a particular investment will have a material impact on the Fund.

Up until 21 November 2022, the investment risk of the Fund is assessed by the Manager using absolute Value at Risk ("VaR") analysis. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market movements in an ordinary environment. VaR analysis reflects the interdependencies between risk variables, unlike traditional sensitivity analysis. The VaR model uses a minimum of one year of historic market data to drive the historical simulation. VaR is computed on a one month holding basis and is one-tailed.

VaR uses historical market data as a basis for estimating future events that does not encompass all possible scenarios. Also, the use of a specified confidence level (e.g. 99%) does not take account of losses beyond this level where there is some probability that the loss could be greater than the VaR amounts.

The table below shows the minimum, maximum and average absolute VaR for the period. VaR is calculated over a one month (20 days) period at a 99% confidence level.

	<u>Minimum VaR</u>	<u>Maximum VaR</u>	<u>Average VaR</u>
<b>29 April 2022 to 21 November 2022</b>	15.34%	19.36%	17.00%

On 21 November 2022, the Central Bank of Ireland approved a change to the risk management methodology for global exposure calculation from absolute VaR to commitment approach. Therefore for the period ending 31 December 2022 the Fund has produced the data pertaining to both methodologies.

# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 9. Financial risk management (continued)

The table below shows the minimum, maximum and average global exposure using the commitment approach for the period.

	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
<b>22 November 2022 to 31 December 2022</b>	37.57%	45.7%	44.00%

For a more comprehensive explanation of the market risk, please refer to the Fund's Supplement.

#### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises when the Fund invests in interest bearing financial instruments. During the financial period from 29 April 2022 to 31 December 2022, the Fund invested held one interest bearing financial instrument.

The interest rate risk in relation to cash and cash equivalents is not regarded as a material risk.

For a more comprehensive explanation of the interest rate risk, please refer to the Fund's Supplement.

#### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates.

# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 9. Financial risk management (continued)

#### *Currency risk (continued)*

The following table details the currency risk of the Fund as at 31 December 2022:

<b>31 December 2022</b>	<b>CHF</b>	<b>EUR</b>	<b>GBP</b>	<b>SEK</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss	€ 4,293,043	€ 32,305,867	€ 7,048,791	€ 2,443,984
Due from brokers	-	3,079,569	-	-
Cash	12,153	107,193	13,525	-
Subscriptions receivable	-	39,575	-	-
Interest receivable	-	2,479	-	18
Other assets	-	42,347	-	-
Placement fees	-	1,621,897	-	-
	<b>€ 4,305,196</b>	<b>€ 37,198,927</b>	<b>€ 7,062,316</b>	<b>€ 2,444,002</b>
<b>Liabilities</b>				
Management fees payable	€ -	€ 91,936	€ -	€ -
Performance fees payable	-	15	-	-
Expenses payable	-	21,460	-	-
Interest payable	5	37	210	-
Redemptions payable	-	52,559	-	-
Due from brokers	(1,759)	(855,651)	73,423	344,650
Financial liabilities at fair value through profit or loss	15,633	240,583	94	-
	<b>€ 13,879</b>	<b>€ (449,061)</b>	<b>€ 73,727</b>	<b>€ 344,650</b>

## Ambienta X Environmental Mid Cap Fund

### Notes to Financial Statements (continued)

#### 9. Financial risk management (continued)

##### *Currency risk (continued)*

<b>31 December 2022</b>	<b>USD</b>	<b>TOTAL</b>
<b>Assets</b>		
Financial assets at fair value through profit or loss	€ 7,033,513	€ 53,125,198
Due from brokers	(236)	3,079,333
Cash	14,681	147,552
Subscriptions receivable	-	39,575
Interest receivable	-	2,497
Other assets	-	42,347
Placement fees	-	1,621,897
	<b>€ 7,047,958</b>	<b>€ 58,058,399</b>
<b>Liabilities</b>		
Management fees payable	€ -	€ 91,936
Performance fees payable	-	15
Expenses payable	52,600	74,060
Interest payable	392	644
Redemptions payable	-	52,559
Due from brokers	682,562	243,225
Financial liabilities at fair value through profit or loss	243,459	499,769
	<b>€ 979,013</b>	<b>€ 962,208</b>

If the Euro exchange rate at 31 December 2022 had increased by 2% with all other variables held constant, this would have decreased net assets attributable to holders of redeemable shares of the Fund by approximately €388,964. Conversely, if the Euro exchange rate had decreased by 2%, this would have increased net assets attributable to holders of redeemable shares of the Fund by an equal and opposite amount, all other variables remaining constant.

