

# SALUS ALPHA SICAV

*Société d'Investissement à Capital Variable*

Annual Accounts and Audited financial statements for the year ended  
31 December 2022

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# SALUS ALPHA SICAV

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# SALUS ALPHA SICAV

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## ORGANISATION

### Investment Company

**Salus Alpha SICAV**  
2, rue de Canach  
L-5368 Schuttrange

### Board of Directors

#### **Chairman:**

**Oliver Prock**  
Salus Alpha Capital Ltd  
56, Industriestrasse  
FL- 9491 Ruggell

### **Members**

**Harald Heidinger**  
c/o Salus Alpha SICAV  
2, rue de Canach  
L-5368 Schuttrange

**Duncan McKay**  
138, Ridge Langley  
UK-CR2 0AS Sanderstead

### Investment Manager

**Salus Alpha Capital Ltd**  
56, Industriestrasse  
FL- 9491 Ruggell

### Global Distributor

**Salus Alpha Capital Ltd**  
56, Industriestrasse  
FL- 9491 Ruggell

### Conducting Officers

#### Responsibilities:

#### Risk Management

**Vanicon Campos Lima**  
c/o Salus Alpha SICAV  
2, rue de Canach  
L-5368 Schuttrange

#### Responsibilities:

#### Fund Management and Administration

**Guenther Schneider**  
c/o Salus Alpha SICAV  
2, rue de Canach  
L-5368 Schuttrange

### Central Administration Agent

**Caceis Bank, Luxembourg Branch (Until 31 August 2022)**  
5, Allée Scheffer  
L-2520 Luxembourg

**Apex Fund Services S.A. (As from 1 September 2022)**  
3, rue Gabriel Lippmann  
L-5365 Munsbach

### Depositary

**Caceis Bank, Luxembourg Branch (Until 31 August 2022)**  
5, Allée Scheffer  
L-2520 Luxembourg

**European Depositary Bank (As from 1 September 2022)**  
3, rue Gabriel Lippmann  
L-5365 Munsbach

### Auditors

**Deloitte Audit**  
Société à responsabilité limitée  
20, Boulevard de Kockelscheuer  
L-1821 Luxembourg

### Luxembourg Legal Advisors

**M&S Law Sàrl**  
205, Route d'Arlon  
L-1150 Luxembourg

# ACTIVITY REPORT

## For the year ending 31 December 2022

### Organisational structure

Salus Alpha SICAV ("the Fund") is organized as a société anonyme under the laws of the Grand Duchy of Luxembourg and qualifies as an open-ended société d'investissement à capital variable - (a "SICAV Type I"). The Company was incorporated in Luxembourg on 15 February 2013 as an umbrella SICAV and added to the CSSF official list on 15 December 2015.

### Market Review

Russia's invasion of Ukraine in late February 2022 caused a global shock. The grave human implications fed through into markets, with equities declining and bond yields rising (meaning prices fell). Commodity prices soared given Russia is a key producer of several important commodities including oil, gas, and wheat. This contributed to a further surge in inflation as well as supply chain disruption. Elsewhere, Chinese equities were negatively affected by renewed Covid-19 outbreaks, leading to new lockdowns in some major cities. US stocks declined in Q1. Russia's invasion of Ukraine drew widespread condemnation and elicited a range of strict sanctions from the US and its allies. President Biden targeted what he termed "the main artery of Russia's economy" by banning Russian oil imports. The invasion amplified existing concerns over inflation pressures, particularly through food and energy, although US economic data otherwise remained stable. The US unemployment rate dropped from 3.8% in February to 3.6% in March. Wages continue to rise, but have not yet matched the rate of headline inflation. The annual US inflation rate, as measured by the consumer price index, hit 7.9% in February. The Federal Reserve (Fed) raised interest rates by 0.25%, with calls from within for more aggressive tightening. Further hikes occurred through 2022. Eurozone shares fell sharply in the quarter. The region has close economic ties with Ukraine and Russia, particularly when it comes to reliance on Russian oil and gas. Over the quarter, energy was the only sector to register a positive return. The steepest declines came from the consumer discretionary and information technology sectors. Worries over consumer spending led to declines for stocks such as retailers, while the war in Ukraine also exacerbated supply chain disruption, hitting the availability of parts for a wide range of products. In response to rising inflation, the European Central Bank (ECB) outlined plans to end bond purchases by the end of September. ECB President Christine Lagarde indicated that a first interest rate rise could potentially come this year, saying rates would rise "some time" after asset purchases had concluded. Data showed annual Eurozone inflation at 7.5% in March, up from 5.9% in February. Financial markets were volatile over the quarter for global bonds. Headlines were dominated by the horrific war in Ukraine and the terrible humanitarian crisis continuing to unfold. There was a short-lived rotation toward safe haven assets as the war began, but investors appeared to focus overall on inflationary pressure that is high and still rising. Government bond yields rose sharply (bond prices and yields move in opposite directions). Central banks were surprisingly hawkish and markets priced in a faster pace of monetary normalization. The extent of yield moves differed across markets. The US Treasury market is in the midst of one of its worst sell-offs on record, but moves were less pronounced in core Europe and the UK.

Both shares and bonds were under pressure in the second quarter as investors moved to price in further interest rate rises and an increased risk of recession. Inflation continued to move higher in many major economies during the quarter. Among equities, the MSCI Value index outperformed its growth counterpart but both saw sharp falls. Chinese shares proved a bright spot as prolonged lockdowns were lifted in some major cities. US equities fell in Q2. Investor focus was trained on inflation and the policy response from the Federal Reserve (Fed) for much of the period. The Fed enacted its initial rate hikes during the quarter and signaled that there would be more to come. Even so, the central bank admitted the task of bringing inflation down without triggering a recession would be challenging. The US economy looks robust, but signs of a slowdown are emerging. The 'flash' US composite purchasing managers' index (PMI) eased from 53.6 to 51.2 in June. The services component eased from 53.4 to 51.6, but the manufacturing output deteriorated from 55.2 to a two-year low of 49.6. Only twice has this fallen by more than 5.6 points; during the pandemic in 2020 and the financial crisis in 2008. (The PMI indices, produced by IHS Market, are based on survey data from companies in the manufacturing and services sectors.) PCE inflation, the Fed's preferred price gauge, was unchanged at 6.3% y/y in May. The second quarter saw further steep declines for Eurozone shares as the war in Ukraine continued and concerns mounted over potential gas shortages. Higher inflation is also denting consumer confidence, with the European Central Bank (ECB) poised to raise interest rates in July. Top performing sectors included energy and communication services while information technology and real estate experienced sharp falls. A flash estimate from Eurostat signaled inflation at 8.6% in June, up from 8.1% in May, with energy the biggest contributor to the rise. Ongoing elevated inflation means the ECB is poised to lift interest rates at its meeting on 21 July, with a further rise likely in September. Concerns over the higher cost of living and possibility of recession saw the European Commission's consumer confidence reading fall to -23.6 in June, the lowest level since the early stages of the pandemic in April 2020. Bonds continued to sell off sharply, with yields markedly higher amid still elevated inflation data, hawkish central banks and rising interest rates. Bonds rallied into quarter-end amid rising growth concerns, slightly curtailing the negative returns. The US consumer price index increased by 8.6% year-on-year to May, accelerating unexpectedly, and showed price rises broadening across sectors. The Fed implemented a series of hikes, raising the policy rate by 75 basis points (bps) in June for the first time since 1994. At the same time, Fed officials cut 2022 growth forecasts. The US 10-year bond yield rose from 2.35% to 2.97% and the two-year yield from 2.33% to 2.93%.

