



---

# 2018 Annual Report

Investment Fund under Danish Law

CVR No: 24260534

Investeringsforeningen Sydinvest

**Sydinvest**

# CONTENTS

<b>INVESTMENT FUND INFORMATION</b>	<b>5</b>
<b>PLACES OF PAYMENT AND SALES OFFICES</b>	<b>5</b>
<b>DIRECTORS' REPORT</b>	<b>6</b>
FINANCIAL MARKETS IN 2018	6
PERFORMANCE	8
ASSET DEVELOPMENTS	10
MARKET OUTLOOK FOR 2019	10
BUSINESS DEVELOPMENTS	11
RISKS	15
ACCOUNTING ESTIMATES AND UNCERTAINTY	17
SIGNIFICANT EVENTS AFTER THE EXPIRY OF THE FINANCIAL YEAR	17
BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT	18
<b>MANAGEMENT STATEMENT</b>	<b>19</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>20</b>
<b>FUND REPORTS AND FINANCIAL STATEMENTS</b>	<b>23</b>
<b>FONDE KL</b>	<b>24</b>
Fund report	24
Fonde KL – Financial Statements	25
<b>HØJRENTELANDE KL</b>	<b>28</b>
Fund report	28
HøjrenteLande KL – Financial Statements	29
HøjrenteLande A DKK – Financial Statements	32
Emerging Market Bonds B EUR d h – Financial Statements	33
HøjrenteLande W DKK d h – Financial Statements	34
<b>HØJRENTELANDE AKKUMULERENDE KL</b>	<b>35</b>
Fund report	35
HøjrenteLande Akkumulerende KL – Financial Statements	37
HøjrenteLande A DKK Akk – Financial Statements	40
Emerging Market Bonds B EUR Acc h – Financial Statements	41
Emerging Market Bonds I EUR Acc h – Financial Statements	42
Emerging Market Bonds I USD Acc h – Financial Statements	43
HøjrenteLande W DKK Acc h – Financial Statements	44
<b>HØJRENTELANDE KORTE OBLIGATIONER AKKUMULERENDE KL</b>	<b>45</b>
Fund report	45
HøjrenteLande Korte Obligationer Akkumulerende KL – Financial Statements	46
HøjrenteLande Korte Obligationer A DKK Akk – Financial Statements	48
HøjrenteLande Korte Obligationer W DKK Acc h – Financial Statements	49
<b>HØJRENTELANDE LOKAL VALUTA KL</b>	<b>50</b>
Fund report	50
HøjrenteLande Lokal Valuta KL – Financial Statements	51
HøjrenteLande Lokal Valuta A DKK – Financial Statements	54
Emerging Market Local Currency Bonds B EUR d – Financial Statements	55
HøjrenteLande Lokal Valuta W DKK d – Financial Statements	56
<b>HØJRENTELANDE LOKAL VALUTA AKKUMULERENDE KL</b>	<b>57</b>
Fund report	57
HøjrenteLande Lokal Valuta Akkumulerende KL – Financial Statements	58
Emerging Market Local Currency Bonds B EUR Acc – Financial Statements	61
Emerging Market Local Currency Bonds I EUR Acc – Financial Statements	62
HøjrenteLande Lokal Valuta W DKK Acc – Financial Statements	63

# CONTENTS

<b>HØJRENTELANDE MIX KL</b>	<b>64</b>
Fund report	64
HøjrenteLande Mix KL – Financial Statements	65
HøjrenteLande Mix A DKK – Financial Statements	68
HøjrenteLande Mix W DKK d – Financial Statements	69
<b>HØJRENTELANDE MIX ETIK AKKUMULERENDE KL</b>	<b>70</b>
Fund report	70
HøjrenteLande Mix Etik Akkumulerende KL – Financial Statements	72
HøjrenteLande Mix Etik I USD Acc – Financial Statements	75
<b>HØJRENTELANDE VALUTA KL</b>	<b>76</b>
Fund report	76
HøjrenteLande Valuta KL – Financial Statements	77
HøjrenteLande Valuta A DKK – Financial Statements	80
HøjrenteLande Valuta W DKK d – Financial Statements	81
<b>INTERNATIONAL KL</b>	<b>82</b>
Fund report	82
International KL – Financial Statements	83
International A DKK – Financial Statements	86
International Bonds B EUR d – Financial Statements	87
International W DKK d – Financial Statements	88
<b>INTERNATIONAL AKKUMULERENDE KL</b>	<b>89</b>
Fund report	89
International Akkumulerende KL – Financial Statements	90
International Bonds B EUR Acc – Financial Statements	93
<b>KORTE OBLIGATIONER KL</b>	<b>94</b>
Fund report	94
Korte Obligationer KL – Financial Statements	95
Korte Obligationer A DKK – Financial Statements	97
Korte Obligationer W DKK d – Financial Statements	98
<b>MELLEMLANGE OBLIGATIONER KL</b>	<b>99</b>
Fund report	99
Mellemlange Obligationer KL – Financial Statements	101
Mellemlange Obligationer A DKK – Financial Statements	104
Danish Bonds B DKK d – Financial Statements	105
Mellemlange Obligationer W DKK d – Financial Statements	106
<b>MELLEMLANGE OBLIGATIONER AKKUMULERENDE KL</b>	<b>107</b>
Fund report	107
Mellemlange Obligationer Akkumulerende KL – Financial Statements	109
Mellemlange Obligationer A DKK Akk – Financial Statements	111
Danish Bonds B DKK Acc – Financial Statements	112
Mellemlange Obligationer W DKK Acc – Financial Statements	113
<b>VIRKSOMHEDSOBLIGATIONER HY KL</b>	<b>114</b>
Fund report	114
Virksomhedsobligationer HY KL – Financial Statements	115
Virksomhedsobligationer HY A DKK – Financial Statements	117
Virksomhedsobligationer HY W DKK d h – Financial Statements	118
<b>VIRKSOMHEDSOBLIGATIONER HY AKKUMULERENDE KL</b>	<b>119</b>
Fund report	119
Virksomhedsobligationer HY Akkumulerende KL – Financial Statements	120
Virksomhedsobligationer HY A DKK Akk – Financial Statements	122
Virksomhedsobligationer HY W DKK Acc h – Financial Statements	123
<b>VIRKSOMHEDSOBLIGATIONER HY 2019</b>	<b>124</b>
Fund report	124



# CONTENTS

Virksomhedsobligationer HY 2019 – Financial Statements	125
<b>VIRKSOMHEDSOBLIGATIONER HY ETIK KL</b>	<b>128</b>
Fund report	128
Virksomhedsobligationer HY ETIK KL – Financial Statements	129
Virksomhedsobligationer HY ETIK W DKK d h –	131
Financial Statements	131
<b>VIRKSOMHEDSOBLIGATIONER IG KL</b>	<b>132</b>
Fund report	132
Virksomhedsobligationer IG KL – Financial Statements	133
Virksomhedsobligationer IG A DKK – Financial Statements	136
Virksomhedsobligationer IG W DKK d h –	137
Financial Statements	137
<b>VIRKSOMHEDSOBLIGATIONER IG ETIK KL</b>	<b>138</b>
Fund report	138
Virksomhedsobligationer IG Etik KL – Financial Statements	139
Virksomhedsobligationer IG Etik W DKK d h –	142
Financial Statements	142
<b>BRIK KL</b>	<b>143</b>
Fund report	143
BRIK KL – Financial Statements	144
<b>BRIK AKKUMULERENDE KL</b>	<b>147</b>
Fund report	147
BRIK Akkumulerende KL – Financial Statements	148
BRIK Akkumulerende A DKK Akk – Financial Statements	150
BRIK W DKK Acc – Financial Statements	151
<b>DANMARK KL</b>	<b>152</b>
Fund report	152
Danmark KL – Financial Statements	153
Danmark A DKK – Financial Statements	155
Danish Equities B DKK d – Financial Statements	156
Danmark W DKK d – Financial Statements	157
<b>EUROPA LIGEVÆGT &amp; VALUE KL</b>	<b>158</b>
Fund report	158
Europa Ligevægt & Value KL – Financial Statements	159
Europa Ligevægt & Value A DKK – Financial Statements	161
Europa Ligevægt & Value W DKK d – Financial Statements	162
<b>EUROPA LIGEVÆGT &amp; VALUE AKKUMULERENDE KL</b>	<b>163</b>
Fund report	163
Europa Ligevægt & Value Akkumulerende KL –	164
Financial Statements	164
Europa Ligevægt & Value W DKK Akk – Financial Statements	166
<b>FJERNØSTEN KL</b>	<b>167</b>
Fund report	167
Fjernøsten KL – Financial Statements	168
Fjernøsten A DKK – Financial Statements	171
Fjernøsten W DKK d – Financial Statements	172
<b>FJERNØSTEN AKKUMULERENDE KL</b>	<b>173</b>
Fund report	173
Fjernøsten Akkumulerende KL – Financial Statements	174
Fjernøsten A DKK Akk – Financial Statements	176
Far East Equities B EUR Acc – Financial Statements	177
Fjernøsten W DKK Acc – Financial Statements	178
<b>GLOBALE EM-AKTIER KL</b>	<b>179</b>
Fund report	179
Globale EM-aktier KL – Financial Statements	180
Globale EM-aktier A DKK – Financial Statements	183
Globale EM-aktier W DKK d – Financial Statements	184
<b>GLOBALE EM-AKTIER AKKUMULERENDE KL</b>	<b>185</b>

# CONTENTS

Fund report	185
Globale EM-aktier Akkumulerende KL – Financial Statements	186
Globale EM-aktier A DKK Akk – Financial Statements	188
Global EM Equities B EUR Acc – Financial Statements	189
Globale EM-aktier W DKK Acc – Financial Statements	190
<b>LATINAMERIKA KL</b>	<b>191</b>
Fund report	191
Latinamerika KL – Financial Statements	192
<b>LATINAMERIKA AKKUMULERENDE KL</b>	<b>195</b>
Fund report	195
Latinamerika Akkumulerende KL – Financial Statements	196
Latin America Equities B EUR Acc – Financial Statements	198
<b>SCANDI KL</b>	<b>199</b>
Fund report	199
SCANDI KL – Financial Statements	200
<b>TYSKLAND KL</b>	<b>203</b>
Fund report	203
Tyskland KL – Financial Statements	204
Tyskland A DKK – Financial Statements	207
<b>USA LIGEVÆGT &amp; VALUE KL</b>	<b>208</b>
Fund report	208
USA Ligevægt & Value KL – Financial Statements	209
USA Ligevægt & Value A DKK – Financial Statements	212
USA Ligevægt & Value W DKK d – Financial Statements	213
<b>VERDEN ETIK KL</b>	<b>214</b>
Fund report	214
Verden Etik KL – Financial Statements	215
Verden Etik W DKK d – Financial Statements	218
<b>VERDEN LIGEVÆGT &amp; VALUE KL</b>	<b>219</b>
Fund report	219
Verden Ligevægt & Value KL – Financial Statements	220
Verden Ligevægt & Value A DKK – Financial Statements	223
Verden Ligevægt & Value W DKK d – Financial Statements	224
<b>VERDEN LIGEVÆGT &amp; VALUE AKKUMULERENDE KL</b>	<b>225</b>
Fund report	225
Verden Ligevægt & Value Akkumulerende KL – Financial Statements	226
Verden Ligevægt & Value A DKK Akk – Financial Statements	229
Global Value Equities B EUR Acc – Financial Statements	230
Verden Ligevægt & Value W DKK Akk – Financial Statements	231
<b>JOINT NOTES</b>	<b>232</b>
1. ACCOUNTING POLICIES	232
2. ADMINISTRATIVE COSTS	236
3. SIGNIFICANT AGREEMENTS	236
4. COUNTERPARTY TO DERIVATIVES	237

# Investment Fund Information

Investeringsforeningen Sydinvest  
c/o Syd Fund Management A/S  
Peberlyk 4, 6200 Aabenraa, Denmark

Website [www.sydinvest.dk](http://www.sydinvest.dk)

FSA No (the Danish FSA)

11.040

CVR No

24260534

Date of establishment

21 September 1987

## Board of Directors

Hans Lindum Møller, General Manager (Chairman)  
Christian Anker Hansen, Attorney (Vice-Chairman)  
Peter Christian Jørgensen, General Manager  
Linda Sandris Larsen, Associate Professor  
Niels Therkelsen, General Manager

## Day-to-day management

Eskild Bak Kristensen, CEO

## Investment management company

Syd Fund Management A/S  
Peberlyk 4  
6200 Aabenraa, Denmark

## Investment consulting services

Sydbank A/S  
Peberlyk 4  
6200 Aabenraa, Denmark

## Custodian

Sydbank A/S  
Peberlyk 4  
6200 Aabenraa, Denmark

## Auditor

Ernst & Young P/S  
Godkendt Revisionspartnerselskab  
Osvald Helmuths Vej 4  
2000 Frederiksberg, Denmark

## General Meeting

The annual general meeting  
will be held on 4 April 2019 at 3.00pm  
at Sønderjyllandshallen, Aabenraa, Denmark

# Places of Payment and Sales Offices

## Places of payment and sales offices in Germany

Sydbank A/S  
Rathausplatz 11, D-24937 Flensburg  
Tel +49 (0)461 86020  
[deutschland@sydbank.dk](mailto:deutschland@sydbank.dk)

Sydbank A/S  
Sandtorkai 54, D-2045 Hamburg

Sydbank A/S  
Wall 55, 24103 Kiel

The prospectus, Key Investor Information, the articles of association as well as interim and annual reports are available free of charge at all places of payment and sales offices.

# Directors' Report

The directors' report is applicable to the entire Investment Fund, Investeringsforeningen Sydinvest, and all of its funds and unit classes. In addition the directors' report covers all comments on portfolios listed in connection with each fund or unit class as well as the financial data provided in the financial statements of each fund and unit class.

## Financial markets in 2018

Three factors in particular affected financial markets in 2018: signs of a slowdown in economic growth due in part to the trade war between USA and China; monetary policy tightening in line with key rate increases in the US and reduced liquidity injections; and then there was a change in mood in markets from upbeat to downbeat.

### Downward trend in the world economy

The actual trend in the global economy did not quite match up to expectations at the beginning of 2018. Instead of higher growth in 2018, the growth rate was on a par with that of 2017 with signs of a slowdown in the second half of the year. In mature markets the US was the top performer and as one of few countries showed an improvement in growth in 2018 compared with 2017 whereas European countries and Japan generally fell short of expectations. In emerging markets the picture was slightly more mixed. Growth in China and more broadly the Far East was under pressure due to the trade dispute with USA and a weaker demand for IT products. By contrast Latin America, Russia, the Middle East and Africa continued their improving growth trend from 2017 supported among other things by rising oil prices in the first 10 months of the year.

### Progress in USA

The considerable fiscal easing measures implemented in 2017 and 2018 have had a positive influence on the developments in the US economy. Even though monetary policy has been tightened, it remains loose and therefore supportive of growth in the US. This is reflected eg in a strong American labour market where unemployment remains under 4% and wages and salaries are rising. As a result consumer confidence and hence consumption has grown in the US.

The rising oil prices in early 2018 and the most recent tax reform have paved the way for increasing investments but also growth in imports. Foreign trade measured by exports and imports has increased. The strengthening of USD during the year and the pending trade war between the US and China in particular with the risk of 25% tariffs being imposed on Chinese imports from the start of 2019 constitute the challenges ahead. However the trade agreement between USA, Canada and Mexico, the USMCA, replacing the NAFTA is a positive factor.

Politically there was some relaxation in the relationship with North Korea when Trump and Kim Jong-un met at a summit in Singapore.

### Disappointing growth in Europe

Growth disappointed in Europe in 2018. The trade war had a negative impact in general and was particularly hard on the German car industry. The uncertainty surrounding Brexit, political crises of varying scope in Germany, Spain and Italy as well as an Italian budget proposal that did not meet the EU's requirements

created jitters and consequently poorer growth conditions.

### Growth in Japan at a low level

In Japan growth continues to be at a low level due among other things to weak growth in wages and salaries. Nevertheless the Japanese economy has seen the longest growth period starting at the end of 2012 since World War II. Growth has been driven by consumer spending and investments. By contrast exports were adversely impacted by the global trade war. The shrinking and ageing population represents a structural problem to the Japanese economy. The VAT rate increase in 2019 and coming years to 19% aims to contribute to financing the increasing health care costs but will also curb growth.

### New markets

China continued along the road to lower growth rates in 2018 but official statistics show that the activity in China is relatively unaffected by the escalating trade war with USA. There are signs of weakening industrial production and earnings in Chinese businesses. Furthermore there has been evidence of declining investments in infrastructure due to the high debts of local governments in the country and restrictions on shadow banking which has historically financed a great part of the projects.

In contrast growth went up in India driven by investments and exports. During most of the year the higher oil prices and a weakened currency exerted downward pressure on demand and upward pressure on inflation. However inflation was under control thanks to eg a merciful monsoon and lower taxes on oil products. The higher growth in India compared with the rest of the world resulted in a deterioration of the current account balance. Financing the current account represents a growing challenge as foreign direct investments in India are subsiding.