For a more comprehensive explanation of the currency risk, please refer to the Fund's Supplement.

# Ambienta X Environmental Mid Cap Fund

## Notes to Financial Statements (continued)

### 9. Financial risk management (continued)

#### *Credit risk*

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation or commitment it has entered into with the Fund. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations.

Credit risk arising from exchange traded derivative contracts is mitigated by margin requirements. Over the counter (“OTC”) derivative contracts expose the Fund to the risk that the counterparties to the derivative financial instruments might default on their obligations to the Fund. All OTC derivative contracts are entered into by the Fund under an International Swaps and Derivatives Associations, Inc. Master Agreement (“ISDA Master Agreement”) or similar agreement. The parties exposure under the ISDA Master Agreement are netted and collateralised together. The carrying value of financial assets together with cash held with counterparties best represents the Fund’s gross maximum exposure to counterparty risk at the reporting date, before including the effect of the ISDA Master Agreement and netting, which would reduce the overall counterparty credit risk exposure.

The Fund is exposed to counterparty risk, which is managed through the use of approved counterparties. Credit spreads and credit ratings of all counterparties are regularly reviewed by the Manager.

The long term credit ratings of counterparties are:

<b>Counterparty</b>	<b>Credit Rating 31 December 2022</b>
Morgan Stanley & Co. International plc	Aa3 (Moody’s)
Northern Trust	A2 (Moody’s)

The Depositary is responsible for the safe-keeping of assets. The Depositary has appointed The Northern Trust Company (“TNTC”) as its global sub-custodian. Both the Depositary and TNTC are wholly owned subsidiaries of Northern Trust Corporation (“NTC”). As at 31 December 2022, NTC had a long term credit rating from Standard & Poor’s of (A+).

TNTC, as global sub-custodian of the Depositary, does not appoint external sub-custodians within the U.S., the U.K., Ireland, Canada, Belgium, France, Germany, Netherlands and Saudi Arabia. However, in all other markets, TNTC appoints local external sub-custodians.



## Ambienta X Environmental Mid Cap Fund

### Notes to Financial Statements (continued)

#### 9. Financial risk management (continued)

##### *Credit risk (continued)*

The Depositary, in the discharge of its depositary duties, verifies the Fund's ownership of other assets, (as defined under Other Assets, Art 22(5) of UCITS V Directive 2014/91/EU), by assessing whether the Fund holds the ownership based on information or documents provided by the Fund or where available, on external evidence.

TNTC, in the discharge of its delegated depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of TNTC and (ii) all financial instruments that can be physically delivered to TNTC. TNTC ensures all financial instruments, held in a financial instruments account on the books of TNTC, are held in segregated accounts in the name of the Fund, clearly identifiable as belonging to the Fund, and distinct and separately from the proprietary assets of TNTC, the Depositary and NTC.

In addition, TNTC, as banker, holds cash of the Fund on deposit. Such cash is held on the Statement of Financial Position of TNTC. In the event of insolvency of TNTC, in accordance with standard banking practice, the Fund will rank as an unsecured creditor of TNTC in respect of any cash deposits.

Insolvency of the Depositary and or one of its agents or affiliates may cause the Fund's rights with respect to its assets to be delayed.

The responsible party manages risk by monitoring the credit quality and financial position of the Depositary and such risk is further managed by the Depositary monitoring the credit quality and financial positions of sub-custodian appointments.

## Ambienta X Environmental Mid Cap Fund

### Notes to Financial Statements (continued)

#### 9. Financial risk management (continued)

##### *Credit risk (continued)*

At the reporting date, the Fund's financial assets exposed to credit risk are as follows:

	<u>31 December 2022</u>	
Common stock	€	46,136,849
Exchange traded funds		5,006,734
Government bonds		1,494,345
Forward contracts		487,270
Due from brokers		3,079,333
Cash		147,552
Subscriptions receivable		39,575
Interest receivable		2,497
Placement fees		1,621,897
Other assets		42,347
<b>Total assets</b>	<b>€</b>	<b>58,058,399</b>

For a more comprehensive explanation of the credit risk, please refer to the Fund's Supplement.