## ACTIVITY REPORT (Continued)

For the year ending 31 December 2022

After a rally in July, both shares and bonds turned lower and registered negative returns for Q3. Any hopes of interest rate cuts were dashed as central banks reaffirmed their commitment to fighting inflation. The Federal Reserve, European Central Bank and Bank of England all raised interest rates in the quarter. Emerging markets underperformed their developed counterparts. Commodities generally declined. US equities fell in Q3. The communication services sector, including both telecoms and media stocks, was among the weakest sectors over the quarter, along with real estate. The consumer discretionary and energy sectors proved the most resilient. In July, the market had started to focus on the possibility of interest rate cuts from the US Federal Reserve (Fed) in 2023, given concerns about slowing growth. However, such hopes were dashed at August's Jackson Hole summit of central bankers, where the Fed reaffirmed its commitment to fighting inflation. This sent stocks lower in the second half of the quarter. The Fed raised the federal funds rate by 75 basis points (bps) to 3.25% in September; the third consecutive 75bps increase. The Fed's preferred measure of inflation (the core personal consumption expenditure index) ticked up again in August - on a year-on-year (y/y) basis - from 4.7% to 4.9%. GDP data confirmed that the US economy is in a technical recession with GDP falling by -0.6% y/y in Q2 after a -1.6% contraction in Q1. However, other data showed resilience, such as the August non-farm payrolls report that showed 315,000 new jobs added that month. Eurozone shares experienced further sharp falls in Q3 amid the ongoing energy crisis, rising inflation, and consequent fears about the outlook for economic growth. Every sector posted negative returns, with the steepest falls for communication services, real estate and healthcare. Some pharmaceutical stocks were hit by worries over potential liabilities related to US litigation around heartburn drug Zantac. The real estate sector has been pressured by rising bond yields. The European Central Bank raised interest rates in July and September, taking the deposit rate to 0.75% and refinancing rate to 1.25%. Annual inflation for the Eurozone was estimated at 10.0% in September, up from 9.1% in August. For Global bonds the heightened market volatility during third quarter continued as central banks and investors continued to grapple with persistent inflation amid a slowing growth backdrop. The Federal Reserve (Fed) tagged on another 75 bps increase onto existing rates in September which brought the rate to between 3.0% and 3.25%. This is the fifth interest rate in the year so far, following rate hikes to 1.75% in June and 2.5% in July. Chair Jerome Powell stated that the Fed's outlook remains unchanged since the Jackson Hole meeting. The US 10-year yield rose from 2.97% to 3.83% and the 2-year yield from 2.93% to 4.23% in Q3.

Stock markets rounded off a tumultuous year with gains in Q4. Asian shares were boosted by China's relaxation of its zero-Covid policy, while European equities also advanced strongly. Government bond yields edged up towards the end of Q4 (meaning prices fell). This reflected some market disappointment at major central banks reiterating plans to tighten monetary policy, even as inflation showed signs of peaking. Commodities gained in the quarter, led by industrial metals. US equities made robust gains in Q4, with much of the progress made in November. Investors balanced ongoing caution from the Federal Reserve (Fed) with indications that the pace of policy tightening would slow, and signs that elevated inflation could be cooling. There were also especially strong corporate earnings in certain sectors. Annualized Q3 GDP for the US was confirmed at 3.2% in December, which was stronger than the second estimate of 2.9%. Unemployment remains at 3.7%. 263,000 jobs were added in November; the lowest number since April 2021. The latest consumer price index (CPI) print - for November - showed inflation slowed to 0.1% (month-on-month) versus October. Inflation remains elevated however, at 7.1% year on year. The Fed's final rate hike of the year was indeed a pared back 50 basis points (bps) rise after four consecutive 75 bps tightening moves. The policy rate is, however, expected to continue to climb in 2023. Eurozone shares notched up a strong advance in Q4, outperforming other regions. Gains came from a variety of sectors, notably economically-sensitive areas like energy, financials, industrials and consumer discretionary. More defensive parts of the market such as consumer staples lagged the wider market's advance. Equity gains were supported by hopes that inflation may be peaking in Europe as well as in the US. Annual inflation (as measured by the harmonized consumer price index) fell to 10.1% in November from 10.6% in October. The European Central Bank (ECB) raised interest rates by 50 basis points (bps) in December, a slower pace than its previous 75 bps hikes. However, ECB President Christine Lagarde warned that the central bank was "not done" with increasing interest rates. The ECB also confirmed plans to stop replacing maturing bonds. Markets ended the year on a mixed note in the final quarter for global bonds. Government bond yields edged up towards the end of Q4, reflecting some market disappointment at the hawkish tone from some central banks, despite mounting evidence of slowing economic growth. The Federal Reserve (Fed) raised rates twice during the quarter, ending at 4.5%. The Bank of England also announced two rate hikes, bringing the UK interest rate to 3.5% at the end of Q4, while the Bank of Japan announced a modification to its yield curve control policy.

### **SALUS ALPHA SICAV - Salus Alpha Directional Markets**

The Sub-Fund Salus Alpha Directional Markets was liquidated on 29 March 2022 due to forced redemption. The performance for the period 1 Jan till 29 March 2022 was negative 9.31%.

### **SALUS ALPHA SICAV – Global Invest One Fund**

The Global Invest One Sub-Fund is an actively managed fund which targets the highest possible long-term yield with a target volatility of 10 - 15% p.a. The Sub-Fund invests in shares and financial indices in the most liquid markets worldwide and follows a purely technical approach where no fundamental data is taken into consideration. A minimum equity allocation of 51% will be held at all times.

To achieve its investment objective the Sub-Fund is actively managed and invests long in shares with high market capitalization and high trading volumes around the world as well as long and short in high-volume exchange-listed futures based on the fund manager's assessment of economic conditions, the situation on the capital markets and the outlook of risk assets. To support investment ideas the fund manager licensed a stock ranking list based on Markowitz portfolio optimization. When implementing the Sub-Fund's strategy, the fund is positioned depending on the direction of the expected return of each investment in the portfolio.

# ACTIVITY REPORT (Continued)

For the year ending 31 December 2022

Name	Return 1.1.22-31.12.22
<b>Salus Alpha Global Invest One</b>	<b>-20.17%</b>
<b>Benchmark Indices:</b>	
MSCI World	-19.46%
HFRX Equity Hedge Index	-3.18%

## Sub-fund Review

### Q1/22

SALUS ALPHA SICAV – Global Invest One returned -7.49% Q1'22.

A look back at markets in Q1, which was dominated by Russia's shocking invasion of Ukraine as well as rising inflationary pressures. Sanctions also struck at the Russian financial system. Assets of the Russian central bank were frozen, while coordinated steps were taken with numerous allies to seeking to deny Russia access to the global financial system. The ongoing war in Ukraine and rising inflation led to a small pullback in forward-looking measures of economic activity.

### Q2/22

SALUS ALPHA SICAV – Global Invest One returned -14.08% Q2'22.

A look back at markets in Q2 when shares suffered steep declines and bonds also came under pressure.

Declines affected all sectors although consumer staples and utilities were comparatively resilient. There were dramatic declines for some stocks, most notably in the media & entertainment and auto sectors. Concerns over the higher cost of living and possibility of recession saw the European Commission's consumer confidence reading fall to -23.6 in June, the lowest level since the early stages of the pandemic in April 2020.

### Q3/22

SALUS ALPHA SICAV – Global Invest One achieved a positive return of 3.49% in Q3'22.

A look back on markets in Q3, when central banks made clear that their priority is fighting inflation. US equities fell in Q3. The communication services sector, including both telecoms and media stocks, was among the weakest sectors over the quarter, along with real estate. The consumer discretionary and energy sectors proved the most resilient. Energy costs continued to be the largest contributor to inflation. Nord Stream 1, the main pipeline supplying gas to Europe from Russia, was closed for maintenance in July. It came back on stream temporarily before Russia shut it down again in early September. This put further pressure on power generators, many of whom need to buy natural gas from higher cost sources, and intensified worries over potential energy shortages this winter. The news also sent the euro to a 20-year low versus the US dollar.

### Q4/22:

SALUS ALPHA SICAV – Global Invest One returned -3.04% in Q4'22.

A look back at markets in Q4, when shares made strong gains. Most sectors rose over the quarter, a number climbing significantly. Energy stocks posted especially strong gains, with sector heavyweights Exxon and Chevron posting record profits in the quarter. Consumer discretionary was a notable exception, with Tesla's decline an outsized influence. Data showed that the Eurozone economy grew by 0.3% quarter-on-quarter in Q3, slowing from 0.8% growth in Q2. Forward-looking indicators continued to point towards contraction although the rate of decline moderated. The composite purchasing managers' index for December was 48.8, up from 47.8 in November. Falling gas prices, amid unusually mild weather for much of the period, helped to alleviate some cost pressures.

## Outlook

Global growth is slowing sharply in the face of elevated inflation, higher interest rates, reduced investment and disruptions caused by Russia's invasion of Ukraine. Given fragile economic conditions, any new adverse development—such as higher-than-expected inflation, abrupt rises in interest rates to contain it, a resurgence of the COVID-19 pandemic, or escalating geopolitical tensions—could push the global economy into recession. This would mark the first time in more than 80 years that two global recessions have occurred within the same decade. The global economy is projected to grow by 1.7% in 2023 and 2.7% in 2024. The sharp downturn in growth is expected to be widespread, with forecasts in 2023 revised down for 95% of advanced economies and nearly 70% of emerging market and developing economies. Over the next two years, per-capita income growth in emerging market and developing economies is projected to average 2.8%—a full percentage point lower than the 2010-2019 average. In Sub-Saharan Africa—which accounts for about 60% of the world's extreme poor—growth in per capita income over 2023-24 is expected to average just 1.2%, a rate that could cause poverty rates to rise, not fall. Growth in advanced economies is projected to slow from 2.5% in 2022 to 0.5% in 2023. Over the past two decades, slowdowns of this scale have foreshadowed a global recession. In the United States, growth is forecast to fall to 0.5% in 2023—1.9 percentage points below previous forecasts and the weakest performance outside of official recessions since 1970. In 2023, euro-area growth is expected at zero percent—a downward revision of 1.9 percentage points. In China, growth is projected at 4.3% in 2023—0.9 percentage point below previous forecasts. Excluding China, growth in emerging market and developing

# ACTIVITY REPORT (Continued)

For the year ending 31 December 2022

## Outlook (Continued)

economies is expected to decelerate from 3.8% in 2022 to 2.7% in 2023, reflecting significantly weaker external demand compounded by high inflation, currency depreciation, tighter financing conditions, and other domestic headwinds. By the end of 2024, GDP levels in emerging and developing economies will be roughly 6% below levels expected before the pandemic. Although global inflation is expected to moderate, it will remain above pre-pandemic levels. Under these assumptions, the Sub-fund SALUS ALPHA SICAV - Salus Alpha Global Invest One will balance the risks on a long-short basis.