In Latin America elections were the order of the day. In Venezuela Mr Maduro was reelected president and the country has continued its economic deroute. An illustration of this is the country's launch of new bills in August where five zeros had been eliminated. At the same time the minimum wages were raised by 3,300%. By contrast Brazil and Mexico elected new presidents. In October the Brazilian presidential election resulted in the right-wing Mr Bolsonaro taking over from President Temer. In Mexico the result in July was that the leftist Mr Andrés Manuel López Obrador succeeded President Nieto.

Argentina and the International Monetary Fund (IMF) negotiated a new deal increasing support for the country well into 2019.

Rising economic imbalances following several years of high growth put pressure on Turkey in 2018 triggering a

substantial weakening of the currency and a significant tightening of the country's monetary policy.

### **Mounting sanctions pressure**

Not only has the US been active in the trade area but has also increased its sanctions pressure on a number of countries. In May USA terminated its nuclear agreement with Iran and in August this was followed by sanctions including gold trade, the car industry and the availability of US dollars.

Russia did not escape unscathed but had sanctions imposed on it several times, eg as a consequence of its interference with the American presidential election in 2016, its actions in Crimea and Syria as well as the poisoning in Salisbury.

### **Fluctuating oil prices**

Oil prices knocked about a good deal in 2018. Prices rose at the beginning of the year when growth prospects were bright. This trend turned suddenly in October when oil prices plummeted, among other things because global growth forecasts were downgraded. After an OPEC summit in Vienna in early December where it was decided to limit the production of oil, oil prices appear to have stabilised.

### **Inflation under control**

Globally inflation was on the rise in 2018. Increasing oil prices accounted for part of the rise. Falling prices of a number of metals pulled in the opposite direction. In the US the rate of wage increases rose but in general wage increases were modest in light of the advanced stage of the trade cycle.

### **Varying signals from central banks**

Also in 2018 monetary policy was supportive of the economic development although it was tightened for example via tapering of quantitative easing. The Fed continued its tightening policy from 2017 and hiked the key rate four times by 0.25 percentage points each time. The European Central Bank (ECB) kept its key rate unchanged but tapered its bond purchases which ended at year-end. Bank of Japan did not change its monetary policy but loosened its grip on the 10-year government bond yield which Bank of Japan has earlier tried to maintain close to zero. In future it will be allowed to increase by up to 0.2 percentage points. Bank of England raised its key rate once by 0.25 percentage points in 2018.

Bank of India increased its key rate, in Brazil it was reduced and in Russia it was initially reduced and subsequently raised during 2018.

### **Yield developments**

Yields on government bonds went up across the full yield curve in USA. This is attributable to monetary policy tightening in the country. They were largely unchanged in Japan. In the mature European countries yields dropped with long-term bonds recording the biggest declines. However Italy is an exception as yields rose here.

### **High-yield bonds**

High-yield bonds were adversely affected by the trade dispute and lower global growth expectations. This triggered increasing excess yields compared with equivalent US government bonds. Yields on bonds issued by emerging market countries were the most severely impacted and bonds issued in hard currency, eg USD, were hit the hardest. Yields also rose on bonds issued in local currency and for Danish investors they were negatively affected by most currencies having weakened against DKK. Moreover yields and excess yields on corporate bonds went up in 2018. Bonds with the lowest credit ratings saw the largest yield increases.

### **EUR weakening**

The weaker momentum in the European economy has caused EUR to weaken against most other currencies in mature markets. USD as well as JPY have strengthened by more than 5% against EUR.

By contrast a number of currencies have weakened significantly, notably the Venezuelan bolivar, the Argentine peso, the Turkish lira, the Brazilian real, the Russian rouble and the South African rand. Common to these countries is that they are plagued by high inflation and that the political leadership of the countries is considered by the market to be more or less inadequate.

### **From upbeat to downbeat sentiment in equity markets**

2018 was a year of big ups and downs in equity markets related to the mood swing from optimism to pessimism. For most markets the end result was lower share prices than at the beginning of the year.

USA was the top performer among the larger mature equity markets. European equities headed by German equities saw considerable price declines. The trade dispute, miscellaneous political crises and not least the signs of a growth slowdown in Europe left a distinct negative imprint on share prices.

In the new markets the top performers were shares from Russia and Brazil measured in local currency. Both markets benefited from the rising oil prices at the beginning of the year, and investors in Brazilian equities chose to welcome the newly elected president of the country. In Mexico share prices dropped and again the trade dispute was partly to blame but also the equity market did not approve of the populist measures launched by the newly elected president. Chinese and South Korean share prices dropped sharply due to the trade dispute and prospects of lower global growth and demand for technology products. IT high jumpers in 2017 such as Baidu, Alibaba and Tencent recorded significant price declines in 2018.

### **Sector developments**

Globally health care and utilities were the best performing sectors in 2018 followed by IT. For a long time IT shares were in the lead but following large price drops of some of the trend-setting American IT shares, they were outpaced by the more defensive sectors. Materials along with financials and industrials were the poorest performing sectors.



## Performance

**All equity funds and unit classes generated negative returns except for two funds/unit classes. The same is true of our bond funds and unit classes with the exception of 13 funds/unit classes.**

### Net profit

Net profit for 2018 totalled minus DKK 2.1bn compared with DKK 2.4bn in 2017. The Board of Directors will recommend to the general meeting that the Investment Fund distribute dividends totalling DKK 697.5m to investors for 2018. In comparison dividends distributed in 2017 amounted to DKK 1.7bn. Returns and dividend rates for the individual funds and unit classes have been calculated after costs and appear from tables 1-7. As usual dividends have been calculated in compliance with tax legislation and the prospectus. Dividends are specified in the note concerning distribution in the financial statements of the individual funds and unit classes.

### Mixed returns in share markets

The majority of funds and unit classes investing in shares generated negative returns in 2018. The large price drops in China had a substantial negative impact on most of our funds and unit classes investing in emerging markets. In general European shares produced negative returns in 2018 headed by German, Italian and Danish equities. Among the funds investing according to an equal weight and value strategy, USA Ligevægt & Value KL was the top performer. Growth shares generally outperformed value shares and as a consequence the equal weight and value funds could not keep up with their benchmarks. This was most notable in USA Ligevægt & Value KL, where growth shares performed much better than value shares. The share picks in Tyskland KL, Danmark KL and SCANDI KL resulted in underperformance in all cases and most markedly in the latter case.

The equity funds investing in emerging markets produced mixed returns. Latinamerika KL and unit class W in BRIK Akk. KL generated positive returns, both of them benefiting from a strong Brazilian equity market and moreover a strong Russian equity market contributed positively to return in the latter case. Latinamerika KL outperformed its benchmark, which can be attributed to good company picks particularly in Brazil but also in Mexico. The BRIC funds also performed better than their benchmarks due to favourable company allocations in Brazil and China. The equity funds investing globally in emerging markets and in the

Far East generated substantial negative returns and underperformed their respective benchmarks. The overweight of IT and gaming shares in China and the share picks in India contributed significantly to the underperformance of the Far East funds as did the share picks in South Korea and South Africa in the global EM equity funds.

### High-yield bonds are hard hit

The declining yields on Danish bonds generated positive returns in all the Danish bond funds. Short-term Danish mortgage bonds produced higher returns than equivalent government bonds and the opposite is true of longer-term bonds. Hence Korte Obligationer KL outperformed its benchmark whereas medium-term bond funds slightly underperformed their benchmarks. International government bonds increased slightly but still contributed with a positive return. Moreover international currencies have strengthened. International KL and International Akkumulerende KL produced positive returns lower than their benchmarks due in particular to the overweight of bonds from Mexico where yields have increased.

The funds investing in high-yield bonds all generated negative returns as a result of rising bond yields. High-yield funds investing in bonds issued in hard currency produced the lowest returns. In addition to rising yields the local currency funds were adversely impacted by the general weakening of currencies from emerging markets. HøjrenteLande Mix KL also generated a negative return. Compared to benchmark high-yield funds except unit class W HøjrenteLande Valuta KL underperformed. HøjrenteLande Valuta KL has a lower duration than its benchmark which is why the fund's investments were not as severely affected by the yield increases as the other high-yield funds. Relative to their benchmarks the other high-yield funds were negatively impacted in particular by their underweights in bonds from the markets offering the lowest yields. In the 2018 risk environment this type of bonds outperformed the riskier bonds offering higher yields.

All funds with corporate bonds underperformed their respective benchmarks.

Table 1

Dividends at 31 December 2018			
Funds without underlying unit classes as well as unit classes A			
Fund/unit class	Dividend for the financial year		
	2016	2017	2018 <sup>1)</sup>
<b>Bonds</b>			
Fonde KL	2.20	2.00	1.80
Højrentelande A DKK	4.80	14.30	2.80
Højrentelande Lokal Valuta A DKK	0.00	1.10	0.00
Højrentelande Mix A DKK	4.60	6.80	3.60
Højrentelande Valuta A DKK	0.00	0.00	0.00
International A DKK	0.00	0.30	0.00
Korte Obligationer A DKK	1.00	1.10	1.20
Mellemlange Obligationer A DKK	1.30	1.00	0.80
Virksomhedsobligationer HY A DKK	0.00	0.00	2.30
Virksomhedsobligationer HY 2019	2.65	3.00	3.00
Virksomhedsobligationer IG A DKK	0.00	12.80	0.00
<b>Shares</b>			
BRK A DKK	0.00	16.00	14.60
Danmark A DKK	52.30	30.50	30.00
Europa Ligevægt & Value A DKK	0.00	4.10	4.80
Fjernøsten A DKK	8.00	23.30	0.00
Globale EM-aktier A DKK	0.00	14.30	0.80
Latinamerika KL	0.00	0.00	0.00
SCANDI KL	0.00	11.80	1.40
Tyskland A DKK	0.00	0.00	6.00
USA Ligevægt & Value A DKK	5.30	3.10	3.80
Verden Ligevægt & Value A DKK	7.00	6.30	6.20

<sup>1)</sup> Proposed dividend

Table 2

Dividends at 31 December 2018			
Unit classes B – targeting foreign investors			
Fund/unit class	Dividend for the financial year		
	2016	2017	2018 <sup>1)</sup>
<b>Bonds</b>			
Danish Bonds B DKK d	0.04	0.11	0.09
Emerging Market Bonds B EUR d	0.48	1.38	0.27
Emerging Market Local Currency Bonds B EUR d	0.25	0.33	0.00
International Bonds B EUR d	0.14	0.16	0.00
<b>Shares</b>			
Danish Equities B DKK d	0.60	1.24	1.19

<sup>1)</sup> Proposed dividend

Table 3

Dividends at 31 December 2018			
Unit classes W – targeting Sydinvest Portefølje and Sydbank's Asset Management clients			
Fund/unit class	Dividend for the financial year		
	2016	2017	2018 <sup>1)</sup>
<b>Bonds</b>			
Højrentelande W DKK d	-	14.70	3.30
Højrentelande Lokal Valuta W DKK d	-	1.60	0.00
Højrentelande Mix W DKK d	-	7.10	4.20
Højrentelande Valuta W DKK d	-	0.00	0.00
International W DKK d	-	0.50	0.00
Korte Obligationer W DKK d	-	1.30	1.20
Mellemlange Obligationer W DKK d	-	1.30	1.10
Virksomhedsobligationer HY W DKK d h	-	0.00	2.70
Virksomhedsobligationer HY ETIK W DKK d h	-	2.50	3.40
Virksomhedsobligationer IG W DKK d h	0.00	10.80	0.00
Virksomhedsobligationer IG Etik W DKK d h	-	3.70	0.00
<b>Shares</b>			
Danmark W DKK d	-	-	12.50
Europa Ligevægt & Value W DKK d	-	4.50	5.40
Fjernøsten W DKK d	-	24.50	0.00
Globale EM-aktier W DKK d	-	15.40	1.90
USA Ligevægt & Value W DKK d	1.20	8.30	10.30
Verden Etik W DKK d	5.40	13.30	10.00
Verden Ligevægt & Value W DKK d	3.50	9.90	10.00

<sup>1)</sup> Proposed dividend

Table 4

NAV and total value increase at 31 December 2018						
Funds without underlying unit classes as well as unit classes A						
Fund/unit class	NAV	Return (%)				
		1 yr	3 yrs	5 yrs	7 yrs	10 yrs
<b>Bonds</b>						
Fonde KL	88.60	0.73	4.94	8.32	12.97	33.26
Højrentelande A DKK	78.10	(9.75)	6.63	7.65	20.14	111.38
Højrentelande A DKK Akk	175.97	(9.75)	6.39	7.42	19.34	110.01
Højrentelande Korte Obligationer A DKK Akk	114.87	(3.37)	4.15	2.22	12.08	-
Højrentelande Lokal Valuta A DKK	103.00	(3.54)	8.84	8.66	6.74	69.16
Højrentelande Mix A DKK	76.92	(6.43)	6.87	7.13	11.70	92.82
Højrentelande Valuta A DKK	105.17	(1.79)	6.82	6.70	3.91	52.18
International A DKK	112.16	2.47	(6.14)	8.14	14.20	56.85
Korte Obligationer A DKK	99.78	0.43	3.43	4.31	7.12	19.30
Mellemlange Obligationer A DKK	100.40	0.23	5.11	-	-	-
Mellemlange Obligationer A DKK Akk	104.05	0.27	5.16	-	-	-
Virksomhedsobligationer HY A DKK	77.69	(5.76)	7.07	0.50	25.93	166.72
Virksomhedsobligationer HY A DKK Akk	147.90	(5.70)	6.85	2.77	29.30	173.22
Virksomhedsobligationer HY 2019	103.14	(1.14)	-	-	-	-
Virksomhedsobligationer IG A DKK	95.04	(5.38)	2.81	5.65	15.52	-
<b>Shares</b>						
BRK KL	180.70	(0.28)	51.97	53.25	55.38	203.80
BRK A DKK Akk	260.82	(0.08)	52.23	54.89	57.58	204.40
Danmark A DKK	212.64	(13.93)	(4.92)	46.63	148.10	261.80
Europa Ligevægt & Value A DKK	65.34	(12.47)	1.53	13.25	52.49	104.86
Fjernøsten A DKK	140.81	(17.53)	6.23	35.54	67.77	169.38
Fjernøsten A DKK Akk	212.18	(87.66)	5.63	33.97	64.25	177.97
Globale EM-aktier A DKK	111.12	(14.10)	17.97	33.42	-	-
Globale EM-aktier A DKK Akk	138.06	(14.27)	17.68	33.26	-	-
Latinamerika KL	282.43	0.32	18.07	4.73	0.09	119.62
SCANDI KL	92.23	(17.93)	(4.88)	17.46	65.95	190.29
Tyskland A DKK	107.79	(21.34)	(5.69)	3.20	63.11	88.16
USA Ligevægt & Value A DKK	34.73	(5.03)	17.44	65.77	129.65	264.37
Verden Ligevægt & Value A DKK	72.18	(7.23)	13.07	40.53	82.94	181.37
Verden Ligevægt & Value A DKK Akk	114.08	(7.54)	12.16	-	-	-

Table 5

NAV and total value increase at 31 December 2018

Fund/unit class	NAV	Return (%)				
		1 yr	3 yrs	5 yrs	7 yrs	10 yrs
		<b>Unit classes B – targeting foreign investors</b>				
<b>Bonds</b>						
Danish Bonds B DKK d	9.90	0.28	4.82	-	-	-
Danish Bonds B DKK Acc	33.25	0.31	5.20	8.13	11.77	30.62
Emerging Market Bonds B EUR d	7.38	(9.85)	7.01	-	-	-
Emerging Market Bonds B EUR Acc h	26.74	(9.58)	7.03	9.28	21.02	112.36
Emerging Market Local Currency Bonds B EUR d	8.69	(3.60)	9.27	-	-	-
Emerging Market Local Currency Bonds B EUR Acc	15.59	(3.68)	8.93	7.69	4.65	68.49
International Bonds B EUR d	8.55	2.44	5.59	-	-	-
International Bonds B EUR Acc	15.89	2.54	6.20	7.42	12.09	51.94
<b>Shares</b>						
Danish Equities B DKK d	8.26	(13.65)	1.41	-	-	-
Far East Equities B EUR Acc	27.86	(17.72)	6.22	34.78	64.15	174.51
Global EM Equities B EUR Acc	30.19	(14.22)	18.45	30.47	30.58	148.73
Global Value Equities B EUR Acc	13.99	(7.39)	13.59	41.29	83.93	184.97
Latin America Equities B EUR Acc	26.01	(0.06)	18.52	5.25	0.81	120.34

Table 6

NAV and total value increase at 31 December 2018

Fund/unit class	NAV	Return (%)				
		1 yr	3 yrs	5 yrs	7 yrs	10 yrs
		<b>Unit classes I – targeting institutional investors</b>				
<b>Bonds</b>						
Emerging Market Bonds I EUR Acc h	2,387.35	(8.83)	9.32	11.66	26.45	115.42
Emerging Market Local Currency Bonds I EUR Acc	1,683.06	(3.18)	10.68	11.12	8.06	60.60
Emerging Market Sustainable Blended Debt I USD Acc	102.12	(5.67)	-	-	-	-

## Asset developments

In 2018 interest in investing through Sydinvest receded as in 2017. Net redemptions totalled DKK 3.5bn in 2018. The number of investors declined to around 62,900 at year-end.