##### *Liquidity risk*

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet their obligations on time or at a reasonable price. The Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests. The Manager monitors the Fund's liquidity position on a daily basis.

Liquidity risk is mitigated by the Fund primarily investing in readily realisable securities listed or traded on recognised markets. The ability to sell on demand ensures that the Manager can efficiently alter the investment strategy as required.

Certain securities may be difficult to sell at the time and price wanted. The Fund may have to reduce the price to effect a secondary market sale, sell other securities or forego an investment opportunity, any of which could have a negative effect on fund management or performance.

For a more comprehensive explanation of the liquidity risk, please refer to the Fund's Supplement. The table below summarises the Fund's financial liabilities into the maturity profile based on the remaining period at the reporting date to the contractual maturity date.

## Ambienta X Environmental Mid Cap Fund

### Notes to Financial Statements (continued)

#### 9. Financial risk management (continued)

##### *Liquidity risk (continued)*

<b>31 December 2022</b>	<b>Less than 1 month</b>	<b>1-3 Months</b>	<b>No contractual maturity</b>	<b>Total</b>
<b>Financial liabilities</b>				
Forward contracts	€ 259,186	€ -	€ -	€ 259,186
Equity swaps	-	-	1,266	1,266
Future contracts	-	239,317	-	239,317
Due to brokers	-	-	243,225	243,225
Management fees payable	91,936	-	-	91,936
Performance fee payable	15	-	-	15
Expenses payable	-	-	74,060	74,060
Interest payable	-	-	644	644
Redemptions payable	52,559	-	-	52,559
Net assets attributable to holders of redeemable shares	57,096,191	-	-	57,096,191
<b>Total liabilities</b>	<b>€ 57,499,887</b>	<b>€239,317</b>	<b>€ 319,195</b>	<b>€ 58,058,399</b>

##### *Offsetting*

The Fund has not offset any financial assets and financial liabilities in the Statement of Financial Position. Financial assets and financial liabilities which are subject to enforceable master netting arrangements or similar agreements are detailed below:

<b>31 December 2022</b>	<b>Gross amounts of financial assets presented in the Statement of Financial Position</b>	<b>Financial instruments</b>	<b>Cash collateral received</b>	<b>Net amounts</b>
Forward contracts	€ 487,270	€ (259,186)	€ -	€ 228,084
<b>Total</b>	<b>€ 487,270</b>	<b>€ (259,186)</b>	<b>€ -</b>	<b>€ 228,084</b>

## Ambienta X Environmental Mid Cap Fund

### Notes to Financial Statements (continued)

#### 9. Financial risk management (continued)

*Offsetting (continued)*

31 December 2022	<b>Gross amounts of financial liabilities presented in the Statement of Financial Position</b>	<b>Financial instruments</b>	<b>Cash collateral pledged</b>	<b>Net amounts</b>
Forward contracts	€ 259,186	€ (259,186)	€ -	€ -
Futures	239,317	-	-	239,317
Equity swaps	1,266	-	-	1,266
<b>Total</b>	<b>€ 499,769</b>	<b>€ (259,186)</b>	<b>€ -</b>	<b>€ 240,583</b>

#### 10. Distributions

The Fund can issue accumulating classes and distributing classes. Distributing classes may pay a dividend to the relevant shareholders on an annual basis as of the last business day in December in each year. In such case, dividends shall be paid out of realised and unrealised gains net of realised and unrealised losses but, at the discretion of the Directors, gross of the fees payable by the Fund. There was no distributions for the financial period 29 April 2022 to 31 December 2022.

#### 11. Soft commissions

There was no soft commission arrangement affecting the Fund during the financial period from 29 April 2022 to 31 December 2022. Further, the Manager did not receive any payments under directed brokerage services or similar arrangement.