## SALUS ALPHA SICAV - Salus Alpha Special Situations

### **Investment Strategy**

The Salus Alpha Special Situations Fund is a Multi-Asset sub-fund of Salus Alpha SICAV, investing across the full range of eligible instruments like bonds, equities and cash. It combines an opportunistic core portfolio of selected, fundamentally attractively valued top companies (5% - 20% exposure) with positions in short- and medium-termed special situations (0% - 70% exposure). Employing a traditional stock-picker approach, the fund target is to achieve an absolute return independent of the development of the overall equity market. Special situations are for example acquisitions and bidding wars, changes in the capital structure, management changes, share buybacks, director's dealings, IPOs, capital increases, index changes or earnings surprises.

### **Portfolio Manager**

Roland Neuwirth has spent 15 years working for Deutsche Bank as equity analyst and most recently as Managing Director responsible for Austrian Equities. Over the years he has built up a reputation as an excellent stock picker both on the long and short side with many provoking and accurate stock recommendations. Several times he has been elected into Europe's 'All-Star Analyst Team' of equity analysts by the Institutional Investor magazine and has won five times in a row the Austrian 'Analyst Award' by the Austrian online-magazine Börseexpress.

Roland Neuwirth and his team of experienced equity analysts are focused on Special Situations and Stock-Picking for the core portfolio part of the fund.

### **Market Environment**

FY2022 was a turbulent year for global capital markets with a range of geopolitical and economic headwinds after the Covid-era fallout. Global equities and bonds experienced sharp losses over the twelve-months period against the backdrop of elevated inflation, rising interest rates, the war in Ukraine and the fear over global slowdown. Volatility has also been heightened by the stronger US Dollar supported by aggressive interest rate hikes by the US Federal Reserve (Fed) and the economic consequences of the Russia-Ukraine war. Inflation measures reached 40-year highs resulting from years of quantitative easing (ultra-stimulative fiscal and monetary policies) and supply chain disruptions by the Russia-Ukraine war. US and other major central banks responded to higher inflation by one of the most aggressive tightening campaigns (hiking interest rate) in decades.

The period began on a relatively weak note due to investors' concerns about slowing growth and rising inflation. February brought Russia's shocking invasion of Ukraine. The war is having a devastating impact on the people of Ukraine. It is also exacerbating some of the existing economic pressures, as Western nations imposed sanctions on Russian corporations, financial entities, oil and other commodities. Commodity prices soared given Russia is a key producer of several important commodities including oil, gas, and wheat. Energy prices hit multi-year highs as a result of low gas supply and a supply chain crisis.

The US Federal Reserve (Fed) increased interest rates from 0.25% to 4.5% (seven consecutive rate hikes in 2022) and pushing borrowing costs to the highest level since 2019. The US Consumer Price Index (CPI) inflation rate remained elevated, at 7.1% year-on-year in November (down from a peak level of 9.1% in June). The Fed's faster pace of interest rate rises contributed to dollar strength over the period. Rising inflation was a major contributor to weaker growth. The US Manufacturing PMI (Purchasing Managers' Index) fell to 48.4 in December, significantly lower levels since early pandemic. The unemployment rate remained steady, at 3.7%. The US economy increased at an annualized rate 3.2% in Q3 2022, rebounding from a contraction in the first half of the year, which saw the GDP shrink by -0.6% in Q2 and -1.6% in Q1.

On the other side, Eurozone inflation rose at an annual rate of 9.2% in December, down from the double-digit levels of 10.1% in November and 10.6% in October. Energy costs have been the largest contributor to inflation. Nord Stream 1, the main pipeline supplying gas to Europe from Russia, was closed for maintenance in July. It came back on-stream temporarily before Russia shut it down again in early September. This put further pressure on power generators, many of whom need to buy natural gas from higher cost sources, and intensified worries over potential energy shortages this winter. The news also sent the Euro to a 20-year low versus the US dollar. In October, the European Commission proposed a new regulation to cap energy prices and introduce measures such as joint gas purchasing. Worries over gas shortages eased with storage facilities close to capacity after a ramp-up in imports and lower demand amid mild weather and energy-saving measures.

The European Central Bank (ECB) raised interest rates in July, September, November and December taking its main interest rate to 2.5%, the highest rate since 2008. ECB rates had been negative (below 0%) for eight years until it hiked in July 2022. However, ECB President Christine Lagarde warned that the central bank will keep raising interest rates until it brings inflation down to around its 2% mid-term goal. The ECB also confirmed plans to stop replacing maturing bonds. The Eurozone economy grew by 0.3% quarter-on-quarter in Q3, slowing from 0.8% growth in Q2. Forward-looking indicators continued to point towards contraction although the rate of decline moderated. Falling gas prices, amid unusually mild weather for much of the period, helped to alleviate some cost pressures.

## ACTIVITY REPORT (Continued)

For the year ending 31 December 2022

### Market Environment (Continued)

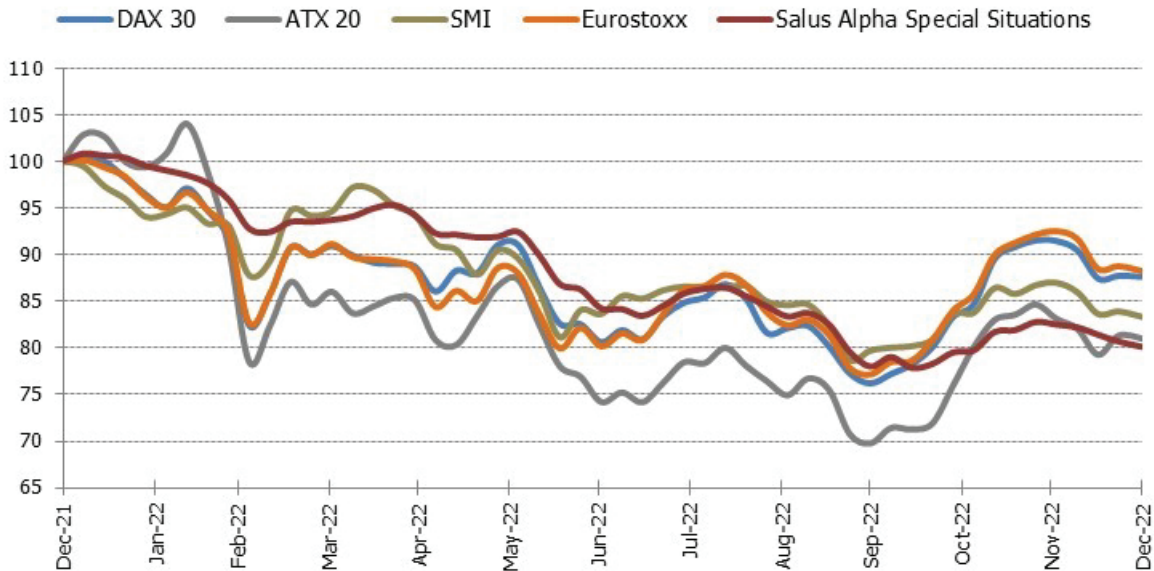
Emerging markets faced a slightly different picture. While other economies remained open with few pandemic restrictions, China maintained its 'zero Covid' policy until November. However, toward the end of the period, China loosened its pandemic restrictions that have constrained China's economic growth since early 2020. Emerging market (EM) equities posted strong returns over Q4, helped by a weaker US dollar and risk-on sentiment.

The Salus Alpha Special Situations Fund combines a Core portfolio of a few selected and fundamentally first class companies with an opportunistic approach based on exploiting market independent short-term and medium-term Special Situations.