In 2018 the Investment Fund's total assets declined by DKK 7.3bn to DKK 30.3bn. To this must be added that Sydinvest paid out dividends totalling DKK 1.6bn to investors in January 2018. Assets under management invested in equities declined by 21.7% and assets under management invested in bonds decreased by 18.3%.

At the end of 2018 high-yield funds accounted for 31.0% of the Investment Fund's total assets compared with 33.6% in 2017. The remaining bond funds represented 38.9% against 35.6% at year-end 2017. Equity funds constituted 30.1% compared with 31.0% at year-end 2017.

Among the equity funds, Verden Ligevægt & Value Akkumulerende KL and USA Ligevægt & Value attracted the greatest interest whereas the largest selloffs were recorded in Fjernøsten KL and Europa Ligevægt & Value KL.

Among the bond funds, investors showed the greatest interest in HøjrenteLande Akkumulerende KL and HøjrenteLande Lokal Valuta KL. The largest selloffs were recorded in HøjrenteLande Lokal Valuta Akkumulerende KL and Virksomhedsobligationer HY KL.

Table 7

NAV and total value increase at 31 December 2018

Fund/unit class	NAV	Return (%)				
		1 yr	3 yrs	5 yrs	7 yrs	10 yrs
		<b>Unit classes W – targeting Sydinvest Portefølje and Sydbank's Asset Management clients</b>				
<b>Bonds</b>						
HøjrenteLande W DKK d	78.58	(9.16)	7.71	8.73	21.35	113.51
HøjrenteLande W DKK Acc h	107.71	(9.20)	8.01	-	-	-
HøjrenteLande Korte Obligationer W DKK Acc	100.86	(2.97)	-	-	-	-
HøjrenteLande Lokal Valuta W DKK d	103.69	(2.84)	10.07	9.88	7.94	71.07
HøjrenteLande Lokal Valuta W DKK Acc	109.27	(2.98)	10.79	-	-	-
HøjrenteLande Mx W DKK d	77.46	(5.78)	7.97	8.24	12.86	94.82
HøjrenteLande Valuta W DKK d	106.15	(1.08)	7.82	7.70	4.89	53.60
International W DKK d	112.95	3.05	(5.30)	9.10	15.21	58.25
Korte Obligationer W DKK d	99.67	0.47	3.53	4.40	7.22	19.40
Mellemlange Obligationer W DKK d	100.57	0.53	5.60	-	-	-
Mellemlange Obligationer W DKK Acc	101.57	0.57	-	-	-	-
Virksomhedsobligationer HY W DKK d h	78.36	(5.23)	7.99	1.36	27.01	169.01
Virksomhedsobligationer HY W DKK Acc h	107.73	(5.08)	9.04	-	-	-
Virksomhedsobligationer HY ETIK A DKK	95.55	(5.35)	-	-	-	-
Virksomhedsobligationer IG W DKK d h	87.08	(4.85)	-	-	-	-
Virksomhedsobligationer IG Etik W DKK d h	93.19	(4.88)	-	-	-	-
<b>Shares</b>						
BRK W DKK Acc	116.66	0.73	-	-	-	-
Danmark W DKK d <sup>1)</sup>	82.92	(18.08)	-	-	-	-
Europa Ligevægt & Value W DKK d	65.89	(11.75)	2.89	14.77	54.54	107.61
Europa Ligevægt & Value W DKK Acc	103.31	(11.59)	-	-	-	-
Fjernøsten W DKK d	142.02	(16.74)	7.80	37.54	70.25	193.65
Fjernøsten W DKK Acc	117.31	(16.91)	8.41	-	-	-
Globale EM-aktier W DKK d	111.69	(13.40)	19.49	35.14	-	-
Globale EM-aktier W DKK Acc	130.18	(13.48)	20.59	-	-	-
USA Ligevægt & Value W DKK d	87.61	(4.14)	(3.43)	-	-	-
Verden Etik W DKK d	104.80	(6.31)	-	-	-	-
Verden Ligevægt & Value W DKK d	103.15	(6.35)	15.66	-	-	-
Verden Ligevægt & Value W DKK Acc	108.41	(6.68)	-	-	-	-

<sup>1)</sup> Launch date: 12 June 2018

In general increasing interest was noted in our funds and unit classes that invest in shares from mature markets whereas receding interest was noted in the funds and unit classes investing in equities in emerging markets as well as in bonds.

## Market outlook for 2019

During 2018 several forward-looking indicators showed that the strength of the current recovery is receding but it is assessed that the global economy will exhibit growth also in 2019 albeit at a slightly lower level than in preceding years. Therefore companies are expected to produce earnings growth in 2019 but typically at a lower level than in 2018. Also in 2019 growth is anticipated to be higher in emerging markets than in mature economies.

A lower momentum in the world economy takes some of the pressure off the actual trend in and expectations of inflation. Consequently we may see less monetary tightening than previously announced and it may be highly dependent on actual economic developments as the normalisation of monetary policy draws to an end in the US.

The Fed has signalled two key rate hikes in 2019 of 0.25 percentage points each. Bank of Japan is not expected to change its key rate in 2019 and the ECB is not expected to start a normalisation of its key rate until late in 2019.

The rise in US Treasuries in 2018 has not triggered rising share prices in the US, however it could be seen as an expression of the strength of the US economy. Conversely the falling government bond yields in Europe may be an indication of the market's insecurity about the strength of the European economy. We forecast that long-term government bond yields in mature markets will increase slightly in 2019. Given the outlook for interest rates, it is likely that returns in funds and unit classes investing exclusively in Danish bonds will be very low.

The prospect of a growth difference between USA and Europe favouring USA combined with the forecast of a widening spread between short-term yields in USA and Europe leads us to expect that USD will appreciate against EUR and by extension DKK. Following considerable weakening of several emerging market currencies, many of these currencies have grown cheap in several respects. This is a good starting point for currency strengthening in these countries.

Rising US interest rates and a stronger USD were very challenging for especially hard currency bonds issued by emerging markets. The situation may be the same in 2019 but contrary to the situation in 2018 excess yields are at a significantly higher level and consequently the buffer against rising US interest rates is much larger. The perspectives for local currency bonds issued by emerging market countries are a bit brighter due to monetary expectations. Bonds issued by companies will also be challenged if US interest rates go up. Corporate bonds with the best credit ratings will be most directly affected but corporate bonds with the poorest credit ratings will also be exposed especially if combined with an economic slowdown.

Equity markets were considerably lower priced in 2018 and appear attractive even with the elements of risk that have prompted the lower prices. The expectations for corporate earnings combined with interest rate expectations provide a solid foundation for progress in equity markets in 2019. Particularly shares from emerging markets appear interesting following the large price drops in 2018.

## Business developments

### Mission, vision and cooperation

Sydinvest's mission is to give its investors "a more rewarding life", a concept that hopefully will be the hallmark of the Investment Fund, not only in terms of cash returns but also in its way of thinking and acting towards investors and all other stakeholders of the Investment Fund.

With the mission of "a more rewarding life" for investors, our vision is to make Sydinvest one of the preferred choices when investors decide to invest through UCITS. This will be achieved by offering the products demanded by investors and generating competitive returns as well as ensuring that the products are available at the advisers who arrange for the sale of units.

### Risk factors

There will always be a risk of errors as regards fiscal policy, monetary policy and the implementation of necessary reforms around the world. They will typically have a negative impact on financial market developments. Risk factors of a more specific nature include:

- Geopolitical risks determined developments in financial markets in 2018 and are likely to continue to do so in 2019. The development in the trade war between USA on the one side and China and the rest of the world on the other will continue to influence developments. In this connection the future negotiations between USA and China will attract great attention in the financial markets.
- The end game over Brexit also has the potential to impact developments in Europe.
- Prime Minister Modi is up for reelection at the Indian election in May. In Latin America an election will be held in Argentina in October but it will be more interesting and decisive of developments in the region to see how the two newly elected presidents in Mexico and Brazil discharge the duties of their offices.
- German Federal Chancellor Angela Merkel's announcement that she will not be running for the next Bundestag election in 2021 may mean that her qualities as a unifying factor in Germany as well as Europe will be weaker.
- In terms of the economy we believe that there is a greater risk that developments will be disappointing than that they will be surprising. This will be negative for shares and positive for bonds in mature markets but may prove a challenge to high-yield bonds.

### Active and passive management

Until autumn 2018 the individual Sydinvest funds were all actively managed. In other words by actively selecting and composing the individual portfolios the Investment Fund aims to achieve as high a return as possible while observing individual funds' risk limits. The long-term target is to produce a return which is as a minimum on a par with developments in the funds' respective benchmarks.

In autumn 2018 Sydinvest launched a passively managed fund Morningstar Global Markets Sustainability Leaders, with the secondary name Morningstar Globale Bæredygtig. The fund being passively managed implies that we seek to obtain a return equivalent to the return of the fund's benchmark less costs.



The Board of Directors of Sydinvest has an ongoing focus on the returns achieved in individual funds measured against their benchmarks as well as against comparable actively and passively managed funds.

Sydinvest publishes the measures “active share” and “tracking error” in interim financial statements and financial statements. Tracking error is however only published if a fund or a unit class has existed for at least three years.

Active share quantifies how much a fund's investments differ from the composition of the fund's benchmark. Theoretically the higher the active share is, the higher the degree of active management of a fund is. Experience shows that the extent of the active share is highly dependent on the individual fund's investment universe and hence its benchmark. A very narrow investment universe tends to result in a low active share. This tendency is enhanced by the legislative investment provisions.

Tracking error is a statistical measure describing the variation in the difference between a fund's return and the return of the fund's benchmark. A high tracking error shows that the variation in the difference between the fund's return and that of its benchmark has been high and may be taken as an indication that the fund has been actively managed. One should note however that the extent of the tracking error is highly dependent on price fluctuations in the market. In periods with small price fluctuations the tracking error will be lower than in periods with large price fluctuations, all other things being equal. Consequently emerging market funds, which are typically subject to larger price fluctuations, will have higher tracking errors than funds from more mature markets with the same degree of active management.

Even though these two measures can serve as indicators, they cannot stand alone when evaluating whether a fund is actively or passively managed. The trade association recommends that the two measures are shown in annual reports and interim reports. Moreover the recommendations stipulate that, with respect to funds and unit classes that have an active share of less than 50 and a tracking error of less than 3, annual reports include a description of how the degree of active management is adjusted to the fund's return objective, investment universe and other relevant parameters.

At end-2018 BRIK KL, BRIK Akk KL, Danmark KL and Tyskland KL had an active share of less than 50% and a tracking error below 3. The current levels are shown in table 8 below.

Danmark KL and Tyskland KL are measured against relatively narrow benchmarks, which is the main reason why the active share in the two funds is lower than 50.

Danmark KL and Tyskland KL underperformed in 2018. Their underperformance was somewhat bigger than the costs of the funds. This may be taken as an indication that the funds have been actively managed. The underperformance of Danmark KL is a consequence of active overweights in companies such as Danske Bank and Santa Fe, which did not produce price gains at market level in 2018 and an underweight in Ørsted which outperformed the broad Danish market. In 2018 Tyskland KL was adversely affected by losses due to share allocations and a position in a future in the German market contributing negatively to return in a falling market. The BRIC funds were positively affected by gains due to share picks.

Against this background it may be concluded that the investment strategy and level of risk-taking of the funds have been constructed in such a manner that is characteristic of actively managed funds.

Table 8

Fund	Active share	Tracking error	Fund return	Benchmark return
Danmark KL	37.14%	2.35%	(13.93%)	(7.50%)
Tyskland KL	34.86%	2.33%	(21.34%)	(17.87%)
BRIK KL	42.49%	2.51%	(0.28%)	(0.37%)
BRIK Akk. KL	42.14%	2.48%	(0.08%)	(0.37%)

### Information and communication policy

Sydinvest gives high priority to providing investors and advisers with relevant and timely information. The Investment Fund uses several media to ensure that information reaches its investors. The Investment Fund updates its website on a daily basis with current prices and information of significance to investors who invest in Sydinvest.

The Investment Fund publishes its membership magazine, “Horisont”, three times a year. Here we aim through theme based articles to make reading about securities savings interesting to investors and at the same time the Investment Fund provides detailed information on the individual Sydinvest funds.

Given the approx 62,900 investors, the Investment Fund has decided not to provide investment consulting services itself. Consequently investment advice is

provided by business partners' advisers who are typically advisers in financial institutions. Therefore the Investment Fund's efforts are focused on informing advisers in the best possible way so that they can provide competent advice on investing in Sydinvest. The Investment Fund holds regular meetings with business partners and advisers to review its investments and expectations as regards markets and funds.

It is also of great importance for the Investment Fund to meet with investors whenever possible. Therefore every autumn the Investment Fund invites investors and other interested parties to participate in its investor meetings. At these meetings the Investment Fund talks about investments and about Sydinvest and rounds off the meeting with a little treat for investors. In 2018 more than 4,800 investors signed up for the investor meetings around the country. Overall marketing efforts contribute to maintaining awareness of Sydinvest making it

possible to allocate greater resources to portfolio management with the aim of generating even better returns.

### **Fund governance**

The discussions on fund governance by Sydinvest's Board of Directors represent an ongoing process that aims to ensure that Sydinvest continuously addresses developments in fund governance issues. Sydinvest complies with the fund governance recommendations of the trade association the Danish Investment Association (formerly the Danish Investment Fund Association).

Fund governance recommends that board members are not elected for a period exceeding one year at a time and that there is a maximum number of terms of office as regards the board chairman and the other board members. Sydinvest's fund governance deviates in these respects as board members are elected for a period of two years at a time. In addition no maximum number of terms of office has been stipulated. These deviations have been adopted to ensure greater continuity as regards the Board of Directors.

The Board of Directors has decided that the target for the under-represented gender on the Board of Directors is 20% and that 40% is aimed for. At the time of preparation of the annual report the target was met in that the five-member Board of Directors had one female member.

### **Investment philosophy**

In terms of actively managed funds, Sydinvest's investment philosophy is to create competitive returns through an active investment strategy that is characterised by a high degree of risk diversification. Consequently portfolios typically comprise many different securities to reduce specific share and bond risks. If a fund has a benchmark, market risk is actively adjusted according to this benchmark on a continuing basis.

As regards the fund Morningstar Globale Bæredygtig the philosophy is to reflect the return of its benchmark, Morningstar Global Markets Sustainability Leaders, to the greatest extent possible by continuously adapting the fund's investments to the changes in the benchmark.

It is the strategy of the Investment Fund to safeguard investors' interests first and foremost by means of ongoing portfolio adjustment through the sale and purchase of securities. However their interests can also be safeguarded by establishing a dialogue with companies that may be problematic in one respect or another or by voting at companies' general meetings.

Sydinvest invests in a wide range of different countries and companies. There are large differences in the stage of economic development of countries and similarly in how ethical issues such as human rights, pollution and corruption are treated in individual countries. Consequently it is an extremely demanding task to monitor whether investments live up to the guidelines established for responsible investments at Sydinvest. The screening of portfolios as regards problematic companies and countries represents an important tool in this context.

### **CSR policy**

In 2010 Sydinvest's management company, Syd Fund Management A/S, signed the UN's six Principles for Responsible Investment, PRI. This means that environmental, social and corporate governance (ESG) issues are incorporated in investment decisions as regards all funds and unit classes. PRI consists of six principles which have become increasingly embedded in the investment processes over the years. According to the second principle the Investment Fund will exercise active ownership eg by applying an engagement approach in relation to the companies invested in that do not fully live up to its expectations regarding ESG issues. In this way the Investment Fund strives to influence companies to improve their conduct instead of selling their shares or bonds.

As something new in 2018 Sydinvest has reported specifically on corporate social responsibility. The CSR report is available at the Investment Fund's website [https://www.sydinvest.com/CSR\\_2018](https://www.sydinvest.com/CSR_2018).

Syd Fund Management A/S has formulated a policy on responsible investments. To ensure compliance with the policy the management company started a collaboration with the consulting business Global Engagement Services (GES) in 2010. GES undertakes screening of Sydinvest's investments in companies that have issued either shares or bonds. The results of the screenings provide the starting point for the engagement activities undertaken by GES on behalf of Sydinvest and other investors vis-à-vis companies that have violated widely accepted international conventions and norms. The challenges are greater in emerging markets, which is why the collaboration with GES comprises an extended process as regards companies from emerging markets.

Moreover Sydinvest has formulated a policy on active ownership. Voting at the general meetings of selected companies is part of the engagement activities that are undertaken in relation to companies.