#### 12. Exchange rates

The following exchange rates were used to translate assets and liabilities into the functional currency Euro for the Fund:

	<b>31 December 2022</b>
British Pound	0.8872
Swedish Krona	11.1202
Swiss Franc	0.9874
United States Dollar	1.06725

## Ambienta X Environmental Mid Cap Fund

### Notes to Financial Statements (continued)

#### 13. Related party transactions

Under IFRS, IAS 24 “Related Party Transactions”, parties are related if any one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Regulation 43(1) of the Central Bank UCITS Regulations states that “a responsible person shall ensure that any transaction between a UCITS and a connected person is conducted (a) at arm’s length; and (b) in the best interest of the unit-holders of the UCITS”. As required under Regulation 81(4) of the Central Bank UCITS Regulations, the Directors are satisfied that there are in place arrangements, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 43(1) are applied to all transactions with a connected party; and all transactions with connected parties that were entered into during the financial period to which the report relates complied with the obligations that are prescribed by Regulation 43(1).

Robert Moore and Joel Bird are employees of the Manager and Directors of the Fund.

The aggregative directors’ fees for the financial period from 29 April 2022 to 31 December 2022 amounted to €13,480, of which €9,429 was outstanding at the financial period end.

The Manager is a related party and is entitled to a management fee and a performance fee. See note 6 for details on management fee and performance fee for the financial period from 29 April 2022 to 31 December 2022.

#### 14. Significant events during the period

The Fund commenced operations on 29 April 2022 and therefore the portfolio data contained herein is from 29 April 2022, the commencement of operations date and includes updates made to the Fund’s supplement 1 February 2022.

On 14 December 2021, the Fund, was established in accordance with the requirements of the Central Bank.

The Supplement was updated on 1 February 2022 to include disclosures required pursuant to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment as may be amended, supplemented or updated from time to time (the “Taxonomy Regulation”).

## Ambienta X Environmental Mid Cap Fund

### Notes to Financial Statements (continued)

#### **15. Events after the balance sheet date**

Subsequent to 31 December 2022 and through 27 February 2023, the Fund received subscriptions of approximately €12.4m and redemptions of approximately €3.3m. There have not been any other significant events after the Statement of Financial Position date.

#### **16. Approval of financial statements**

The financial statements were approved and signed by the Board of Directors on 27 February 2023.

## Ambienta X Environmental Mid Cap Fund

### Portfolio Changes (Unaudited)

The Central Bank requires:

- All purchases and sales exceeding 1% of the total value of purchases or sales to be disclosed.
- At a minimum, the largest 20 purchases and 20 sales must be disclosed.
- If there are fewer than 20 purchases and 20 sales, the Fund must disclose all purchases and sales.

<u>Purchases</u>	<u>Cost (€)</u>	<u>Sales</u>	<u>Proceeds (€)</u>
iShares Stoxx Europe 600		Republic of France, 0%,	
UCITS ETF (DE)	5,067,293	19/04/2023	2,981,582
		De Nederlandsche Bank, 0%,	
Reply S.p.A.	3,184,171	30/01/2023	1,998,219
Getlink SE	3,105,671	SR Teleperformance S.A.	1,637,909
Republic of France, 0%,			
19/04/2023	2,996,483	Munters Group AB	1,094,912
Symrise AG	2,620,996	Getlink SE	719,548
Befesa S.A.	2,603,489	Clean Harbors, Inc	523,522
Advanced Drainage Systems,			
Inc	2,528,440	Covestro AG	467,716
Croda International Plc	2,475,940	Kion Group AG	401,508
Spirax-Sarco Engineering Plc	2,439,520	VAT Group AG	172,879
Clean Harbors, Inc	2,281,018		
Daniele & C Risp NC	2,271,623		
SR Teleperformance S.A.	2,267,718		
Volution Group Plc	2,252,571		
Covestro AG	2,217,266		
VAT Group AG	2,196,407		
Kingspan Group Plc	2,175,653		
Carel Industries S.p.A.	2,068,495		
BELIMO Holding AG	2,060,670		
De Nederlandsche Bank, 0%,			
30/01/2023	1,999,520		
Infineon Technologies AG	1,960,182		

## Ambienta X Environmental Mid Cap Fund

### Securities Financing Transactions Regulation Disclosure (Unaudited)

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) will be required on all reports and accounts published after 13 January 2017. During the period from 14 December 2021 (date of approval) to 31 December 2022, Ambienta X ICAV – Ambienta X Environmental Mid Cap Fund did not enter into any Securities Financing Transactions.