Name	Returns from 1.1.2022 to 31.12.2022
<b>Salus Alpha Special Situations</b>	<b>-19.9%</b>
<b>Benchmark Indices:</b>	
Dow Jones Credit Suisse All Hedge Event Driven Index USD	-2.8%
HFRX Event Driven Index USD	-7.3%
HFRX Special Situations Index USD	-7.7%
<b>Long-Only Equity Indices:</b>	
ATX	-19.0%
DAX 30	-12.3%
Swiss Market Index SMI	-16.7%
Dow Jones EuroStoxx 50	-11.7%

### Sub-fund Performance – Review

During the reporting period (1/1/2022-31/12/2022), the Salus Alpha Special Situations Fund lost -20%. While the performance of traditional long-only indices during the same period were – the Euro Stoxx 50 Index: -12%, the DAX 30 Index: -12%, the ATX Index: -19%, and the Swiss Market Index (SMI): -17%.



(Period: 1.1.2022 to 31.12.2022. Source: Salus Alpha, Bloomberg)



# ACTIVITY REPORT (Continued)

For the year ending 31 December 2022

## Fund Performance – Review (Continued)

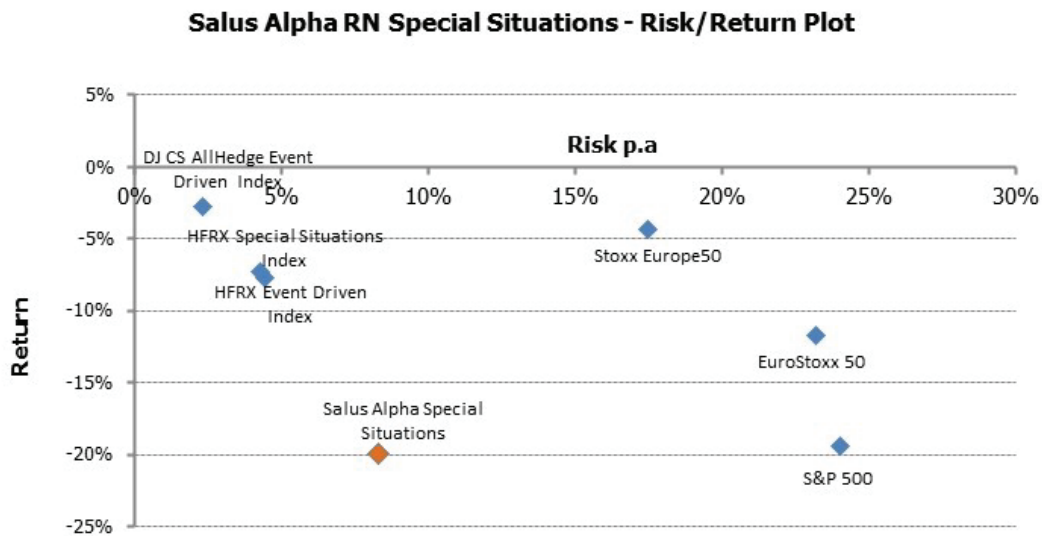
The Sub-fund started the period with a relatively low risk profile of about 30% Equity and 58% Bond exposure. We started increasing our risk exposure in January as global markets focused on economic resilience and the positive corporate earnings. However, Russia’s invasion of Ukraine in late February caused a global shock. Global equity and bond markets suffered steep declines as investors moved to price-in further interest rate rises and an increased risk of recession. However, during Mar/April, we increased our risk profile (Equity exposure to 40% and Bond exposure to 55%), by taking advantage of lower market valuations of the European companies.

The energy crisis across Europe intensified amid worries over supply and high costs. Global markets experienced further sharp falls in Q3 amid rising inflation, and consequent fears about the outlook for economic growth. The Federal Reserve (Fed), European Central Bank (ECB) and Bank of England (BoE) all raised interest rates and made clear that their priority is fighting against inflation. However, global equities and bonds rebounded in Q4 amid hopes that inflation may have peaked in Europe as well as in the US. However, we sold a decent part of equities into strength and thus, reduced our risk-profile (Equity exposure: 30% and Bond exposure to 50%), towards the end of the year.

## Fund Performance:

	Salus Alpha Special Situations	Eurostoxx	DAX	ATX
Returns for period 1.1.2022 to 31.12.2022	-19.9%	-11.7%	-12.3%	-19.0%
Volatility p.a.	8.3%	23.2%	23.2%	26.5%
Modified Sharpe Ratio	-2.40	-0.51	-0.53	-0.72
Correlation of Salus Alpha Special Situations with Equities	-	0.87	0.89	0.92

The graph below shows the risk/reward profile of the Salus Alpha Special Situations Fund in comparison with other hedge fund indices and long only Equities benchmarks:



(Period: 1.1.2022 to 31.12.2022. Source: Salus Alpha, Bloomberg.)

# ACTIVITY REPORT (Continued)

For the year ending 31 December 2022

## CORE PORTFOLIO:

The Strategy's Core position in Mayr-Melnhof AG (Europe's leading manufacturer of cartonboard and packaging boxes) offers an impressive history of stable and growing earnings and cash flows, and the long-term business prospects are clearly underpinned by sustainability qualities. We think the company's pricing power remains healthy, despite unprecedented cost inflation. We believe M&A-driven investment case remains fully intact.

The Fund's another Core position in Oesterreichische Post AG (the leading logistics and postal services provider in Austria) produces strong cash flows and pays decent dividends. However, towards the end of the year, we sold the entire position into strength.

## SPECIAL SITUATIONS:

The Strategies' high-conviction Special Situations in the German potash miner, K+S AG rallied more than +20% during FY2022, and thus, is the top performer for our Fund. The company benefited from buoyant potash markets. K+S delivered record earnings, mainly driven by a favourable market environment and very strong potash prices during the period.

The Strategies' Special Situations in Agrana Beteiligungs AG (an Austrian refiner and processor of agricultural raw materials) offers a very balanced business model with strong regional positions. We like Agrana's investment case as its end markets exposure is very defensive with 75% of the company's revenues related to the food sector. The current improved sugar prices is a major earnings driver and should support to the company's profitability.

We made decent/smaller profits in our short term positions Verbund AG, OMV AG and Schoeller-Bleckmann Oilfield Equipment AG. Electricity prices have been steadily growing for the last two years. The energy crisis across Europe intensified amid worries over supply and high costs. Low natural gas supply and low French nuclear production kept electricity prices at high levels in 2023. The halting of the Russian gas flow has also supported higher prices.

On the downside, the strategies' Special Situations in Warimpex (Austrian real estate development and investment company), Siltronic AG (German semiconductor silicon wafers supplier) and TUI AG (German tourism group) fell by -42%, -44% and -38% respectively, and thus, detracted from the Fund's performance during the period. Furthermore, the Strategies' exposure to corporate bonds have delivered negative returns during the reporting period.

## Fund Performance – Outlook

Global market volatility is likely to remain high as central banks continue to tighten and high uncertainty about economic recession and geopolitical risks. The economic outlook has been mainly dominated by the pivot of central banks towards more restrictive monetary policies to reduce inflation pressures. Hence, the policy rates in major economies have substantially increased, with future rate hikes expected in the foreseeable future. The war in Ukraine has highlighted the structural imbalances between supply of and demand for energy and food, leading to a surge in global energy prices which in turn exacerbated concerns of elevated inflation.

However, we see European equities offering attractive valuations and strong upside potential. Global growth might pick up again and inflationary pressures will ease in the next year allowing central banks to ease up on the monetary policy brakes. Thus, we continue to maintain our moderate risk profile and also trying to use market corrections for buying first class quality, but we don't shy away from selling in order to lock-in profits. Our investment process will continue to focus on high-quality companies which are easy-to-understand and characterized by successfully established business models. We are confident in the fundamental strength of our portfolio and believe that it will serve well in the current environment. We believe our discerning investment approach and focus on quality should continue to reward over the long term.

## Risk Management

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk, liquidity risk, counterparty risk, operational risk, credit risk, compliance risk and concentration risk. For a description of other relevant risk factors, please refer to the current prospectus of the Company.

The Fund is required by applicable laws and regulations to ensure that the Sub-Funds' global exposure relating to derivative instruments does not exceed the total net value of its portfolio. The risk exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. According to ESMA Guideline 10-788, the global exposure may be calculated through the commitment approach or through the Value-at-Risk ("VaR") methodology. The commitment approach is based, in part, on the principle of converting the exposure to derivative instruments into equivalent positions of the underlying assets and quantifying the exposure in absolute value of the total commitments (which may account for coverage and netting). VaR provides a measure of the potential loss that could arise over a given time interval under normal market conditions, and with a given probability, defined as confidence level. Please refer to the relevant appendix to see which methodology each Sub-Fund uses to calculate its global exposure.