As a signatory to the UN's Principles for Responsible Investment, Sydinvest prepares an annual progress report stating the activities initiated relating to responsible investments. This is why these activities are not explained in greater detail in the annual report. The progress report as well as information on Sydinvest's policies on responsible investments and active ownership are available at Sydinvest's website: <https://www.sydinvest.dk/om-sydinvest/etik.aspx>.

### **Unit classes**

In 2015 Sydinvest introduced unit classes in some of the funds offered to investors. In connection with the introduction of unit classes, "KL" was added to the name of all funds. "KL" means that the Board of Directors may decide to establish unit classes in a fund. Unit classes make it possible to divide a fund into several classes. Generally investments in the individual classes of a given fund are identical but there are typically differences as to the client segment targeted. The unit classes may have different characteristics, eg in terms of denomination currency, currency risk or cost structure.

Sydinvest has so far established four different unit classes targeting Danish private investors (class A ), foreign investors (class B), institutional investors (class I) and finally funds using Sydinvest for their investments or investors who have a Private Banking agreement with Sydbank (class W). Not all funds are divided into unit classes. Furthermore a fund that is divided into unit classes has not necessarily been divided into all four unit classes.

### **Product development**

Three conditions must be met before the Investment Fund can launch a new fund. Firstly there must be a clear manifestation that investors and their advisers in financial institutions are interested in and have confidence in the new investment area. Secondly the Investment Fund must be convinced that there is an attractive return potential for investors. Thirdly the Investment Fund must be able to ensure competent asset management. Having the competence within Sydinvest to make the investments is not all important. If in-house expertise is not available, the Investment Fund can conclude consultancy agreements or portfolio management agreements with external partners who possess the necessary expertise.

The Board of Directors monitors the individual funds on a continuing basis and assesses whether any changes are required. To accommodate the trend towards passive management, the Board of Directors decided in 2018 to establish the fund Sydinvest Morningstar Global Sustainability Leaders KL. The fund started its activities on 26 November 2018. It was listed and thus made available to all investors. Due to interest from investors, the Board of Directors also decided to establish unit class W DKK d in the fund Danmark KL. The unit class is an income unit class for which no distribution fee is charged. It is targeted to collective investment undertakings and clients with portfolio management agreements. At the meeting in May the Board of Directors moreover decided to change the benchmark of the fund International to better reflect its investment strategy.

### **Costs**

As regards savings in securities, costs are incurred in connection with the purchase, sale and management of investments. This applies to private investors who choose their own shares and bonds as well as to Sydinvest. The Investment Fund has concluded a management agreement with Syd Fund Management A/S in which the management fee as regards Sydinvest is determined.

Moreover the individual funds and unit classes incur direct expenses relating to advice in connection with portfolio management, custodian responsibilities, distribution and advisory services to investors. The most important agreements concluded by Sydinvest to cover these areas are described on page 236.

As expected the Danish bond funds and unit classes have the lowest administrative costs. In contrast the costs of funds and unit classes investing in equities and high-yield bonds are somewhat larger as they have higher expenses relating to advisory services and asset

management. The costs appear from the individual financial statements.

The Investment Fund buys and sells securities for the purpose of managing assets in the best possible way and as for all other investors trading involves costs. The amounts appear from the financial statements of the individual funds and unit classes.

In connection with the implementation of the new EU regulations, research must now be paid for separately whereas earlier it was included in the transaction costs. As a result transaction costs in equity funds declined in 2018. In exchange research costs are now included in the total expense ratio which will typically have increased compared to 2017 as a result. Overall however the separation of transaction costs and research costs has resulted in significant savings for Sydinvest.

One of the most important responsibilities of the Investment Fund is to minimise costs without it affecting the quality of the services it receives in return. The annual negotiation on the terms and conditions of securities trading and portfolio advice took place in autumn 2018. The result was further savings for Sydinvest.

All the costs mentioned appear from the financial statements of the individual funds and unit classes. The financial statements also provide information on whether the total expense ratio and the annual percentage rate (APR) have risen or fallen. Compared with other investment funds, foreign as well as Danish, the costs at Sydinvest lie at a competitive level.

In 2018 part of the VAT previously paid was refunded as a result of the Investment Fund's trading abroad. Refunds totalled DKK 1.3m compared to DKK 2.2m in 2017.

### **Statutory regulations**

Regulations on which costs UCITS must disclose are determined by the Danish authorities and the EU which continuously works to ensure that investors receive adequate information. A new regulation affecting UCITS among others is on its way.

As a result indirect transaction costs for UCITS must be disclosed. Indirect costs express the differences between the buying and selling prices of securities. They can be compared to the type of costs involved in car transactions where you are not paid the same price for your used car as the dealer's subsequent selling price. Therefore they are not costs which investors must pay to the UCITS but solely an expression of market conditions.

This type of costs is not only incurred when investing in units but also when investors trade securities themselves in the market.

It is difficult to determine these costs precisely and so far there are no fixed rules for how to calculate these costs. Therefore it is difficult to compare UCITS. Information on indirect costs appears under the key figures and financial ratios of individual funds/unit classes.

## Remuneration of Board of Directors and Executive Management

The aim is to keep remuneration at a competitive and reasonable level to make it possible to retain qualified board and executive management members. Each board member receives a fixed annual remuneration and is not offered bonus schemes. Remuneration to the Board of Directors is approved in connection with the adoption of the annual report by the general meeting. The remuneration of the Executive Management is determined by the Board of Directors of Syd Fund Management A/S and is negotiated by the chairmanship. The notice of termination is 6 and 12 months for the CEO and Syd Fund Management A/S respectively. In respect of dismissal by Syd Fund Management A/S the CEO is entitled to receive severance pay equal to 12 months' salary.

The Investment Fund's remuneration to the Board of Directors represented DKK 1.0m in 2018 (2017: DKK 1.1m). Total remuneration to the Executive

Management as regards all investment funds and funds managed by Syd Fund Management A/S represented DKK 1.9m in 2018 (2017: DKK 1.9m). Audit fees for 2018 as regards Investeringsforeningen Sydinvest amounted to DKK 758,300.

## Election of Board of Directors and appointment of auditor

At the annual general meeting of the Investment Fund on 22 March 2018 the Board of Directors had proposed that Hans Lindum Møller be re-elected and that Christian Anker Hansen be elected. The candidates were elected. The Board of Directors subsequently elected Hans Lindum Møller as chairman and Christian Anker Hansen as vice-chairman. Board members must resign no later than at the general meeting following the expiry of the financial year in which he or she attains the age of 70.

Ernst & Young, Godkendt Revisionspartnerselskab, was appointed as auditor of the Investment Fund.

## Risks

### Special risks

The most significant business and financial risks of the Investment Fund, the funds and the unit classes are related to the type of securities invested in and developments in the financial markets on which securities are issued. With respect to uncertainty regarding recognition and measurement of individual assets, reference is made to the relevant paragraphs under accounting policies. In the following a breakdown and more detailed description of the individual elements of risk in the Investment Fund are given:

- Risks related to investors' choice of fund and unit class
- Risks in relation to investment markets
- Risks related to investment decisions
- Risks in relation to investment fund operations
- Risks in relation to marketing

### Risks related to investors' choice of fund and unit class

Before investors decide to invest it is important that an investment profile is determined so that investments are tailored to the individual investor's needs and expectations. Moreover it is decisive that investors are aware of the risks associated with the specific investment. It is a good idea to determine the investment profile in consultation with an adviser.

The investment profile takes into account for instance the degree of risk the investor wishes to take with the investment and the time horizon of the investment. If for instance investors are looking for a very stable development in their units, funds or unit classes with high risk (ie funds or unit classes with positions 6 or 7 on the risk scale) should generally not be chosen.

The financial statements of the individual funds and unit classes show the risk classification measured by the risk indicator from the document Key Investor Information. Risk is expressed by a number between 1 and 7, where »1« expresses the lowest risk and »7« the highest risk. Category »1« does not represent a risk-free investment.



A ranking on the risk scale is determined by fluctuations in return over the past five years. Large fluctuations will result in a high ranking on the risk scale and small fluctuations will result in a low ranking. However it should be noted that the historical data forming the basis of the ranking in a risk category does not necessarily give a true and fair view of the future risk profile.

If a fund or unit class has not existed for five years, the available historical data is combined with a relevant representative portfolio or a portfolio with an asset allocation equivalent to the objective of the fund or the unit class or a benchmark covering the period for which historical data does not exist.

### Risks in relation to investment markets

Risks in relation to markets may typically be divided into market-related risks, such as impacts of market conditions, political risks, exchange rate risks and interest rate risks, etc deriving from an individual investment. Sydinvest manages these risks within the given limits of the individual markets. Examples of risk management elements are investment policies of funds and unit classes, internal control procedures and statutory requirements as to risk diversification.

### Risks related to investment decisions

Investment decisions in actively managed funds are based on our own and external advisers' expectations for the future. Sydinvest attempts to give a realistic outlook of interest rate developments, economic



conditions etc on the basis of which investments are made. This type of decision is always associated with uncertainty. There is always a risk that things will turn out differently than expected regardless of the quality of analyses made.

In connection with securities trading, settlement is effected as delivery versus payment. The risk that this does not occur is called trading risk. This risk is hedged through the custodian bank. Sydinvest's custodian is Sydbank A/S.

#### **Risks in relation to investment fund operations**

The management of Sydinvest is based on the principle of efficient and reliable investment fund operations. An agreement has been concluded with Syd Fund Management A/S, which has formulated a large number of control procedures and business procedures to counter operational risks. Syd Fund Management A/S has made considerable investments in IT equipment to ensure a high degree of data and systems security. Furthermore contingency plans and procedures have been put into place to facilitate data and systems recovery in the event of a breakdown.

Moreover Syd Fund Management A/S devotes considerable resources to ensure the most correct pricing of shares, bonds and other instruments in the funds' portfolios.

The Investment Fund also ensures on a continuing basis that the company's staff is adequate, well-qualified and experienced. The overall level of security is determined and regularly monitored by the Board of Directors.

Sydinvest is subject to the supervision of the Danish FSA and statutory auditing, where focus is on risks and controls. The auditors present their opinion to the Board of Directors and are obliged to report significant weaknesses.

#### **Risks in relation to marketing**

The most important risk in connection with marketing is judged to be that marketing material is regarded as not rightfully describing the underlying product, ie the funds and unit classes of the Investment Fund.

Inadequate information in marketing material may entail a financial risk as well as a risk of damage to reputation. The Investment Fund attempts to minimise this risk by having in place a very thorough procedure as regards the preparation and approval of marketing material.

#### **Overall risk factors**

##### Individual countries

When investing in securities in a single country investors assume the specific risk that this particular country may be exposed to specific political or regulatory measures. In addition specific market-related and economic conditions in this particular country, including possibly also exchange rate developments, will have a major impact on the value of the investment. These country-specific risks may be reduced by investing in funds that invest broadly in a number of countries.

##### Currency

Investments in foreign securities imply exposure to exchange rate movements. Therefore the price of the individual fund or unit class will be impacted by the extent of investments in foreign securities and by exchange rate fluctuations between these currencies and DKK. Investments in Danish shares often involve an indirect currency risk as Danish companies frequently compete with foreign companies.

The currency risk is limited in funds and unit classes where hedging against DKK is involved.

##### Company-specific issues

Sydinvest diversifies its investments across many different securities to lower the dependency on the price development of a single company. Nonetheless company-specific issues, eg bankruptcies, will affect return, also because each fund may own up to 10% of assets in a single company.

##### New markets (emerging markets and frontier markets)

New markets include almost all countries in Latin America, many countries in Asia, Eastern Europe and Africa. Generally these countries are more politically unstable than mature markets. Their financial markets are not as well organised as in mature markets and economic developments may vary considerably. As a result investments in these regions involve a higher risk than investments in mature markets.

For investors this may be reflected for instance in a greater risk of nationalisation, the introduction of exchange control regulations or violent political upheavals. These are all factors that at a given time may lower the value of the investment and that at times may mean that trading in these markets is not possible.

#### **Special risks – bond investments**

##### Bond market

The bond market may be exposed to specific political or regulatory measures which may affect the value of investments. Furthermore market-related or overall economic circumstances, eg interest rate developments, will have an impact on the value of investments.

##### Interest rate risk

When interest rates change the value of bonds is affected. How the value is affected depends on the nature of the individual bond. It is of great importance whether a bond is a fixed-rate, a floating-rate or perhaps an index-linked bond. A measure of the change in a bond's price in connection with a given interest rate change is determined by calculating the bond's duration. When interest rates change the following will apply: the greater the duration, the greater the change in prices. Duration is one of the instruments used to manage risk in bond funds.

##### Credit risk

The different types of bonds – government bonds, mortgage bonds, emerging market bonds, corporate bonds etc – are associated with a credit risk. In relation to bond investments, there may be a risk that the rating of the issuer is lowered and/or that the issuer cannot fulfil its obligations. This risk is called credit risk.

### **Special risks – equity investments**

#### Equity market fluctuations

The equity market may fluctuate considerably. Fluctuations may reflect for instance political and regulatory issues or be the result of sector-specific, regional, local or overall market-related and economic circumstances.

#### Investment style

If a fund adopts an investment style which eg results in a large position in small shares (small cap), the fund may produce a lower return than the market in general during times when many investors prefer large shares (large cap).

#### Investment area

If a fund invests within a specific area, eg Latin America, the fund's return is heavily dependent on developments within this particular area.

## **Accounting estimates and uncertainty**

The Investment Fund's funds invest in securities and other financial instruments of which the main part is listed on liquid markets. However given the Investment Fund's broad investment universe, less liquid investments may be included.

In connection with financial reporting no material uncertainty or special circumstances have been noted as regards the recognition or measurement of the Investment Fund's assets and liabilities at 31 December 2018.

## **Significant events after the expiry of the financial year**

No events that change the assessment of the annual report have occurred after the end of the financial year.

## Board of Directors and Executive Management

<p><b>Board of Directors</b></p> <p><b>Chairman</b> <b>Hans Lindum Møller</b> <b>66</b> <b>General Manager</b></p> <p>Elected to the Board of Directors in 2004, most recently re-elected in 2018 and up for re-election in 2020.</p>	<p>Chairman of the board of directors of:</p> <p>Member of the board of directors of:</p> <p>General manager and member of the board of directors of:</p>	<ul style="list-style-type: none"> <li>• Fr. Petersen Maskinfabrik af 1978 A/S</li> <li>• Automatic Syd A/S</li> <li>• Automatic Syd Ejendom ApS</li> <li>• Dan Spedition A/S</li> <li>• Syd Fund Management A/S</li> <li>• Svend Beck, Peter Holm og Vagn Jacobsens Almene Fond (BHJ-Fonden)</li> <li>• Den selvejende Fond Dybbøl Mølle</li> <li>• Marina Minde P/S</li> </ul>
<p><b>Vice-Chairman</b> <b>Christian Anker Hansen</b> <b>53</b> <b>Attorney and Partner</b></p> <p>Elected to the Board of Directors in 2018, up for re-election in 2020.</p>	<p>Chairman of the board of directors of:</p> <p>Member of the board of directors of:</p> <p>General manager of:</p>	<ul style="list-style-type: none"> <li>• Vandfax A/S</li> <li>• Per Jensen Holding, Billund ApS</li> <li>• Syd Fund Management A/S</li> <li>• Inpack Holding ApS</li> <li>• Hjørnø Havbrug A/S</li> <li>• Hjørnø Dambrug Holding ApS</li> <li>• Havbruget Hundshage A/S</li> <li>• A.M. Aqua A/S</li> <li>• Air Support A/S</li> <li>• Vand og By Højbjerg ApS</li> <li>• Vand og By Holding ApS</li> <li>• Vand og By Aarhus ApS</li> <li>• Hoelgaard ApS</li> <li>• Advokatanpartsselskabet Christian Anker Hansen</li> </ul>
<p><b>Peter Christian Jørgensen</b> <b>53</b> <b>General Manager</b></p> <p>Elected to the Board of Directors in 2007, most recently re-elected in 2017 and up for re-election in 2019.</p>	<p>Chairman of the board of directors of:</p> <p>General manager and member of the board of directors of:</p>	<ul style="list-style-type: none"> <li>• SE Vækstpulje</li> <li>• Nørremølle ApS</li> </ul>
<p><b>Linda Sandris Larsen</b> <b>40</b> <b>Associate Professor</b></p> <p>Elected to the Board of Directors in 2013, most recently re-elected in 2017 and up for re-election in 2019.</p>	<p>Holds no other directorships.</p>	
<p><b>Niels Therkelsen</b> <b>59</b> <b>General Manager</b></p> <p>Elected to the Board of Directors in 1987, most recently re-elected in 2017 and up for re-election in 2019.</p>	<p>General manager and member of the board of directors of:</p>	<ul style="list-style-type: none"> <li>• NT Holding af 12. september 2005 ApS</li> <li>• Universal Balance Health Wisdom ApS</li> <li>• Business Leasing Danmark ApS</li> <li>• Hansaring Kiel ApS</li> <li>• Jan Invest Flensburg ApS</li> <li>• J.A.N. Invest GmbH</li> <li>• Schlossalle Glücksburg GmbH</li> <li>• CCV Flensburg GmbH</li> </ul>
<p><b>Executive Management</b></p> <p><b>Eskild Bak Kristensen</b> <b>63</b></p> <p>Appointed as CEO in 2004.</p>	<p>Member of the board of directors of:</p>	<ul style="list-style-type: none"> <li>• Investering Danmark</li> </ul>
<p>Board work included: Investeringsforeningen Sydinvest, Investeringsforeningen Strategi Invest, Investeringsforeningen Finansco, Investeringsforeningen Sydinvest Portefølje and Kapitalforeningen TDC Pension Emerging Markets.</p>		

# Management Statement

Today the Board of Directors and Executive Management have reviewed and approved the annual report for the financial year from 1 January to 31 December 2018 of Investeringsforeningen Sydinvest.