To the Shareholders of  
SALUS ALPHA SICAV  
2, rue de Canach  
L-5368 Schuttrange

## REPORT OF THE INDEPENDENT AUDITOR

### Opinion

We have audited the financial statements of SALUS ALPHA SICAV (the “Fund”) and of each of its sub-funds, which comprise the statement of net assets and the statement of investments as at 31 December 2022 and the statement of operations and other changes in net assets for the year then ended, and 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 2022, 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 (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 independent auditor” 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 stated in the annual report but does not include the financial statements and our report of the independent auditor 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 the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Responsibilities of the independent auditor for the Audit of the Financial Statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the independent auditor 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 dated 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 dated 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 the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's 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 independent auditor 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 independent auditor. However, future events or conditions may cause the Fund 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.

For Deloitte Audit, *Cabinet de révision agréé*

Rainer Mahnkopf, *Réviseur d'entreprises agréé*

Managing Director

Luxembourg, 28 April 2023

# SALUS ALPHA SICAV

## STATEMENT OF NET ASSETS

As at 31 December 2022

Expressed in EUR

	Notes	SALUS ALPHA GLOBAL INVEST ONE	SALUS ALPHA SPECIAL SITUATIONS	COMBINED
<b>Assets</b>				
Securities portfolio at market value	2.2	2,737,189.59	2,097,939.55	4,835,129.14
Cash at banks		139,973.42	479,842.34	619,815.76
Margin account		107,956.72	-	107,956.72
Interest receivable	2.4	7,232.53	31,624.02	38,856.55
Dividends receivable	2.4	2,390.98	-	2,390.98
Unrealised gain on futures contracts	2.7	9,774.10	-	9,774.10
Prepaid expenses		7,076.63	7,073.72	14,150.35
Due from broker		268,596.16	-	268,596.16
Other receivables		20.86	4,234.15	4,255.01
<b>TOTAL ASSETS</b>		<b>3,280,210.99</b>	<b>2,620,713.78</b>	<b>5,900,924.77</b>
<b>Liabilities</b>				
Bank overdrafts		-	857.24	857.24
Unrealised loss on futures contracts	2.7	150.00	-	150.00
Performance fees payable		2,159.60	-	2,159.60
Investment Management fees payable		3,242.52	3,837.49	7,080.01
Administration fees payable		3,550.82	3,550.82	7,101.64
Audit fee payable		16,081.47	26,385.88	42,467.35
Depositary fees payable		4,985.94	4,985.94	9,971.88
Formation expense payable		10,500.00	10,500.00	21,000.00
Due to broker		134,272.52	-	134,272.52
Subscription tax payable		452.05	349.98	802.03
Other liabilities		7,786.22	5,384.79	13,171.01
<b>TOTAL LIABILITIES</b>		<b>183,181.14</b>	<b>55,852.14</b>	<b>239,033.28</b>
<b>TOTAL NET ASSETS</b>		<b>3,097,029.85</b>	<b>2,564,861.64</b>	<b>5,661,891.49</b>

# SALUS ALPHA SICAV

## STATEMENT OF NET ASSETS (continued)

As at 31 December 2022

	<u>Number of shares outstanding</u>	<u>Net asset value per share</u>
<b>SALUS ALPHA SICAV - SALUS ALPHA GLOBAL INVEST ONE</b>		
Class P EUR LU1280953149	15,365.33	EUR 85.46
Class R EUR LU1280953735	187,415.10	EUR 8.48
Class P USD LU1280953222	2,000.00	USD 104.62

	<u>Number of shares outstanding</u>	<u>Net asset value per share</u>
<b>SALUS ALPHA SICAV - SALUS ALPHA SPECIAL SITUATIONS</b>		
Class F EUR LU1290231049	2.00	EUR 9.43
Class R EUR LU1280956597	231,505.66	EUR 11.07
Class P EUR LU1280955789	14.10	EUR 82.00

	<u>Number of shares outstanding</u>	<u>Net asset value per share</u>
<b>SALUS ALPHA SICAV - Salus Alpha Directional Markets*</b>		
Class F EUR LU1290226049	-	-
Class R EUR LU1280955276	-	-

\* Liquidated on 29 March 2022 due to forced redemption.

# SALUS ALPHA SICAV

## STATEMENT OF OPERATIONS AND OTHER CHANGES IN NET ASSETS

For the year ended 31 December 2022

Expressed in EUR

	Notes	SALUS ALPHA GLOBAL INVEST ONE	SALUS ALPHA DIRECTIONAL MARKETS*	SALUS ALPHA SPECIAL SITUATIONS	COMBINED
<b>Income</b>					
Net dividends	2.4	44,479.49	-	26,807.36	71,286.85
Net interest on bonds	2.4	13,915.45	3,034.55	72,152.82	89,102.82
Bank interest on cash account		713.34	-	-	713.34
Other income		2,627.76	-	1,360.99	3,988.75
<b>TOTAL INCOME</b>		<b>61,736.04</b>	<b>3,034.55</b>	<b>100,321.17</b>	<b>165,091.76</b>
<b>Expenses</b>					
Amortisation of formation expenses	2.5	3,326.75	99.00	3,301.20	6,726.95
Investment Management fees	3	34,207.07	3,149.07	50,180.82	87,536.96
Depositary fees		16,269.49	199.06	11,111.38	27,579.93
Taxe d'abonnement	4	1,323.98	32.15	1,218.29	2,574.42
Administrative expenses		16,721.37	12,393.28	45,521.38	74,636.03
Audit fees		21,757.46	815.28	15,434.31	38,007.05
Performance fees	3	2,159.60	-	-	2,159.60
Bank charges		203.76	-	250.00	453.76
Interest expenses		3,489.13	36.43	977.80	4,503.36
FATCA fees		2,007.03	-	2,006.99	4,014.02
Transaction fees	2.6	17,434.50	878.98	2,072.78	20,386.26
Risk management fees		7,501.21	447.86	7,475.30	15,424.37
Director fees		5,911.16	329.57	5,310.84	11,551.57
Operating fees		73,673.46	8,089.04	56,447.76	138,210.26
Other expenses	5	78,840.99	7,482.48	108,616.12	194,939.59
<b>TOTAL EXPENSES</b>		<b>284,826.96</b>	<b>36,705.24</b>	<b>309,924.97</b>	<b>631,457.17</b>
<b>NET INVESTMENT GAIN/(LOSS)</b>		<b>(223,090.92)</b>	<b>(33,670.69)</b>	<b>(209,603.80)</b>	<b>(466,365.41)</b>
<b>Net gain / loss from investments</b>					
<b>Net realised gains/(losses)</b>					
- securities portfolio	2.3	(246,130.14)	(35,126.65)	61,147.14	(220,109.65)
- financial futures	2.7	35,028.46	(40,487.67)	-	(5,459.21)
- foreign currency transactions	2.8	3,745.47	2,093.16	-	5,838.63
<b>NET REALISED GAINS/(LOSSES) FOR THE YEAR/PERIOD</b>		<b>(430,447.13)</b>	<b>(107,191.86)</b>	<b>(148,456.66)</b>	<b>(686,095.65)</b>
<b>Movement in net unrealised gains/(losses)</b>					
- securities portfolio	2.9	(73,856.59)	19,629.86	(443,913.94)	(498,140.67)
- futures contracts	2.9	9,624.10	196.98	-	9,821.08
- foreign currency transactions		(122,181.22)	(778.50)	-	(122,959.72)
<b>Increase/(decrease) in net assets as a result of operations</b>		<b>(616,860.84)</b>	<b>(88,143.52)</b>	<b>(592,370.60)</b>	<b>(1,297,374.96)</b>
Subscription capitalisation shares		1,309,083.41	-	1,058,483.82	2,367,567.23
Redemption capitalisation shares		(356,784.70)	(791,266.31)	(1,579,444.39)	(2,727,495.40)
<b>Increase/(decrease) in net assets</b>		<b>335,437.87</b>	<b>(879,409.83)</b>	<b>(1,113,331.17)</b>	<b>(1,657,303.13)</b>
<b>Net assets at the beginning of the year/period</b>		<b>2,761,591.98</b>	<b>879,409.83</b>	<b>3,678,192.81</b>	<b>7,319,194.62</b>
<b>Net assets at the end of the year/period</b>		<b>3,097,029.85</b>	<b>-</b>	<b>2,564,861.64</b>	<b>5,661,891.49</b>

\* Liquidated on 29 March 2022 due to forced redemption.