The annual report is prepared in accordance with the Danish Investment Associations, etc. Act.

The financial statements of the individual funds give a true and fair view of the individual funds' activities and liabilities, financial position and results.

The directors' report of the Investment Fund and the directors' reports of individual funds contain fair reviews of developments in the Investment Fund's and the funds' operations and financial position as well as descriptions of the most significant risks and elements of uncertainty which may affect the Investment Fund and the funds respectively.

We propose that the annual report be submitted for adoption by the general meeting.

Aabenraa, 21 February 2019

## Board of Directors

Hans Lindum Møller  
Chairman

Christian Anker Hansen  
Vice-Chairman

Peter Christian Jørgensen

Linda Sandris Larsen

Niels Therkelsen

## Executive Management of Syd Fund Management A/S

Eskild Bak Kristensen



# Independent Auditor's Report

## To the investors of Investeringsforeningen Sydinvest

### **Opinion**

We have audited the financial statements of the individual sub-funds in Investeringsforeningen Sydinvest for the financial year ended 31 December 2018, which comprise the individual sub-funds' income statements, balance sheets, notes and joint notes, including accounting policies. The financial statements are prepared in accordance with the Danish Act on Investment Funds, etc.

In our opinion, the financial statements give a true and fair view of the financial position of the sub-funds at 31 December 2018 and of the results of the sub-funds' operations for the financial year ended 31 December 2018 in accordance with the Danish Act on Investment Funds, etc.

Our opinion is consistent with our long-form audit report to the Board of Directors.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

### **Appointment of auditor**

We were initially appointed as auditor of Investeringsforeningen Sydinvest on 28 March 2017 for the financial year 2017. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 2 years up until the financial year 2018.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the below key audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements as a whole.

### **Valuation of financial instruments**

The valuation at fair value of the sub-funds' investments in bonds, shares, investment fund units and derivative financial instruments (referred to as financial instruments) is the most significant element in the statement of the sub-funds' return and assets.

In relation to the sub-funds' financial instruments, we find that there is no significant risk of material misstatement of the financial statements as the sub-funds' financial instruments to a considerable extent are liquid listed financial instruments for which there is a listed price in an active market and only to a limited extent are less liquid listed and unlisted financial instruments for which the fair value is determined based on recognised valuation models and Management estimates.

As the financial instruments are material to the sub-funds' total return and assets, the valuation of the sub-funds' financial instruments is deemed to be the key audit matter.

Our audit procedures directed at the valuation of the financial instruments in the individual sub-funds included among others:

- Test of registration systems, business procedures and internal controls, including IT and system-based controls that support the valuation of financial instruments.
- Spot-checking of reconciliation of financial instruments to custodian bank statements and spot-checking of the instruments' valuation by comparing the valuation to independent price sources.
- Valuation and spot-checking of the valuation methods applied and management estimates performed on the determination of the fair value of less liquid listed and unlisted financial instruments.

Allocation expressed in percentage of the individual sub-funds' financial instruments on listed instruments, instruments listed in another regulated market and other financial instruments is stated in a note to the individual sub-funds' financial statements.

#### **Statement on the Management's reviews**

Management is responsible for the Management's review and the Management's reviews of the individual sub-funds, hereafter referred to as the "Management's reviews".

Our opinion on the financial statements does not cover the Management's reviews, 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 Management's reviews and, in doing so, consider whether the Management's reviews are materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appear to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's reviews meet the disclosure requirements in the Danish Act on Investment Funds, etc.

Based on the work we have performed, we are of the opinion that the Management's reviews are in accordance with the financial statements and have been prepared in accordance with the requirements in the Danish Act on Investment Funds, etc. We did not identify any material misstatement of the Management's reviews.

#### **Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements of the individual sub-funds that give a true and fair view in accordance with the Danish Act on Investment Funds, etc. and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the sub-funds or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that they - either individually or combined - could influence the economic decisions taken by the users of the conversion balance sheet on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional scepticism throughout the audit. We also:

- Identify and assess the risk 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 sub-funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the sub-funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.

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 internal control weaknesses identified during our audit.

We also provide a statement to those charged with governance to the effect that we have complied with relevant ethical requirements related to independence and disclose to them all relations and other matters that could reasonably be expected to impact our independence and, if relevant, related safeguards.

Based on the matters communicated to those charged with governance, we determine which matters were of most importance in our audit of the financial statements for the current period and therefore are key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Aabenraa, 21 February 2019

ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Lars Rhod Søndergaard  
State Authorised Public Accountant  
MNE no. 28632

Klaus Skovsen  
State Authorised Public Accountant  
MNE no. 30204

# Fund Reports and Financial Statements

## General reading instructions

Investeringsforeningen Sydinvest consists of a number of funds. Each fund prepares separate financial statements and a fund report. The financial statements show the funds' financial developments during the year and the state of affairs at year-end. The fund reports comment on the funds' results for the year as well as specific circumstances that apply to the individual fund.

The Investment Fund manages administrative tasks and the investment task common to all funds within the framework laid down for the funds by the Board of Directors. This contributes to ensuring a cost effective operation of the Investment Fund as the funds are often influenced by many of the same factors even though they invest in different types of securities and follow different strategies. For instance fluctuations in global growth may affect return and risk in individual funds.

Consequently overall market developments and risks are described for all funds under "Directors' Report". We recommend that this be read in connection with the specific fund reports to get a complete picture of developments and any special circumstances and risks affecting individual funds.

### How to read the fund's financial statements

#### **Investment profile**

A description of the securities and areas in which the fund invests. Any division of the fund into unit classes will be mentioned.

#### **Risk profile**

The risk classification is the risk indicator from the document Key Investor Information. Risk is expressed by a number between 1 and 7, where 1 expresses the lowest risk and 7 the highest risk. Category 1 does not represent a risk-free investment. The risk classification is determined by fluctuations in the fund's return over the past five years where a high level of historical fluctuations equals a high risk and a low level of historical fluctuations equals a low risk.

#### **Developments**

An account of developments in the fund's activities and financial situation, including information about the fund's return, any benchmark trends and comments on performance.

#### **Benchmark**

Shows the development in returns in the markets in which the fund invests. The benchmark is used to compare the fund's performance. Not all funds and unit classes have a benchmark.

#### **Income statement**

Shows income and costs for the period. Income is typically interest and share dividends as well as capital gains and losses. Administrative costs are costs attributable to operating the fund. Tax consists of non-refundable dividend tax and tax on coupons.

#### **Balance sheet**

Shows the fund's assets and liabilities at the end of the financial year. Assets are essentially the bonds and/or shares in which the fund invests. Liabilities are predominantly the value of units held by the fund's investors – also referred to as investors' assets.

#### **Key Investor Information**

All investment associations must prepare a Key Investor Information document for each of their funds. A two-page document with a clear description of the fund's objectives, investment policy, risk profile and charges, constituting informative labeling as regards each fund which makes it easier to compare different investments.

# Fonde KL

## Fund report

### Fund data

ISIN	DK0016271042
Date of establishment	23 March 2004
Launch date	20 April 2004
Listed	Yes
Currency	DKK
Income fund	Yes
Denomination	100
Risk category	2
Approved for marketing in Germany	No

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in bonds traded on an exchange (regulated market) issued in DKK. The fund has an average duration of between 0 and 6 years. The fund targets foundations, UCITS and trusts and invests predominantly in bonds with high running yields, thereby achieving annual dividends as high as possible.

### Risk profile

The fund invests in price-sensitive government and mortgage bonds. Fund risk is reduced through reasonable diversification of investments. Return is impacted by changes in the overall level of interest rates and the yield spread between mortgage bonds and government bonds. The fund is suitable for investments with a time horizon of at least three years.

The fund is placed in risk category 2.

### Developments

The market exceeded expectations at the beginning of the year. The fund yielded a return of 0.73% in 2018.

Even though growth was actually quite decent throughout 2018, there was no appreciable inflation. So where most analysts predicted rising interest rates at the beginning of the year, the lack of inflation and the political hurdles all over the world caused an actual dip in yields during 2018. Notably government bond yields dropped sharply in Q4 and hence the spread to all other yields widened.

The fund produced a return that is considerably better than the return generated by government bonds with the same interest rate risk. The outperformance is attributable to the relatively low conversions in selected callable bonds with high coupons and the continued slightly higher yields of mortgage bonds compared with government bonds, and since the fund primarily invested in Danish mortgage bonds, the fund performed better than government bonds with an equivalent risk.

### Market outlook

We forecast that global economic growth will shift to a lower gear. The recovery in the US is in its 10th year and growth is expected to slow as a result of monetary tightening, less fiscal stimulus and a tight labour market. Moreover if an agreement is not reached in the trade dispute between USA and China, growth may lose further momentum. In Europe growth is projected to decline slightly but without bringing the economy to a halt. We expect that the ECB will increase its rate for the first time at the end of 2019 but we also acknowledge that the prospects for inflation are not bright. The ECB is pinning its hopes on the fairly high wage increases in Europe and is likely also quite willing to set its deposit rate at 0%.

A negative deposit rate is the last tool left from the crisis and there is a wish to bring it to an end now that the large bond-buying scheme has stopped.

We expect that the fund will yield a return somewhere between the return of Korte Obligationer and the return of Mellemlange Obligationer in 2019. The fund's interest rate risk is close to that of Korte Obligationer but includes more callable mortgage bonds, which increases return expectations but also risk. The largest risk is that foreign investors will lose interest in Danish mortgage credit. This will destabilise the domestic mortgage market and result in poor performance.



# Fonde KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	3,706	8,604	14,036	(1,124)	17,310
Investors' assets	518,814	517,039	605,302	578,700	544,480
Units in circulation nominal	585,576	574,760	667,616	637,582	581,850
Units in circulation quantity	5,855,756	5,747,600	6,676,162	6,375,821	5,818,495
<b>Financial ratios</b>					
NAV per unit	88.60	89.96	90.67	90.76	93.58
Dividend per unit	1.80	2.00	2.20	2.30	2.70
Return (%) <sup>1)</sup>	0.73%	1.69%	2.45%	(0.14%)	3.36%
Total expense ratio	0.52%	0.52%	0.53%	0.53%	0.53%
Annual percentage rate (APR) at 31 Dec	0.55%	0.55%	0.55%	0.60%	0.61%
Indirect transaction costs	0.05%	-	-	-	-
Sharpe Ratio (5 yrs)	1.52	1.08	1.13	1.17	1.36
Standard deviation (5 yrs)	1.18	1.56	1.69	2.10	2.22
Portfolio turnover rate (PTR)	0.49	0.55	0.65	0.57	0.63

<sup>1)</sup> Past performance is no guarantee of future performance.

# Fonde KL – Financial Statements

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
	<b>Interest and dividends</b>		
1.	Interest	13,006	14,682
	<b>Total interest and dividends</b>	<b>13,006</b>	<b>14,682</b>
	<b>Capital gains and losses</b>		
2.	Bonds	(6,655)	(3,330)
3.	Transaction costs, operating activities	(2)	(9)
	<b>Total capital gains and losses</b>	<b>(6,657)</b>	<b>(3,339)</b>
	<b>Total income</b>	<b>6,349</b>	<b>11,343</b>
4.	Administrative costs	(2,643)	(2,739)
	<b>Net profit for the year</b>	<b>3,706</b>	<b>8,604</b>
	<b>5. Distribution of profit</b>		
	<b>To be allocated</b>		
	Proposed distribution for the financial year	10,540	11,495
	Brought forward for distribution next year	0	0
	Available for distribution	10,540	11,495
	Brought forward to investors' assets	(6,834)	(2,891)
	<b>Total distribution</b>	<b>3,706</b>	<b>8,604</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	146	2,123
	<b>Total liquid funds</b>	<b>146</b>	<b>2,123</b>
7.	<b>Bonds</b>		
	Listed bonds from Danish issuers	511,727	507,048
	Listed bonds from foreign issuers	3,042	3,023
	<b>Total bonds</b>	<b>514,769</b>	<b>510,071</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	4,438	4,558
	Receivables – unsettled transactions	0	811
	<b>Total other assets</b>	<b>4,438</b>	<b>5,369</b>
	<b>TOTAL ASSETS</b>	<b>519,353</b>	<b>517,563</b>
	<b>LIABILITIES</b>		
6.	<b>Investors' assets</b>	<b>518,814</b>	<b>517,039</b>
	<b>Other debt</b>		
	Payables	539	524
	<b>Total other debt</b>	<b>539</b>	<b>524</b>
	<b>TOTAL LIABILITIES</b>	<b>519,353</b>	<b>517,563</b>

# Fonde KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		0	2
Listed bonds from Danish issuers		13,021	14,707
Listed bonds from foreign issuers		19	2
Interest expense and negative interest with custodian		(34)	(29)
<b>Total interest</b>		<b>13,006</b>	<b>14,682</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from Danish issuers		(4,627)	(3,337)
Listed bonds from foreign issuers		(2,028)	7
<b>Total bonds</b>		<b>(6,655)</b>	<b>(3,330)</b>
<b>3. Transaction costs</b>			
All transaction costs		2	11
Covered by income from issue and redemption		0	(2)
<b>Transaction costs, operating activities</b>		<b>2</b>	<b>9</b>
<b>4. Administrative costs</b>			
<b>Fund-specific costs</b>			
Marketing costs		1,242	1,308
Fees to custodian		86	118
Other costs relating to asset management		512	527
Other costs		67	27
Fixed management fee <sup>1)</sup>		736	759
<b>Total fund-specific costs</b>		<b>2,643</b>	<b>2,739</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>5. Available for distribution</b>			
Brought forward for distribution from last year		0	0
Interest		13,040	14,711
Capital gains for distribution		(6,657)	(4,600)
Distribution adjustment in connection with issue/redemption concerning the above items		93	(24)
Available for distribution before administrative costs		6,476	10,087
Set-off of administrative costs		(2,643)	(2,739)
Distribution adjustment in connection with issue/redemption		(26)	156
Total administrative costs		(2,669)	(2,583)
<b>Available for distribution, gross</b>		<b>3,807</b>	<b>7,504</b>
Voluntary distribution		6,733	3,991
<b>Available for distribution</b>		<b>10,540</b>	<b>11,495</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>6. Investors' assets</b>			
<b>Units in circulation</b>			
Units in circulation at 1 Jan		574,760	667,616
Issues during the year		17,816	24,144
Redemptions during the year		(7,000)	(117,000)
<b>Total units in circulation</b>		<b>585,576</b>	<b>574,760</b>
<b>Investors' assets</b>			
Investors' assets at 1 Jan		517,039	605,302
Issues during the year		15,724	21,659
Redemptions during the year		(6,161)	(103,927)
Net issue surcharges and redemption deductions		22	144
Distribution from last year concerning units in circulation at 31 Dec		(11,495)	(14,688)
Changes in dividend distribution due to issues/redemptions		(21)	(55)
Proposed distribution for the financial year		10,540	11,495
Brought forward from income statement		(6,834)	(2,891)
Brought forward for distribution next year		0	0
<b>Investors' assets at 31 Dec</b>		<b>518,814</b>	<b>517,039</b>

## 7. Financial instruments (securities)

A list of financial instruments (securities) is available free of charge from the investment management company.

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Units in circulation</b>			
Nominal (DKK 1,000)		585,576	574,760
Quantity		5,855,756	5,747,600
<b>b. Portfolio turnover</b>			
Market value of purchase of securities		266,380	328,214
Market value of sale of securities		255,027	373,603
<b>Total market value</b>		<b>521,407</b>	<b>701,817</b>
<b>c. Breakdown of financial instruments</b>			
Listed financial instruments		99.22%	98.65%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
		99.22%	98.65%
Other assets/other debt		0.78%	1.35%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Bonds by duration</b>			
Bonds > 6 yrs		9.39%	3.18%
Bonds 4-6 yrs		8.20%	14.12%
Bonds 2-4 yrs		50.01%	44.45%
Bonds 0-2 yrs		31.62%	36.90%
Cash, derivatives etc		0.78%	1.35%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>e. Bonds by issuer</b>			
Mortgage bonds		88.35%	87.17%
Government bonds		10.87%	11.48%
Cash, derivatives etc		0.78%	1.35%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# HøjrenteLande KL

## Fund report

Fund data and unit class data	HøjrenteLande A DKK	Emerging Market Bonds B EUR d	HøjrenteLande W DKK d
ISIN	DK0016039654	DK0060626281	DK0060814952
Date of establishment	25 January 2000	18 February 2015	16 May 2017
Launch date	17 March 2000	24 April 2015	13 June 2015
Listed	Yes	No	No
Currency	DKK	EUR	DKK
Income fund	Yes	Yes	Yes
Denomination	100	10	100
Risk category	4	4	4
Approved for marketing in Germany	No	Yes	No
Benchmark	J.P. Morgan Emerging Markets Bond Index Global Diversified hedged to fund currency		
Secondary name	Emerging Market Bonds KL		

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests predominantly in high-yield government bonds issued in USD or EUR from high-yielding countries in Eastern Europe, Asia, Latin America, Africa and the Middle East. The fund may also invest in bonds issued in local currency. The majority of the fund's currency positions are hedged to DKK or EUR and the fund's currency risk is therefore limited.

The fund is divided into the unit classes HøjrenteLande A DKK, Emerging Market Bonds B EUR d and HøjrenteLande W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund carries a somewhat higher risk than that of traditional bond funds. In the short term large fluctuations in return may occur. The objective is to achieve a higher average return in the long term. Fund return depends on interest rate movements, issuers' ability to service debt and, to a lesser extent, exchange rates. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 4.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes and the fact that fund currency varies in the individual unit classes. The different currencies also explain the difference in the development of the benchmark.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
HøjrenteLande A DKK	(9.75%)	(7.18%)	8.39%	8.08%
Emerging Market Bonds B EUR d	(9.85%)	(7.04%)	8.42%	8.21%
HøjrenteLande W DKK d <sup>1)</sup>	(9.15%)	(7.18%)	8.78%	8.08%

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of HøjrenteLande A DKK. Return covers the period from 1 January to 31 December 2017.

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to their benchmark, see the table above.

2018 was characterised by President Trump's unpredictable trade policy, higher US interest rates and country-specific events such as the currency crises in Argentina and Turkey as well as the elections in Mexico and Brazil. The yield spread between emerging market bonds and US government bonds widened to 4.15 percentage points, which combined with higher US interest rates is the main reason for the increase in the yield to maturity of emerging market bonds issued in USD to 6.86%. The vast majority of countries in the fund's benchmark produced negative returns. Zambia and Argentina were hit the hardest whereas Mozambique showed the best performance.

Fund return was lower than benchmark return. Country selections in particular pulled down relative return. Relative return was driven by the fund's overweights in Qatar, Costa Rica and the United Arab Emirates. In contrast the fund's overweight in Argentina and underweight in China detracted from performance.

### Market outlook

Developments in 2019 will depend on whether the Fed signals interest rate hikes well into 2020 or whether the end is in sight. Furthermore the economic development in China will be of great significance. President Trump will remain a considerable source of uncertainty also in 2019. The ECB may start to raise its key rate at the end of the year, which could lead to higher European interest rates. All the factors set out above are risks but we believe that these concerns have already been priced in to some extent by the market and consequently the EM bond market is well prepared for these risks.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# HøjrenteLande KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(348,567)	350,215	396,737	(145,235)	193,179
Investors' assets	3,026,990	4,139,675	4,502,025	4,401,188	4,871,650
<b>Financial ratios</b>					
Portfolio turnover rate (PTR)	0.77	0.38	0.68	0.60	0.55

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	159,746	237,945
<b>Total interest and dividends</b>		<b>159,746</b>	<b>237,945</b>
<b>Capital gains and losses</b>			
2.	Bonds	(237,444)	(199,590)
2.	Derivatives	(229,115)	384,771
	Currency accounts	(1,624)	(19,875)
	Other assets/liabilities	153	166
3.	Transaction costs, operating activities	(943)	(865)
<b>Total capital gains and losses</b>		<b>(468,973)</b>	<b>164,607</b>
	Other income	176	318
<b>Total income</b>		<b>(309,051)</b>	<b>402,870</b>
4.	Administrative costs	(39,516)	(52,655)
<b>Net profit for the year</b>		<b>(348,567)</b>	<b>350,215</b>
<b>5. Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total proposed distribution for the financial year	112,212	590,610
	Total brought forward for distribution next year	(317,344)	1,809
	Total available for distribution	(205,132)	592,419
	Total brought forward to investors' assets	(143,435)	(242,204)
<b>Total distribution</b>		<b>(348,567)</b>	<b>350,215</b>
<b>Distribution of profit in the unit classes</b>			
<b>HøjrenteLande A DKK</b>			
	Proposed distribution for the financial year	82,545	440,770
	Brought forward for distribution next year	(241,719)	1,506
	Brought forward to investors' assets	(105,281)	(168,241)
<b>Emerging Market Bonds B EUR d h</b>			
	Proposed distribution for the financial year	5,139	22,573
	Brought forward for distribution next year	(14,432)	138
	Brought forward to investors' assets	(4,651)	(9,343)
<b>HøjrenteLande W DKK d h <sup>*)</sup></b>			
	Proposed distribution for the financial year	24,528	127,267
	Brought forward for distribution next year	(61,193)	165
	Brought forward to investors' assets	(33,503)	(64,620)

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	174,772	227,081
	Deposits on margin accounts with custodian	101,770	2,960
<b>Total liquid funds</b>		<b>276,542</b>	<b>230,041</b>
7.	<b>Bonds</b>		
	Listed bonds from foreign issuers	2,712,389	3,750,077
	Unlisted bonds from foreign issuers	96,047	74,840
<b>Total bonds</b>		<b>2,808,436</b>	<b>3,824,917</b>
<b>Derivatives</b>			
	Unlisted derivatives	299	16,078
<b>Total derivatives</b>		<b>299</b>	<b>16,078</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	49,763	68,875
	Receivables – unsettled transactions	0	10,780
<b>Total other assets</b>		<b>49,763</b>	<b>79,655</b>
<b>TOTAL ASSETS</b>		<b>3,135,040</b>	<b>4,150,691</b>
<b>LIABILITIES</b>			
6.	<b>Investors' assets <sup>*)</sup></b>	<b>3,026,990</b>	<b>4,139,675</b>
<b>Derivatives</b>			
	Unlisted derivatives	92,093	238
<b>Total derivatives</b>		<b>92,093</b>	<b>238</b>
<b>Other debt</b>			
	Interest payable	5	10
	Payables	8,165	10,768
	Payables – unsettled transactions	7,787	0
<b>Total other debt</b>		<b>15,957</b>	<b>10,778</b>
<b>TOTAL LIABILITIES</b>		<b>3,135,040</b>	<b>4,150,691</b>
<b><sup>*) Investors' assets by unit class</sup></b>			
	HøjrenteLande A DKK	2,302,462	3,107,323
	Emerging Market Bonds B EUR d h	140,505	156,470
	HøjrenteLande W DKK d h <sup>*)</sup>	584,023	875,882
<b>Total</b>		<b>3,026,990</b>	<b>4,139,675</b>

<sup>\*)</sup> The unit class was launched on 13 June 2017.



# HøjrenteLande KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		2,208	1,066
Listed bonds from foreign issuers		152,871	228,469
Unlisted bonds from foreign issuers		5,110	8,777
Interest expense and negative interest with custodian		(443)	(367)
<b>Total interest</b>		<b>159,746</b>	<b>237,945</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from foreign issuers		(238,880)	(190,840)
Unlisted bonds from foreign issuers		1,436	(8,750)
<b>Total bonds</b>		<b>(237,444)</b>	<b>(199,590)</b>
<b>Derivatives</b>			
Forward exchange transactions/futures etc		(26,101)	393,101
Forward interest transactions/futures etc		(203,014)	(8,330)
<b>Total derivatives</b>		<b>(229,115)</b>	<b>384,771</b>
<b>3. Transaction costs</b>			
All transaction costs		953	882
Covered by income from issue and redemption		(10)	(17)
<b>Transaction costs, operating activities</b>		<b>943</b>	<b>865</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		17,032	24,299
Fees to custodian		2,088	2,881
Other costs relating to asset management		15,199	19,218
Other costs		646	312
Fixed management fee <sup>1)</sup>		4,551	5,945
<b>Total class-specific costs</b>		<b>39,516</b>	<b>52,655</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>Joint income available for distribution in unit classes</b>			
<b>5.</b>			
Interest		160,189	238,312
Capital gains for distribution		(342,976)	447,026
Distribution adjustment in connection with issue/redemption concerning the above items		13,620	(43,665)
<b>Available for distribution in unit classes</b>		<b>(169,167)</b>	<b>641,673</b>
<b>Of which for distribution in:</b>			
HøjrenteLande A DKK		(128,720)	481,758
Emerging Market Bonds B EUR d h		(7,850)	24,466
HøjrenteLande W DKK d h		(32,597)	135,449
<b>Total for distribution</b>		<b>(169,167)</b>	<b>641,673</b>
<b>6. Investors' assets</b>			
Investors' assets at 1 Jan		4,139,675	4,502,025
Issues during the year		333,106	454,936
Redemptions during the year		(508,810)	(947,709)
Net issue surcharges and redemption deductions		1,634	2,095
Distribution from last year concerning units in circulation at 31 Dec		(590,610)	(221,527)
Changes in dividend distribution due to issues/redemptions		562	(360)
Proposed distribution for the financial year		112,212	590,610
Brought forward from income statement		(143,435)	(242,204)
Brought forward for distribution next year		(317,344)	1,809
<b>Investors' assets at 31 Dec</b>		<b>3,026,990</b>	<b>4,139,675</b>
<b>7. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# HøjrenteLande KL – Financial Statements

## SUPPLEMENTARY NOTES

Note (DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>		
Market value of purchase of securities	2,597,554	2,143,784
Market value of sale of securities	3,340,945	2,504,732
<b>Total market value</b>	<b>5,938,499</b>	<b>4,648,516</b>
<b>b. Breakdown of financial instruments</b>		
Listed financial instruments	89.61%	90.59%
Financial instruments listed on other regulated market	3.17%	1.81%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
Other financial instruments	(3.03%)	0.38%
	89.75%	92.78%
Other assets/other debt	10.25%	7.22%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>		
Bonds > 6 yrs	47.53%	55.78%
Bonds 4-6 yrs	15.02%	14.29%
Bonds 2-4 yrs	17.90%	12.88%
Bonds 0-2 yrs	12.33%	9.83%
Cash, derivatives etc	7.22%	7.22%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Bonds by country</b>		
Turkey	8.29%	11.63%
Argentina	6.59%	5.44%
Mexico	4.94%	5.94%
Russia	4.80%	1.98%
Costa Rica	4.68%	1.56%
Qatar	4.43%	1.25%
Ivory Coast	3.81%	1.99%
Dominican Republic	3.46%	2.65%
Other	51.78%	60.34%
Cash, derivatives etc	7.22%	7.22%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>e. Currency futures bought</b>		
USD	522,563	585,217
<b>Total</b>	<b>522,563</b>	<b>585,217</b>
<b>f. Currency futures sold</b>		
USD	(14,044)	0
EUR	(281,880)	(397,227)
<b>Total</b>	<b>(295,924)</b>	<b>(397,227)</b>
<b>g. Underlying exposure – forward exchange transactions</b>		
<b>Currency</b>		
DKK	2,230,992	3,158,793
EUR	0	(38,795)
JPY	(37,462)	(45,775)
USD	(2,294,194)	(3,069,553)
<b>h. Net collateral position</b>		
Net calculation of collateral regarding derivatives		
<b>Collateral provided as</b>		
Liquid funds	101,770	2,960
<b>Total</b>	<b>101,770</b>	<b>2,960</b>
<b>Reuse of collateral</b>		
Collateral received which is reused	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

# HøjrenteLande A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014
<b>Financial highlights</b>					
Net profit for the year	(264,455)	274,035	382,519	(135,183)	193,179
Investors' assets	2,302,462	3,107,323	4,333,968	4,257,524	4,871,650
Units in circulation nominal	2,948,049	3,082,310	4,434,147	4,491,130	4,743,268
Units in circulation quantity	29,480,491	30,823,096	44,341,465	44,911,303	47,432,683
<b>Financial ratios</b>					
NAV per unit	78.10	100.81	97.74	94.80	102.71
Dividend per unit	2.80	14.30	4.80	5.40	5.10
Return (%) <sup>1)</sup>	(9.75%)	8.39%	9.00%	(2.94%)	4.00%
Benchmark return (%)	(7.18%)	8.08%	8.27%	0.24%	6.91%
Total expense ratio	1.33%	1.33%	1.33%	1.28%	1.28%
Annual percentage rate (APR) at 31 Dec	1.45%	1.46%	1.48%	1.62%	1.65%
Indirect transaction costs	0.34%	-	-	-	-
Sharpe Ratio (5 yrs)	0.26	0.37	0.56	0.49	0.95
Standard deviation (5 yrs)	6.21	6.71	7.24	7.04	7.19

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 24 April 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(231,218)	317,300
Other class-specific income	132	250
Class-specific costs <sup>1)</sup>	(33,369)	(43,515)
<b>Total net profit</b>	<b>(264,455)</b>	<b>274,035</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	16,334	21,511
Fees to custodian	1,455	2,065
Other costs relating to asset management	11,435	14,926
Other costs	486	237
Fixed management fee	3,659	4,776
<b>Total class-specific costs</b>	<b>33,369</b>	<b>43,515</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	82,545	440,770
Brought forward for distribution next year	(241,719)	1,506
Available for distribution	(159,174)	442,276
Brought forward to investors' assets	(105,281)	(168,241)
<b>Total distribution</b>	<b>(264,455)</b>	<b>274,035</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	1,506	0
Other income	132	250
Distribution adjustment in connection with issue/redemption concerning the above items	(271)	(32)
Share of joint income	(128,720)	481,758
Available for distribution before administrative costs	(127,353)	481,976
Set-off of administrative costs	(33,369)	(43,515)
Distribution adjustment in connection with issue/redemption	1,548	3,815
Total administrative costs	(31,821)	(39,700)
<b>Available for distribution, gross</b>	<b>(159,174)</b>	<b>442,276</b>
Voluntary distribution	241,719	0
<b>Available for distribution</b>	<b>82,545</b>	<b>442,276</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Other class-specific debt</b>		
Payables	7,001	9,216
Payables – unsettled transactions	4,662	0
<b>Total other class-specific debt</b>	<b>11,663</b>	<b>9,216</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	2,948,049	3,082,310
Quantity	29,480,491	30,823,096
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	3,082,310	4,434,147
Correction in connection with demerger	0	(659,856)
Issues during the year	164,658	98,803
Redemptions during the year	(298,919)	(790,784)
<b>Total units in circulation</b>	<b>2,948,049</b>	<b>3,082,310</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	3,107,323	4,333,968
Correction in connection with demerger	0	(650,756)
Issues during the year	142,304	95,308
Redemptions during the year	(243,839)	(773,515)
Correction of profit in connection with demerger	0	39,322
Net issue surcharges and redemption deductions	1,237	1,869
Distribution from last year concerning units in circulation at 31 Dec	(440,770)	(212,839)
Changes in dividend distribution due to issues/redemptions	662	(69)
Proposed distribution for the financial year	82,545	440,770
Brought forward from income statement	(105,281)	(168,241)
Brought forward for distribution next year	(241,719)	1,506
<b>Investors' assets at 31 Dec</b>	<b>2,302,462</b>	<b>3,107,323</b>