# SALUS ALPHA SICAV – SALUS ALPHA GLOBAL INVEST ONE

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## STATISTICAL INFORMATION

As at 31 December 2022

<b>Total net assets</b>	
- as at 31 December 2022	EUR 3,097,030.30
- as at 31 December 2021	EUR 2,761,591.98
- as at 31 December 2020	EUR 39,880.43

<b>Number of Class F EUR shares*</b>	
- outstanding at the beginning of the year	-
- issued	-
- redeemed	-
- outstanding at the end of the year	-

<b>Net asset value per Class F EUR shares</b>	
- as at 31 December 2022	-
- as at 31 December 2021	-
- as at 31 December 2020	EUR 8.91

\* Closed in 2021

<b>Number of Class P EUR shares</b>	
- outstanding at the beginning of the year	10,800.00
- issued	15,365.33
- redeemed	(10,800.00)
- outstanding at the end of the year	15,365.33

<b>Net asset value per Class P EUR shares</b>	
- as at 31 December 2022	EUR 85.46
- as at 31 December 2021	EUR 106.51
- as at 31 December 2020	-

<b>Number of Class R EUR shares</b>	
- outstanding at the beginning of the year	151,772.18
- issued	203,479.10
- redeemed	(167,836.18)
- outstanding at the end of the year	187,415.10

<b>Net asset value per Class R EUR shares</b>	
- as at 31 December 2022	EUR 8.48
- as at 31 December 2021	EUR 10.62
- as at 31 December 2020	-

# SALUS ALPHA SICAV – SALUS ALPHA GLOBAL INVEST ONE

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## STATISTICAL INFORMATION (continued)

As at 31 December 2022

### Number of Class P USD shares

- outstanding at the beginning of the year	-
- issued	2,000.00
- redeemed	-
<hr/>	<hr/>
- outstanding at the end of the year	2,000.00

### Net asset value per Class P USD shares

- as at 31 December 2022	EUR 104.62
- as at 31 December 2021	-
- as at 31 December 2020	-

# SALUS ALPHA SICAV – SALUS ALPHA GLOBAL INVEST ONE

## STATEMENT OF INVESTMENTS

As at 31 December 2022

(Expressed in Euro)

Currency	Nominal/ Quantity	Description	Cost	Market value	% of total net assets
<b>Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market</b>					
<b>Equity shares</b>					
<i>China</i>					
HKD	3,700.00	BYD CO LTD-H (HK)	94,103.93	85,331.53	2.76%
		<i>Total China</i>		<i>85,331.53</i>	<i>2.76%</i>
<i>France</i>					
EUR	200.00	LVMH MOET HENNESSY LOUIS VUI	130,830.00	135,980.00	4.39%
		<i>Total France</i>		<i>135,980.00</i>	<i>4.39%</i>
<i>Germany</i>					
EUR	875.00	DEUTSCHE BOERSE AG - GY	145,253.30	141,225.00	4.56%
EUR	1,100.00	DR ING HC F PORSCHE AG	114,230.00	104,225.00	3.37%
EUR	430.00	LINDE PLC	134,321.25	131,343.50	4.24%
EUR	455.00	MUENCHENER RUECKVER	120,650.10	138,320.00	4.47%
		<i>Total Germany</i>		<i>515,113.50</i>	<i>16.64%</i>
<i>India</i>					
USD	4,000.00	ICICI BANK LIMITED - SPONSORED ADR_	85,913.02	81,805.02	2.64%
		<i>Total India</i>		<i>81,805.02</i>	<i>2.64%</i>
<i>Ireland</i>					
EUR	2,900.00	X MSCI WORLD HEALTH CARE	136,184.00	132,211.00	4.27%
		<i>Total Ireland</i>		<i>132,211.00</i>	<i>4.27%</i>
<i>Switzerland</i>					
CHF	1,200.00	NESTLE SA-REG (SW)	130,525.51	129,913.17	4.19%
		<i>Total Switzerland</i>		<i>129,913.17</i>	<i>4.19%</i>
<i>United States</i>					
USD	750.00	BOEING CO	134,081.54	133,477.36	4.31%
USD	275.00	ENPHASE ENERGY INC	68,604.19	68,074.92	2.20%
USD	600.00	MARATHON PETROLEUM CORP	61,208.02	65,244.08	2.11%
USD	170.00	O'REILLY AUTOMOTIVE INC	134,229.42	134,054.37	4.33%
USD	637.00	REPUBLIC SERVICES INC	80,524.92	76,766.13	2.48%
USD	2,100.00	GLOBAL X LITHIUM & BATTERY T	131,448.98	114,991.35	3.71%
USD	260.00	UNITEDHEALTH GROUP INC	126,851.28	128,786.66	4.16%
		<i>Total United States</i>		<i>721,394.87</i>	<i>23.30%</i>
		<b>Total equity shares</b>	<b>1,828,959.46</b>	<b>1,801,749.09</b>	<b>53.92%</b>

# SALUS ALPHA SICAV – SALUS ALPHA GLOBAL INVEST ONE

## STATEMENT OF INVESTMENTS

As at 31 December 2022

(Expressed in Euro)

Currency	Nominal/ Quantity	Description	Cost	Market value	% of total net assets
<b>Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market</b>					
<b>Bonds</b>					
<i>Germany</i>					
EUR	150,000.00	BUNDESREPUB. DEUTSCHLAND 15 Feb 2024	150,108.00	148,782.00	4.80%
EUR	200,000.00	BUNDESREPUB. DEUTSCHLAND Aug 23 2%	200,787.00	199,918.00	6.46%
EUR	200,000.00	BUNDESREPUB. DEUTSCHLAND Aug 24 1%	195,776.50	195,124.00	6.30%
EUR	150,000.00	BUNDESREPUB. DEUTSCHLAND Aug 25 1%	146,187.00	144,090.00	4.65%
EUR	50,000.00	BUNDESREPUB. DEUTSCHLAND Feb 25 0.5%	48,539.50	47,872.50	1.55%
EUR	200,000.00	BUNDESREPUB. DEUTSCHLAND May 23 1.5%	199,850.35	199,654.00	6.45%
		<i>Total Germany</i>		<i>935,440.50</i>	<i>30.21%</i>
		<b>Total bonds</b>	<b>941,248.35</b>	<b>935,440.50</b>	<b>30.21%</b>
<b>TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING AND/OR DEALT IN ANOTHER REGULATED MARKET</b>			<b>2,770,207.81</b>	<b>2,737,189.59</b>	<b>84.13%</b>

# SALUS ALPHA SICAV – SALUS ALPHA GLOBAL INVEST ONE

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## INDUSTRIAL AND GEOGRAPHICAL CLASSIFICATION OF INVESTMENTS

In percentage of Net Assets  
As at 31 December 2022

### Industrial classification of investments

<b>Sector</b>	<b>% of total net assets</b>
Banking	2.64%
Basic Materials	4.24%
Battery materials	3.71%
Consumer Discretionary	7.76%
Credit institutions	1.55%
Energy	2.20%
Financial	4.47%
Government	28.66%
Healthcare	4.27%
Non financial corporations	24.33%
Other financial intermediaries	4.57%
<b>TOTAL</b>	<b>88.40%</b>

### Geographical classification of investments

<b>Country</b>	<b>% of total net assets</b>
China	2.76%
France	4.39%
Germany	46.86%
India	2.64%
Ireland	4.27%
Switzerland	4.19%
<b>United States</b>	<b>23.29%</b>
<b>TOTAL</b>	<b>88.40%</b>

# SALUS ALPHA SICAV – SALUS ALPHA DIRECTIONAL MARKETS\*

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## STATISTICAL INFORMATION

As at 31 December 2022

### SALUS ALPHA SICAV - Salus Alpha Directional Markets\*

#### Total net assets

- as at 31 December 2022	0
- as at 31 December 2021	EUR 879,409.83
- as at 31 December 2020	EUR 987,239.15

#### Number of Class R EUR shares

- outstanding at the beginning of the year	96,301.91
- issued	-
- redeemed	(96,301.91)
<hr/>	<hr/>
- outstanding at the end of the year	-

\* Liquidated on 29 March 2022 due to forced redemption.