# Emerging Market Bonds B EUR d h – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	(13,944)	13,368	14,218	(10,052)
Investors' assets	140,505	156,470	168,057	143,664
Units in circulation nominal	190,354	163,570	180,088	152,530
Units in circulation quantity (EUR)	2,550,690	2,196,916	2,434,251	2,064,419
<b>Financial ratios</b>				
NAV per unit (EUR)	7.38	9.57	9.29	9.33
Dividend per unit (EUR)	0.27	1.38	0.48	0.89
Return in EUR (%) <sup>1)</sup>	(9.85%)	8.42%	9.48%	(6.75%)
Benchmark return in EUR (%)	(7.04%)	8.21%	8.32%	(3.24%)
Total expense ratio	1.17%	1.16%	1.15%	0.74%
Annual percentage rate (APR) at 31 Dec	1.67%	1.66%	1.66%	1.66%
Indirect transaction costs	0.34%	-	-	-
Sharpe Ratio (3 yrs)	0.40	-	-	-
Standard deviation (3 yrs)	6.34	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 24 April 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(12,324)	15,222
Other class-specific income	7	13
Class-specific costs <sup>1)</sup>	(1,627)	(1,867)
<b>Total net profit</b>	<b>(13,944)</b>	<b>13,368</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	698	805
Fees to custodian	50	55
Other costs relating to asset management	623	728
Other costs	28	12
Fixed management fee	228	267
<b>Total class-specific costs</b>	<b>1,627</b>	<b>1,867</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	5,139	22,573
Brought forward for distribution next year	(14,432)	138
Available for distribution	(9,293)	22,711
Brought forward to investors' assets	(4,651)	(9,343)
<b>Total distribution</b>	<b>(13,944)</b>	<b>13,368</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	138	0
Other income	7	13
Distribution adjustment in connection with issue/redemption concerning the above items	148	(1)
Share of joint income	(7,850)	24,466
Available for distribution before administrative costs	(7,557)	24,478
Set-off of administrative costs	(1,627)	(1,867)
Distribution adjustment in connection with issue/redemption	(109)	100
Total administrative costs	(1,736)	(1,767)
<b>Available for distribution, gross</b>	<b>(9,293)</b>	<b>22,711</b>
Voluntary distribution	14,432	0
<b>Available for distribution</b>	<b>5,139</b>	<b>22,711</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Other class-specific debt</b>		
Payables	370	406
<b>Total other class-specific debt</b>	<b>370</b>	<b>406</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	190,354	163,570
Quantity (EUR)	2,550,690	2,196,916
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	163,570	180,088
Exchange rate adjustment of units in circulation at 1 Jan	373	1,153
Issues during the year	46,471	20,251
Redemptions during the year	(20,060)	(37,922)
<b>Total units in circulation</b>	<b>190,354</b>	<b>163,570</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	156,470	168,057
Issues during the year	36,379	19,174
Redemptions during the year	(17,469)	(35,228)
Net issue surcharges and redemption deductions	68	78
Distribution from last year concerning units in circulation at 31 Dec	(22,573)	(8,688)
Changes in dividend distribution due to issues/redemptions	1,574	(291)
Proposed distribution for the financial year	5,139	22,573
Brought forward from income statement	(4,651)	(9,343)
Brought forward for distribution next year	(14,432)	138
<b>Investors' assets at 31 Dec</b>	<b>140,505</b>	<b>156,470</b>

# HøjrenteLande W DKK d h – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(70,168)	62,812
Investors' assets	584,023	875,882
Units in circulation nominal	743,260	865,761
Units in circulation quantity	7,432,594	8,657,608
<b>Financial ratios</b>		
NAV per unit	78.58	101.17
Dividend per unit	3.30	14.70
Return (%) <sup>1) 2)</sup>	(9.16%)	8.78%
Benchmark return (%) <sup>2)</sup>	(7.18%)	8.08%
Total expense ratio	0.66%	0.90%
Annual percentage rate (APR) at 31 Dec	0.78%	0.73%
Indirect transaction costs	0.34%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of HøjrenteLande A DKK

<sup>2)</sup> The year 2017: Net profit and financial ratios cover the period from 1 Jan to 31 Dec 2017

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(65,685)	70,030
Other class-specific income	37	55
Class-specific costs <sup>1)</sup>	(4,520)	(7,273)
<b>Total net profit</b>	<b>(70,168)</b>	<b>62,812</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	210	1,983
Fees to custodian	374	761
Other costs relating to asset management	3,141	3,564
Other costs	132	63
Fixed management fee	663	902
<b>Total class-specific costs</b>	<b>4,520</b>	<b>7,273</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	24,528	127,267
Brought forward for distribution next year	(61,193)	165
Available for distribution	(36,665)	127,432
Brought forward to investors' assets	(33,503)	(64,620)
<b>Total distribution</b>	<b>(70,168)</b>	<b>62,812</b>
<b>b2. Available for distribution <sup>2)</sup></b>		
Brought forward for distribution from last year	165	0
Other income	37	55
Distribution adjustment in connection with issue/redemption concerning the above items	(292)	5
Share of joint income	(32,597)	135,449
Available for distribution before administrative costs	(32,687)	135,509
Set-off of administrative costs	(4,520)	(7,273)
Distribution adjustment in connection with issue/redemption	542	(804)
Total administrative costs	(3,978)	(8,077)
<b>Available for distribution, gross</b>	<b>(36,665)</b>	<b>127,432</b>
Voluntary distribution	61,192	0
<b>Available for distribution</b>	<b>24,527</b>	<b>127,432</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Other class-specific debt</b>		
Payables	776	1,146
Payables – unsettled transactions	3,125	0
<b>Total other class-specific debt</b>	<b>3,901</b>	<b>1,146</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	743,260	865,761
Quantity	7,432,594	8,657,608
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	865,761	0
Correction in connection with demerger	0	659,856
Issues during the year	180,926	345,667
Redemptions during the year	(303,427)	(139,762)
<b>Total units in circulation</b>	<b>743,260</b>	<b>865,761</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	875,882	0
Correction in connection with demerger	0	650,756
Issues during the year	154,423	340,454
Redemptions during the year	(247,502)	(138,966)
Correction of profit in connection with demerger	0	(39,322)
Net issue surcharges and redemption deductions	329	148
Distribution from last year concerning units in circulation at 31 Dec	(127,267)	0
Changes in dividend distribution due to issues/redemptions	(1,674)	0
Proposed distribution for the financial year	24,528	127,267
Brought forward from income statement	(33,503)	(64,620)
Brought forward for distribution next year	(61,193)	165
<b>Investors' assets at 31 Dec</b>	<b>584,023</b>	<b>875,882</b>

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of HøjrenteLande A DKK.

<sup>2)</sup> 2017: Incl proportional share of income for 1 Jan - 13 Jun 2017 from HøjrenteLande A DKK.



# HøjrenteLande Akkumulerende KL

## Fund report

Fund data and unit class data	HøjrenteLande A DKK Akk	Emerging Market Bonds B EUR Acc h
ISIN	DK0060012979	DK0060646206
Date of establishment	6 October 2005	16 June 2015
Launch date	18 November 2005	18 September 2015
Listed	Yes	No
Currency	DKK	EUR
Income fund	No	No
Denomination	100	10
Risk category	4	4
Approved for marketing in Germany	No	Yes

Fund data and unit class data	Emerging Market Bonds I EUR Acc h	HøjrenteLande W DKK Acc h
ISIN	DK0060646396	DK0060646479
Date of establishment	16 June 2015	16 June 2015
Launch date	18 September 2015	25 August 2015
Listed	No	No
Currency	EUR	DKK
Income fund	No	No
Denomination	1,000	100
Risk category	4	4
Approved for marketing in Germany	Yes	No

Benchmark	J.P. Morgan Emerging Markets Bond Index Global Diversified hedged to fund currency
Secondary name	Emerging Market Bonds Acc KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests predominantly in high-yield government bonds issued in USD or EUR from high-yielding countries in Eastern Europe, Asia, Latin America, Africa and the Middle East. The fund may also invest in bonds issued in local currency. The majority of the fund's currency positions are hedged to DKK or EUR and the fund's currency risk is therefore limited.

The fund is divided into the unit classes HøjrenteLande A DKK Akk, Emerging Market Bonds B EUR Acc h, Emerging Market Bonds I EUR Acc h and HøjrenteLande W DKK Acc. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund carries a somewhat higher risk than that of traditional bond funds. In the short term large fluctuations in return may occur. The objective is to achieve a higher average return in the long term. Fund return depends on interest rate movements, issuers' ability to service debt and, to a lesser extent, exchange rates. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 4.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes and the fact that fund currency varies in the individual unit classes. The different currencies also explain the difference in the development of the benchmark.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
HøjrenteLande A DKK Akk	(9.75%)	(7.18%)	8.39%	8.08%
Emerging Market Bonds B EUR Acc h	(9.58%)	(7.04%)	8.63%	8.21%
Emerging Market Bonds I EUR Acc h	(8.83%)	(7.04%)	9.17%	8.21%
HøjrenteLande W DKK Acc	(9.20%)	(7.18%)	8.78%	8.08%

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

2018 was characterised by President Trump's unpredictable trade policy, higher US interest rates and country-specific events such as the currency crises in Argentina and Turkey as well as the elections in Mexico and Brazil. The yield spread between emerging market bonds and US government bonds widened to 4.15 percentage points, which combined with higher US interest rates is the main reason for the increase in the yield to maturity of emerging market bonds issued in USD to 6.86%. The vast majority of countries in the fund's benchmark produced negative returns. Zambia and Argentina were hit the hardest whereas Mozambique showed the best performance.

Fund return was lower than benchmark return. Country selections in particular pulled down relative return. Relative return was driven by the fund's overweights in Qatar, Costa Rica and the United Arab Emirates. In contrast the fund's overweight in Argentina and underweight in China detracted from performance.

**Market outlook**

Developments in 2019 will depend on whether the Fed signals interest rate hikes well into 2020 or whether the end is in sight. Furthermore the economic development in China will be of great significance. President Trump will remain a considerable source of uncertainty also in 2019. The ECB may start to raise its key rate at the end of the year, which could lead to higher European interest rates. All the factors set out above are risks but we believe that these concerns have already been priced in to some extent by the market and consequently the EM bond market is well prepared for these risks.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# HøjrenteLande Akkumulerende KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(177,918)	151,082	128,131	(48,416)	29,313
Investors' assets	1,969,190	1,959,988	1,690,421	1,310,480	623,851
<b>Financial ratios</b>					
Portfolio turnover rate (PTR)	0.72	0.50	0.78	0.24	1.23

<sup>1)</sup> Incl discontinued unit class Emerging Market Bonds I USD Acc.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1. Interest		91,291	99,935
<b>Total interest and dividends</b>		<b>91,291</b>	<b>99,935</b>
<b>Capital gains and losses</b>			
2. Bonds		(130,763)	(87,023)
2. Derivatives		(120,610)	157,739
Currency accounts		(2,012)	(3,022)
Other assets/liabilities		66	(43)
3. Transaction costs, operating activities		(567)	(392)
<b>Total capital gains and losses</b>		<b>(253,886)</b>	<b>67,259</b>
Other income		80	97
<b>Total income</b>		<b>(162,515)</b>	<b>167,291</b>
4. Administrative costs		(15,403)	(16,209)
<b>Net profit for the year</b>		<b>(177,918)</b>	<b>151,082</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
Total brought forward to investors' assets		(177,918)	151,082
<b>Total distribution</b>		<b>(177,918)</b>	<b>151,082</b>
<b>Distribution of profit in the unit classes</b>			
<b>Brought forward to investors' assets</b>			
HøjrenteLande A DKK Akk		(54,224)	56,017
Emerging Market Bonds B EUR Acc h		(10,047)	10,554
Emerging Market Bonds I EUR Acc h		(52,223)	41,854
Emerging Market Bonds I USD Acc <sup>1)</sup>		-	1,465
HøjrenteLande W DKK Acc h		(61,424)	41,192
<b>Total</b>		<b>(177,918)</b>	<b>151,082</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
Deposits with custodian		145,829	137,086
Deposits on margin accounts with custodian		61,500	3,840
<b>Total liquid funds</b>		<b>207,329</b>	<b>140,926</b>
6. <b>Bonds</b>			
Listed bonds from foreign issuers		1,728,661	1,743,156
Unlisted bonds from foreign issuers		60,566	35,496
<b>Total bonds</b>		<b>1,789,227</b>	<b>1,778,652</b>
<b>Derivatives</b>			
Unlisted derivatives		1,554	7,692
<b>Total derivatives</b>		<b>1,554</b>	<b>7,692</b>
<b>Other assets</b>			
Interest receivable, dividends receivable etc		31,899	31,848
Receivables – unsettled transactions		0	4,691
<b>Total other assets</b>		<b>31,899</b>	<b>36,539</b>
<b>TOTAL ASSETS</b>		<b>2,030,009</b>	<b>1,963,809</b>
<b>LIABILITIES</b>			
5. <b>Investors' assets <sup>1)</sup></b>		<b>1,969,190</b>	<b>1,959,988</b>
<b>Derivatives</b>			
Unlisted derivatives		57,321	59
<b>Total derivatives</b>		<b>57,321</b>	<b>59</b>
<b>Other debt</b>			
Interest payable		6	8
Payables		3,464	3,571
Payables – unsettled transactions		28	183
<b>Total other debt</b>		<b>3,498</b>	<b>3,762</b>
<b>TOTAL LIABILITIES</b>		<b>2,030,009</b>	<b>1,963,809</b>
<b><sup>1)</sup> Investors' assets by unit class</b>			
HøjrenteLande A DKK Akk		466,914	556,226
Emerging Market Bonds B EUR Acc h		62,489	128,069
Emerging Market Bonds I EUR Acc h		936,199	524,393
HøjrenteLande W DKK Acc h		503,588	751,300
<b>Total</b>		<b>1,969,190</b>	<b>1,959,988</b>

# HøjrenteLande Akkumulerende KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		1,046	311
Listed bonds from foreign issuers		87,671	96,291
Unlisted bonds from foreign issuers		2,867	3,721
Interest expense and negative interest with custodian		(293)	(388)
<b>Total interest</b>		<b>91,291</b>	<b>99,935</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from foreign issuers		(131,736)	(83,125)
Unlisted bonds from foreign issuers		973	(3,898)
<b>Total bonds</b>		<b>(130,763)</b>	<b>(87,023)</b>
<b>Derivatives</b>			
Forward exchange transactions/futures etc		(13,289)	161,596
Forward interest transactions/futures etc		(107,321)	(3,857)
<b>Total derivatives</b>		<b>(120,610)</b>	<b>157,739</b>
<b>3. Transaction costs</b>			
All transaction costs		584	403
Covered by income from issue and redemption		(17)	(11)
<b>Transaction costs, operating activities</b>		<b>567</b>	<b>392</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		3,685	4,837
Fees to custodian		732	845
Other costs relating to asset management		8,508	8,246
Other costs		370	133
Fixed management fee <sup>1)</sup>		2,108	2,148
<b>Total class-specific costs</b>		<b>15,403</b>	<b>16,209</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>5. Investors' assets</b>			
Investors' assets at 1 Jan		1,959,988	1,690,421
Issues during the year		548,370	545,678
Redemptions during the year		(364,548)	(427,756)
Net issue surcharges and redemption deductions		3,298	563
Brought forward from income statement		(177,918)	151,082
<b>Investors' assets at 31 Dec</b>		<b>1,969,190</b>	<b>1,959,988</b>
<b>6. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# HøjrenteLande Akkumulerende KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		1,890,103	1,512,679
Market value of sale of securities		1,728,628	1,245,332
<b>Total market value</b>		<b>3,618,731</b>	<b>2,758,011</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		87.79%	88.94%
Financial instruments listed on other regulated market		3.08%	1.81%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		(2.90%)	0.39%
		87.97%	91.14%
Other assets/other debt		12.03%	8.86%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>			
Bonds > 6 yrs		45.85%	54.03%
Bonds 4-6 yrs		14.41%	13.51%
Bonds 2-4 yrs		17.28%	12.14%
Bonds 0-2 yrs		13.33%	11.07%
Cash, derivatives etc		9.13%	9.25%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Bonds by country</b>			
Turkey		8.07%	11.51%
Argentina		6.48%	5.42%
Mexico		4.85%	5.93%
Costa Rica		4.75%	1.54%
Russia		4.70%	1.92%
Qatar		4.32%	1.22%
Ivory Coast		3.72%	2.00%
Dominican Republic		3.45%	2.52%
Other		51.78%	58.69%
Cash, derivatives etc		9.13%	9.25%
<b>Total</b>		<b>101.25%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>e. Currency futures bought</b>			
USD		334,235	273,681
<b>Total</b>		<b>334,235</b>	<b>273,681</b>
<b>f. Currency futures sold</b>			
USD		(8,426)	0
EUR		(181,001)	(184,641)
<b>Total</b>		<b>(189,427)</b>	<b>(184,641)</b>
<b>g. Underlying exposure – forward exchange transactions</b>			
<b>Currency</b>			
DKK		703,585	950,129
EUR		724,519	474,027
JPY		(23,928)	(20,642)
USD		(1,465,412)	(1,400,874)
<b>h. Net collateral position</b>			
Net calculation of collateral regarding derivatives			
<b>Collateral provided as</b>			
Liquid funds		61,500	3,840
<b>Total</b>		<b>61,500</b>	<b>3,840</b>
<b>Reuse of collateral</b>			
Collateral received which is reused			
		0	0
<b>Total</b>		<b>0</b>	<b>0</b>



# HøjrenteLande A DKK Akk – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(54,224)	56,017	60,984	(15,305)	29,313
Investors' assets	466,914	556,226	763,384	642,516	623,851
Units in circulation nominal	265,337	285,284	424,373	388,459	366,656
Units in circulation quantity	1,653,371	2,852,843	4,243,725	3,884,587	3,666,558
<b>Financial ratios</b>					
NAV per unit	175.97	194.97	179.89	165.40	170.15
Return (%) <sup>1)</sup>	(9.75%)	8.39%	8.76%	(2.79%)	3.86%
Benchmark return (%)	(7.18%)	8.08%	8.27%	0.24%	6.91%
Total expense ratio	1.31%	1.34%	1.32%	1.30%	1.24%
Annual percentage rate (APR) at 31 Dec	1.44%	1.46%	1.48%	1.62%	1.60%
Indirect transaction costs	0.34%	-	-	-	-
Sharpe Ratio (5 yrs)	0.26	0.36	0.54	0.47	0.93
Standard deviation (5 yrs)	6.13	6.65	7.16	6.92	7.13