# SALUS ALPHA SICAV – SALUS ALPHA SPECIAL SITUATIONS

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## STATISTICAL INFORMATION

As at 31 December 2022

### Total net assets

- as at 31 December 2022	EUR 2,564,861.64
- as at 31 December 2021	EUR 3,678,192.81
- as at 31 December 2020	EUR 6,414,330.14

### Number of Class F EUR shares

- outstanding at the beginning of the year	9,906.46
- issued	2.00
- redeemed	(9,906.46)
<hr/>	<hr/>
- outstanding at the end of the year	2.00

### Net asset value per Class F EUR shares

- as at 31 December 2022	EUR 9.43
- as at 31 December 2021	EUR 11.49
- as at 31 December 2020	EUR 11.05

### Number of Class R EUR shares

- outstanding at the beginning of the year	258,004.77
- issued	241,642.22
- redeemed	(268,141.33)
<hr/>	<hr/>
- outstanding at the end of the year	231,505.66

### Net asset value per Class R EUR shares

- as at 31 December 2022	EUR 11.07
- as at 31 December 2021	EUR 13.82
- as at 31 December 2020	EUR 13.54

### Number of Class P EUR shares

- outstanding at the beginning of the year	-
- issued	2,134.10
- redeemed	(2,120.00)
<hr/>	<hr/>
- outstanding at the end of the year	14.10

### Net asset value per Class P EUR shares

- as at 31 December 2022	EUR 82.00
- as at 31 December 2021	-
- as at 31 December 2020	-

# SALUS ALPHA SICAV – SALUS ALPHA SPECIAL SITUATIONS

## STATEMENT OF INVESTMENTS

As at 31 December 2022

(Expressed in Euro)

Currency	Nominal/ Quantity	Description	Cost	Market value	% of total net assets
<b>Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market</b>					
<b>Equity Shares</b>					
<i>Austria</i>					
EUR	4,900.00	AGRANA BETEILIGUNGS AG	87,065.70	73,255.00	2.86%
EUR	1,200.00	DO & CO AG	87,033.96	106,320.00	4.15%
EUR	1,500.00	ERSTE GROUP BANK AG	44,907.75	44,850.00	1.75%
EUR	650.00	MAYR MELNHOF KARTON ORD	100,323.60	98,280.00	3.83%
EUR	1,000.00	VERBUND AG	89,346.30	78,650.00	3.07%
EUR	28,953.00	WARIMPEX FINANZ- UND BETEILI	36,852.12	18,819.45	0.73%
		<i>Total Austria</i>		<i>420,174.45</i>	<i>16.39%</i>
<i>Germany</i>					
EUR	4,500.00	K+S AG	127,513.80	82,687.50	3.22%
EUR	1,200.00	SILTRONIC AG	146,280.00	81,780.00	3.19%
EUR	50,000.00	TUI AG	123,060.00	76,000.00	2.96%
		<i>Total Germany</i>		<i>240,467.50</i>	<i>9.37%</i>
		<b>Total equity shares</b>	<b>842,383.23</b>	<b>660,641.95</b>	<b>25.76%</b>
<b>Bonds</b>					
<i>Austria</i>					
EUR	200,000.00	AT & S AG DEC 99 5%	200,000.00	169,000.00	6.59%
EUR	100,000.00	BEST IN PARKING KONZERN	101,850.00	99,974.00	3.90%
EUR	200,000.00	ERSTE GROUP BANK AG DEC 49 3.375%	199,949.00	155,500.00	6.06%
EUR	100,000.00	LENZING AG DEC 99 5.75%	100,000.00	81,319.00	3.17%
EUR	100,000.00	OBERBANK AG	99,651.00	80,445.00	3.14%
EUR	200,000.00	RAIFFEISEN BANK INTL 6.125% 31/12/2049-	200,000.00	178,160.00	6.95%
EUR	100,000.00	SIMMO AG	100,000.00	91,553.00	3.57%
EUR	80,000.00	UBM DEVELOPMENT AG	80,000.00	74,717.60	2.91%
EUR	100,000.00	VIENNA INSURANCE GRP AGW OCT 43 FLOATING_	107,979.00	99,455.00	3.88%
		<i>Total Austria</i>		<i>1,030,123.60</i>	<i>40.17%</i>
<i>Germany</i>					
EUR	200,000.00	GRENKE AG	200,000.00	180,800.00	7.05%
EUR	100,000.00	INFINEON TECHNOLOGIES AG DEC 49 3.625%	99,121.00	89,106.00	3.47%
		<i>Total Germany</i>		<i>269,906.00</i>	<i>10.52%</i>
		<b>Total bonds</b>	<b>1,488,550.00</b>	<b>1,300,029.60</b>	<b>50.69%</b>



# SALUS ALPHA SICAV – SALUS ALPHA SPECIAL SITUATIONS

## STATEMENT OF INVESTMENTS (continued)

As at 31 December 2022

(Expressed in Euro)

Currency	Nominal/ Quantity	Description	Cost	Market value	% of total net assets
<b>Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market</b>					
<b>Shares/Units in investment funds</b>					
<i>Austria</i>					
EUR	1,200.00	ADVISORY FLEXIBEL FUND	120,000.00	137,268.00	5.35%
			<i>Total Austria</i>	<i>137,268.00</i>	<i>5.35%</i>
		<b>Total shares/units in investment funds</b>	<b>120,000.00</b>	<b>137,268.00</b>	<b>5.35%</b>
<b>TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</b>			<b>2,450,933.23</b>	<b>2,097,939.55</b>	<b>81.80%</b>

# SALUS ALPHA SICAV – SALUS ALPHA SPECIAL SITUATIONS

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## INDUSTRIAL AND GEOGRAPHICAL CLASSIFICATION OF INVESTMENTS

In percentage of Net Assets  
As at 31 December 2022

### Industrial classification of investments

<b>Sector</b>	<b>% of total net assets</b>
Banks	16.15%
Chemicals	3.17%
Consumer, Cyclical	10.02%
Diversified	7.05%
Energy & Resources	3.22%
Financial	18.45%
Food & Beverage	2.86%
Industrial	3.83%
Non financial corporations	6.25%
Real Estate	0.73%
Technology	10.07%
<b>TOTAL</b>	<b>81.80%</b>

### Geographical classification of investments

<b>Country</b>	<b>% of total net assets</b>
Austria	61.90%
Germany	19.90%
<b>TOTAL</b>	<b>81.80%</b>

# SALUS ALPHA SICAV

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2022

### NOTE 1 - Activity

SALUS ALPHA SICAV (the "Fund") is a company organised as an open-ended investment company with variable capital (*société d'investissement à capital variable*) set up as a public limited liability company and registered in the Grand Duchy of Luxembourg as an Undertaking for Collective Investment in Transferable Securities ("UCITS") pursuant to Part I of the Luxembourg law of 17 December 2010.

The Fund was incorporated on 15 February 2013 for unlimited duration and is registered with the *Registre de Commerce et des Sociétés*, Luxembourg under number RCS B175 421. It was registered in the official list of collective investment funds of the *Commission de Surveillance du Secteur Financier* with effective date on 15 December 2015.

The Fund is an umbrella fund and as such can operate separate Sub-Funds, each of which being represented by one or more classes of shares.

As at 31 December 2022, the following share classes are available for subscriptions:

Sub-Funds	Share Class
SALUS ALPHA SICAV - Salus Alpha Global Invest One	Class P EUR, Class R EUR and Class P USD
SALUS ALPHA SICAV - Salus Alpha Special Situations	Class F EUR, Class R EUR and Class P EUR

The Fund's financial year starts on 1 January and ends on 31 December each year.

### NOTE 2 - Summary of most significant accounting policies

#### 2.1 Presentation of the financial statements

The financial statements are prepared in accordance with legal and regulatory requirements relating to undertakings for collective investments and generally accepted accounting principles in Luxembourg.

#### 2.2 Valuation of assets

The value of the cash in hand or on deposit, the bills and promissory notes payable at sight and the accounts receivable, the prepaid expenses, dividends and interest declared or due but not yet received shall consist of their nominal value, unless it proves unlikely that this value can be obtained. If this should be the case, the value of these assets will be determined by deducting an amount in good faith pursuant to the procedures established by the Board of Directors of the Fund;

Securities quoted on an official stock exchange or another regulated market which operates regularly and is recognised and open to the public, are valued on the basis of the latest available price known on the calculation date, unless said price is not representative; if the security in question is quoted on several markets, it is valued on the basis of the price on the main market. If the price is not representative, the valuation shall be based on the last known price, if this is also not representative, the valuation shall be determined prudently and in good faith pursuant to procedures established by the Board of Directors of the Fund;

All other securities not quoted on an official stock exchange or another regulated market which operates regularly and is recognised and open to the public, or any other asset that is quoted but its price is not representative, is valued at fair market value as determined in good faith pursuant to the procedures established by the Board of Directors of the Fund. If no fair values are available or only inadequate fair values are available, the value of the assets will be determined prudently and in good faith pursuant to procedures established by the Board of Directors of the Fund.

Investments in other UCITS or UCIs are valued on the basis of the latest available net asset value.

#### 2.3 Net realised gains losses on sales of securities

The net realised gains losses on sales of securities are determined on the basis of the average cost of the securities sold and are recorded in the statement of operations and changes in net assets.

#### 2.4 Income

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

#### 2.5 Formation expenses

Expenses in connection with the incorporation of the Fund and the launch of R and P shares class of various Sub-Funds are amortised on a straight line basis over maximum five years period.

#### 2.6 Transaction fees

The transaction fees, i.e. fees charged by the brokers and the Depositary agent for securities transactions and similar transactions, are recorded separately in the statement of operations and other changes in net assets under the caption "Transaction fees".

# SALUS ALPHA SICAV

## NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

### NOTE 2 - Summary of most significant accounting policies

#### 2.7 *Futures contracts*

Futures contracts are posted off-balance sheet and valued at their last known price on the stock exchanges or regulated markets for that purpose. The unrealised gain or loss is disclosed in the statement of net assets. Realised gains or losses and changes in unrealised gains or losses are disclosed in the statement of operations and changes in net assets.

#### 2.8 *Conversion of foreign currencies*

Transactions in other currencies than currency of the Sub-Fund are recorded in the currency of the Sub-Fund based on the exchange rates in effect on the date of the transactions. Assets and liabilities denominated in other currencies than currency of the Sub-Fund are translated at the rate of exchange ruling at each balance sheet date. Exchange gains and losses are disclosed in the statement of operations and changes in net assets.

The following exchange rate was used by the Fund as at 31 December 2022:

1 CHF =	EUR	1.0105
1 HKD =	EUR	0.1197
1 USD =	EUR	0.9343

#### 2.9 *Movement in net unrealised gain/loss*

In accordance with current practices, movement in net unrealised gain/loss at the end of the financial year is accounted for in the financial statements.

#### 2.10 *Combined statements*

The various items appearing in the combined financial statements of the Fund are equal to the sum of the corresponding items in the financial statements of each Sub-Fund and are drawn up in EUR.

### NOTE 3 - Management and performance fees

#### Management fees:

Salus Alpha Capital Ltd, the Investment Manager, is entitled to receive a management fee per annum, accrued on each Valuation Day and payable monthly in arrears out of the assets of each class of share. The management fee is based on the average net assets of each Sub-Fund at a maximum rate of 1.25% for the P Shares class and 1.90% for the R Shares class. There is no management fee for the F Shares class.

#### Performance fees:

In addition to the management fee, the Investment Manager is entitled to a performance fee which is calculated on each Valuation Date on the basis of the net asset value of the relevant class of share and paid quarterly. The performance fee may only be levied and set aside if the following criterion is fulfilled: the net asset value of a class of share used in the calculation of a performance fee must be greater than previous net asset values ("High Water Mark"). Each preceding decline in the net asset value per share of the relevant class of share must be offset by a further increase above the last maximum value at which a performance fee was incurred. Calculation of the performance fee and the necessary provisioning takes place on each Valuation Date.

If, on the Valuation Date, the net asset value of a class of share is greater than the preceding net asset values (prior to deduction of the performance fee), a performance fee at the rate of 20% shall be deducted on the difference between the net asset value of the class of share and the all-time High Water Mark.

For the year under review, the performance fee was EUR 2,159.60 for SALUS ALPHA SICAV - Salus Alpha Global Invest One and nil for SALUS ALPHA SICAV - Salus Alpha Special Situations.

### Note 4 - Subscription tax ("taxe d'abonnement")

The Fund is subject in Luxembourg to a subscription tax levied at the rate of 0.05% per annum based on the net asset value of the Fund at the end of the relevant quarter, calculated and paid quarterly. The rate of this tax is reduced to 0.01% of the net assets for the Sub-Funds exclusively available to institutional investors.

# SALUS ALPHA SICAV

## NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

### NOTE 5 - Other expenses

As at 31 December 2022, other expenses are represented as follows :

	SALUS ALPHA SICAV
	EUR
Account Bank fee	13,471.72
Accounting Fee	5,142.99
Commission	40,852.50
Compliance Officer Fee Expense	12,800.00
Consultant fee expense	84.24
Financial statement prep exp	35,136.47
Insurance expense	499.27
KiiD Fees	9,500.01
Legal fee	13,046.15
Other expenses	12,622.36
Out-of-Pocket Expenses	2,004.14
Paying Agent Fee Expense	5,069.28
Publishing Fees	1,230.00
Registration Fee Expense	2,402.41
Secretarial fee	5,453.39
Sub-Custodian fee	913.70
Tax Preparation Fee Expense	87.89
Transfer Agent fee expense	10,040.60
Translation Fee Expense	35.10
CSSF	8,800.00
Taxes	12,612.57
VAT Expense	3,134.80
<b>Total</b>	<b>194,939.59</b>

### NOTE 6 - Financial futures contracts

SALUS ALPHA SICAV - Salus Alpha Global Invest One

Unrealised gain on financial futures contracts as at 31 December 2022 are as follows:

Currency	Counterparty	No. of Contracts	Underlying Securities	Expiration Date	Notional Value in EUR	Unrealised gain in EUR
HKD	European Depository Bank SA	4.00	HIF3 HKG	January, 2023	476,937.92	3,514.47
USD	European Depository Bank SA	4.00	ECH3 CME	March, 2023	502,359.04	6,259.63
					<b>Total</b>	<b>9,774.10</b>

# SALUS ALPHA SICAV

## NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2022

### NOTE 6 - Financial futures contracts (continued)

SALUS ALPHA SICAV - Salus Alpha Global Invest One (continued)

Unrealised loss on financial futures contracts as at 31 December 2022 are as follows:

Currency	Counterparty	No. of Contracts	Underlying Securities	Expiration Date	Notional Value in EUR	Unrealised loss in EUR
EUR	European Depositary Bank SA	(2.00)	GXH3 EUX	March, 2023	(699,400.00)	(150.00)
					<b>Total</b>	<b>(150.00)</b>

### Note 7 - Changes of the investment portfolio

Details of changes in the securities portfolio for the year referring to this report are available upon request - free of charge - at the registered office of the Fund.

### NOTE 8 - Significant event during the year

As at 29 March 2022, the Sub-Fund Salus Alpha Directional Markets was liquidated on 29 March 2022 due to forced redemption.

As on 1 September 2022, the Fund has appointed Apex Fund Services S.A. as Administrator of the Fund.

As on 1 September 2022, the Fund has appointed European Depositary Bank as Depositary Bank of the Fund.

The invasion of Ukraine by Russia led to higher volatility and potentially will lead a global recession if not solved in the best interest of the international community. As of today it is very difficult to foresee if this will happen and when it will happen but markets however will sort things out and digest.

### Note 9 – Subsequent event

There were no subsequent events after the financial year-end.

# SALUS ALPHA SICAV

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## UNAUDITED INFORMATION

### Risk Management Disclosure

The Sub-Funds SALUS ALPHA SICAV - Salus Alpha Directional Markets, Salus Alpha SICAV - Global Invest One and SALUS ALPHA SICAV -Salus Alpha Special Situations use the commitment approach in order to monitor and measure the global exposure.

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk, liquidity risk, counterparty risk, operational risk, credit risk, compliance risk and concentration risk. For a description of other relevant risk factors, please refer to the current prospectus of the Company.

The Fund is required by applicable laws and regulations to ensure that the Sub-Funds' global exposure relating to derivative instruments does not exceed the total net value of its portfolio. The risk exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. According to ESMA Guideline 10-788, the global exposure may be calculated through the commitment approach or through the Value-at-Risk ("VaR") methodology. The commitment approach is based, in part, on the principle of converting the exposure to derivative instruments into equivalent positions of the underlying assets and quantifying the exposure in absolute value of the total commitments (which may account for coverage and netting). VaR provides a measure of the potential loss that could arise over a given time interval under normal market conditions, and with a given probability, defined as confidence level. Please refer to the relevant appendix to see which methodology each Sub-Fund uses to calculate its global exposure.

### Securities Financing Transactions and of Reuse Regulation ("SFTR")

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

### Remuneration policy

Salus Alpha SICAV is a self-managed SICAV, an investment company with variable capital that has designated to manage itself. The Fund has no direct staff involved in the portfolio management. The self-managed investment company is subject to the most of UCITS management company requirements as set in the Law of 17 December 2010, as amend and the CSSF Circular 12/546, as amended.

The Fund's Directors, Conducting Officers and staff are remunerated by the Fund and are subject to its remuneration policy.

The Fund pays fees for the services it receives from its service providers and such fees do not include a variable component related to the Fund's performance and the Fund does not pay its service providers bonuses based on the Fund's performance.

The amount of the total remuneration awarded by Salus Alpha SICAV to its staff consisting of 6 persons (including 2 conducting persons and 3 directors) for the financial year ending 31 December 2022 is comprised of fixed remuneration of EUR 138,500 and variable remuneration of EUR 0 as Salus Alpha SICAV's remuneration policy is not allowing any variable salary component. There were a total of 6 beneficiaries of the remuneration described above.

The Board of Directors of the Fund reviews and adopts the Remuneration Policy on annual basis. As at 19th December 2022, the Board of Directors reviewed the Remuneration Policy and found it to be appropriate. The remuneration policy can be found on [www.salusalphabet-sicav.com](http://www.salusalphabet-sicav.com).

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

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