<sup>1)</sup> Past performance is no guarantee of future performance.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(15,804)	5,117
Forward transactions (class-specific)	(31,807)	59,375
Other class-specific income	23	37
Class-specific costs <sup>1)</sup>	(6,636)	(8,512)
<b>Total net profit</b>	<b>(54,224)</b>	<b>56,017</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	3,259	4,206
Fees to custodian	250	409
Other costs relating to asset management	2,294	2,919
Other costs	98	44
Fixed management fee	734	934
<b>Total class-specific costs</b>	<b>6,635</b>	<b>8,512</b>
<b>b. Distribution of profit</b>		
Brought forward to investors' assets	(54,224)	56,017
<b>Total distribution</b>	<b>(54,224)</b>	<b>56,017</b>
<b>c. Derivatives (class-specific)</b>		
Derivatives - assets	92	2,077
Derivatives - liabilities	(14,070)	(23)
<b>Total derivatives (class-specific)</b>	<b>(13,978)</b>	<b>2,054</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Other class-specific debt</b>		
Payables	1,414	1,630
<b>Total other class-specific debt</b>	<b>1,414</b>	<b>1,630</b>
<b>e. Units in circulation</b>		
Nominal (DKK 1,000)	265,337	285,284
Quantity	1,653,371	2,852,843
<b>f. Investors' assets</b>		
<b>f1. Units in circulation</b>		
Units in circulation at 1 Jan	285,284	424,373
Issues during the year	14,843	32,119
Redemptions during the year	(34,790)	(171,208)
<b>Total units in circulation</b>	<b>265,337</b>	<b>285,284</b>
<b>f2. Investors' assets</b>		
Investors' assets at 1 Jan	556,226	763,384
Issues during the year	27,945	60,933
Redemptions during the year	(63,849)	(324,300)
Net issue surcharges and redemption deductions	816	192
Brought forward from income statement	(54,224)	56,017
<b>Investors' assets at 31 Dec</b>	<b>466,914</b>	<b>556,226</b>

# Emerging Market Bonds B EUR Acc h – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014 <sup>2)</sup>
<b>Financial highlights</b>					
Net profit for the year	(10,047)	10,554	10,048	(2,892)	16,119
Share of net profit for the year <sup>3)</sup>	(10,047)	10,554	10,048	2,865	16,119
Investors' assets	62,489	128,069	125,971	113,960	387,954
Units in circulation nominal	23,372	43,305	46,450	45,607	152,164
Units in circulation quantity (EUR)	313,155	581,627	622,280	611,232	2,038,986
<b>Financial ratios</b>					
NAV per unit (EUR)	26.74	29.57	27.23	24.98	25.50
Return in EUR (%) <sup>3)</sup>	(9.58%)	8.63%	8.97%	(2.01%)	4.19%
Benchmark return in EUR (%)	(7.04%)	8.21%	8.32%	0.74%	7.09%
Total expense ratio	1.18%	1.15%	1.17%	0.42%	1.11%
Total expense ratio <sup>3)</sup>	1.18%	1.15%	1.17%	1.33%	1.11%
Annual percentage rate (APR) at 31 Dec	1.67%	1.66%	1.65%	1.65%	-
Indirect transaction costs	0.34%	1.66%	1.65%	1.65%	-
Sharpe Ratio (5 yrs)	0.32	0.39	0.57	0.51	0.92
Standard deviation (5 yrs)	6.11	6.68	7.21	7.05	7.33

<sup>3)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 21 September 2015.

<sup>2)</sup> Financial figures from ISI Emerging Market Bonds (translated to DKK).

<sup>3)</sup> For the period 1 Jan – 18 Sep 2015 ISI Emerging Market Bonds is included.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(4,109)	498
Forward transactions (class-specific)	(4,922)	11,515
Other class-specific income	4	7
Class-specific costs <sup>1)</sup>	(1,020)	(1,466)
<b>Total net profit</b>	<b>(10,047)</b>	<b>10,554</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	426	632
Fees to custodian	31	44
Other costs relating to asset management	400	572
Other costs	16	9
Fixed management fee	147	209
<b>Total class-specific costs</b>	<b>1,020</b>	<b>1,466</b>
<b>b. Distribution of profit</b>		
Brought forward to investors' assets	(10,047)	10,554
<b>Total distribution</b>	<b>(10,047)</b>	<b>10,554</b>
<b>c. Derivatives (class-specific)</b>		
Derivatives - assets	4	551
Derivatives - liabilities	(1,850)	(8)
<b>Total derivatives (class-specific)</b>	<b>(1,846)</b>	<b>543</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Other class-specific debt</b>		
Payables	167	333
Payables – unsettled transactions	28	183
<b>Total other class-specific debt</b>	<b>195</b>	<b>516</b>
<b>e. Units in circulation</b>		
Nominal (DKK 1,000)	23,372	43,305
Quantity (EUR)	313,155	581,627
<b>f. Investors' assets</b>		
<b>f1. Units in circulation</b>		
Units in circulation at 1 Jan	43,305	46,450
Exchange rate adjustment of units in circulation at 1 Jan	99	(119)
Issues during the year	424	672
Redemptions during the year	(20,456)	(3,698)
<b>Total units in circulation</b>	<b>23,372</b>	<b>43,305</b>
<b>f2. Investors' assets</b>		
Investors' assets at 1 Jan	128,069	125,971
Issues during the year	1,261	1,934
Redemptions during the year	(56,923)	(10,431)
Net issue surcharges and redemption deductions	129	41
Brought forward from income statement	(10,047)	10,554
<b>Investors' assets at 31 Dec</b>	<b>62,489</b>	<b>128,069</b>

# Emerging Market Bonds I EUR Acc h – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014 <sup>2)</sup>
<b>Financial highlights</b>					
Net profit for the year	(52,223)	41,854	37,949	(28,947)	58,067
Share of net profit for the year <sup>3)</sup>	(52,223)	41,854	37,949	(38,540)	58,067
Investors' assets	936,199	524,393	442,669	404,485	1,518,324
Units in circulation nominal	392,148	200,253	185,148	185,148	680,431
Units in circulation quantity (EUR)	52,550	26,896	24,820	24,820	91,178
<b>Financial ratios</b>					
NAV per unit (EUR)	2,387.35	2,618.66	2,398.65	2,183.77	2,231.41
Return in EUR (%) <sup>3)</sup>	(8.83%)	9.17%	9.84%	(2.13%)	4.37%
Benchmark return in EUR (%)	(7.04%)	8.21%	8.32%	0.74%	7.09%
Total expense ratio	0.58%	0.58%	0.59%	0.17%	1.19%
Total expense ratio <sup>3)</sup>	0.58%	0.58%	0.59%	0.94%	1.19%
Annual percentage rate (APR) at 31 Dec	0.73%	0.73%	0.75%	0.75%	1.80%
Indirect transaction costs	0.34%	-	-	-	-
Sharpe Ratio (5 yrs)	0.39	0.45	0.65	0.52	0.99
Standard deviation (5 yrs)	6.11	6.68	7.27	6.82	7.17

<sup>3)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 21 September 2015.

<sup>2)</sup> Financial figures from SEM Emerging Market Bonds (translated to DKK).

<sup>3)</sup> For the period 1 Jan – 18 Sep 2015 SEM Emerging Market Bonds is included.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(13,426)	1,440
Forward transactions (class-specific)	(34,622)	43,151
Other class-specific income	24	25
Class-specific costs <sup>1)</sup>	(4,199)	(2,762)
<b>Total net profit</b>	<b>(52,223)</b>	<b>41,854</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	216	145
Other costs relating to asset management	3,170	2,133
Other costs	144	34
Fixed management fee	669	450
<b>Total class-specific costs</b>	<b>4,199</b>	<b>2,762</b>
<b>b. Distribution of profit</b>		
Brought forward to investors' assets	(52,223)	41,854
<b>Total distribution</b>	<b>(52,223)</b>	<b>41,854</b>
<b>c. Derivatives (class-specific)</b>		
Derivatives - assets	49	2,264
Derivatives - liabilities	(26,431)	(28)
<b>Total derivatives (class-specific)</b>	<b>(26,382)</b>	<b>2,236</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Other class-specific debt</b>		
Payables	1,220	655
<b>Total other class-specific debt</b>	<b>1,220</b>	<b>655</b>
<b>e. Units in circulation</b>		
Nominal (DKK 1,000)	392,148	200,253
Quantity (EUR)	52,550	26,896
<b>f. Investors' assets</b>		
<b>f1. Units in circulation</b>		
Units in circulation at 1 Jan	200,253	185,148
Exchange rate adjustment of units in circulation at 1 Jan	457	(352)
Issues during the year	194,662	15,457
Redemptions during the year	(3,224)	0
<b>Total units in circulation</b>	<b>392,148</b>	<b>200,253</b>
<b>f2. Investors' assets</b>		
Investors' assets at 1 Jan	524,393	442,669
Issues during the year	470,579	39,719
Redemptions during the year	(7,946)	0
Net issue surcharges and redemption deductions	1,396	151
Brought forward from income statement	(52,223)	41,854
<b>Investors' assets at 31 Dec</b>	<b>936,199</b>	<b>524,393</b>

# Emerging Market Bonds I USD Acc h – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018 <sup>2)</sup>	2017 <sup>2)</sup>	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Share of net profit for the year	-	1,465	9,354	(357)
Investors' assets	-	-	56,087	66,861
Units in circulation nominal	-	-	50,508	68,286
Units in circulation quantity (USD)	-	-	72,781	99,400
<b>Financial ratios</b>				
NAV per unit (USD)	-	-	109.32	97.91
Return in USD (%) <sup>1)</sup>	-	-	11.65%	(2.09%)
Benchmark return in USD (%)	-	-	10.15%	(1.57%)
Total expense ratio	-	-	0.60%	0.10%
Annual percentage rate (APR) at 31 Dec	-	-	0.75%	0.75%
Sharpe Ratio (5 yrs)	-	-	-	-
Standard deviation (5 yrs)	-	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 18 September 2015.

<sup>2)</sup> The unit class ceased on 3 April 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	-	1,639
Forward transactions (class-specific)	-	(93)
Other class-specific income	-	2
Class-specific costs <sup>1)</sup>	-	(83)
<b>Total net profit</b>	-	<b>1,465</b>
<b>b. Distribution of profit</b>		
Brought forward to investors' assets	-	1,465
<b>Total distribution</b>	-	<b>1,465</b>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	-	0
Quantity (USD)	-	0

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	-	50,508
Redemptions during the year	-	(50,508)
<b>Total units in circulation</b>	-	<b>0</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	-	56,087
Redemptions during the year	-	(57,552)
Brought forward from income statement	-	1,465
<b>Investors' assets at 31 Dec</b>	-	<b>0</b>

<sup>1)</sup> The unit class ceased on 3 April 2017.

# HøjrenteLande W DKK Acc h – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	(61,424)	41,192	9,796	(915)
Investors' assets	503,588	751,300	302,310	82,658
Units in circulation nominal	467,534	633,368	227,240	82,890
Units in circulation quantity	4,675,339	6,333,678	2,772,403	828,898
<b>Financial ratios</b>				
NAV per unit	107.71	118.62	109.04	99.72
Return (%) <sup>1)</sup>	(9.20%)	8.78%	9.35%	(0.28%)
Benchmark return (%)	(7.18%)	8.08%	8.27%	0.93%
Total expense ratio	0.61%	0.57%	0.57%	0.20%
Annual percentage rate (APR) at 31 Dec	0.74%	0.74%	0.76%	0.76%
Indirect transaction costs	0.34%	-	-	-
Sharpe Ratio (3 yrs)	0.45	-	-	-
Standard deviation (3 yrs)	6.30	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 25 August 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(21,956)	(3,097)
Forward transactions (class-specific)	(35,948)	47,649
Other class-specific income	29	26
Class-specific costs <sup>1)</sup>	(3,549)	(3,386)
<b>Total net profit</b>	<b>(61,424)</b>	<b>41,192</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	235	243
Other costs relating to asset management	2,644	2,559
Other costs	112	44
Fixed management fee	558	540
<b>Total class-specific costs</b>	<b>3,549</b>	<b>3,386</b>
<b>b. Distribution of profit</b>		
Brought forward to investors' assets	(61,424)	41,192
<b>Total distribution</b>	<b>(61,424)</b>	<b>41,192</b>
<b>c. Derivatives (class-specific)</b>		
Derivatives - assets	82	2,800
Derivatives - liabilities	(11,922)	0
<b>Total derivatives (class-specific)</b>	<b>(11,840)</b>	<b>2,800</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Other class-specific debt</b>		
Payables	650	953
<b>Total other class-specific debt</b>	<b>650</b>	<b>953</b>
<b>e. Units in circulation</b>		
Nominal (DKK 1,000)	467,534	633,368
Quantity	4,675,339	6,333,678
<b>f. Investors' assets</b>		
<b>f1. Units in circulation</b>		
Units in circulation at 1 Jan	633,368	277,240
Issues during the year	43,952	386,934
Redemptions during the year	(209,786)	(30,806)
<b>Total units in circulation</b>	<b>467,534</b>	<b>633,368</b>
<b>f2. Investors' assets</b>		
Investors' assets at 1 Jan	751,300	302,310
Issues during the year	48,585	443,092
Redemptions during the year	(235,830)	(35,473)
Net issue surcharges and redemption deductions	957	179
Brought forward from income statement	(61,424)	41,192
<b>Investors' assets at 31 Dec</b>	<b>503,588</b>	<b>751,300</b>

# HøjrenteLande Korte Obligationer Akkumulerende KL

## Fund report

Fund data and unit class data	HøjrenteLande Korte Obligationer A DKK Akk	HøjrenteLande Korte Obligationer W DKK Acc
ISIN	DK0060227908	DK0060751261
Date of establishment	7 May 2010	29 August 2016
Launch date	31 May 2010	5 October 2016
Listed	Yes	No
Currency	DKK	DKK
Income fund	No	No
Denomination	100	100
Risk category	3	3
Approved for marketing in Germany	No	No
Benchmark	No	
Secondary name	Emerging Market Bonds Short Duration Acc KL	

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests mainly in high-yield government bonds with short maturity issued in USD or EUR from high-yielding countries in Eastern Europe, Asia, Latin America, the Middle East and Africa. The fund may also invest in bonds issued in local currency. The majority of the fund's currency positions are hedged to DKK or EUR and the fund's currency risk is limited.

The fund is divided into the unit classes HøjrenteLande Korte Obligationer A DKK Akk and HøjrenteLande Korte Obligationer W DKK Acc. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund carries a slightly higher risk than that of traditional bond funds. In the short term large fluctuations in return may occur. Fund return depends on interest rate movements, issuers' ability to service debt and, to a lesser extent, exchange rates. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 3.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

	31 Dec 2018	31 Dec 2017
Unit class	Return	Return
HøjrenteLande Korte Obligationer A DKK Akk	(3.37%)	4.62%
HøjrenteLande Korte Obligationer W DKK Acc	(2.97%)	5.37%

The market fell short of expectations at the beginning of the year. The unit classes of the fund generated negative returns, see the above table.

2018 was characterised by President Trump's unpredictable trade policy, higher US interest rates and country-specific events such as the currency crises in Argentina and Turkey as well as the elections in Mexico and Brazil. The yield spread between emerging market bonds and US government bonds widened to 4.15 percentage points, which combined with higher US interest rates is the main reason for the increase in the yield to maturity of emerging market bonds issued in USD to 6.86%. The vast majority of countries in the fund's benchmark produced negative returns. Zambia and Argentina were hit the hardest whereas Mozambique showed the best performance.

The fund yielded a negative return. Relative return was driven by the investments in Costa Rica and the Seychelles. On the other hand the fund's investments in Argentina and Turkey detracted from performance.

### Market outlook

Developments in 2019 will depend on whether the Fed signals interest rate hikes well into 2020 or whether the end is in sight. Furthermore the economic development in China will be of great significance. President Trump will remain a considerable source of uncertainty also in 2019. The ECB may start to raise its key rate at the end of the year, which could lead to higher European interest rates. All the factors set out above are risks but we believe that these concerns have already been priced in to some extent by the market and consequently the EM bond market is well prepared for these risks.



# HøjrenteLande Korte Obligationer Akkumulerende KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(22,958)	30,301	6,983	(7,974)	1,275
Investors' assets	598,487	699,410	605,424	308,931	474,950
<b>Financial ratios</b>					
Portfolio turnover rate (PTR)	0.41	0.69	0.69	0.98	0.59

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	32,244	29,320
	<b>Total interest and dividends</b>	<b>32,244</b>	<b>29,320</b>
<b>Capital gains and losses</b>			
2.	Bonds	(15,580)	(30,402)
2.	Derivatives	(34,488)	41,272
	Currency accounts	1,098	(1,669)
	Other assets/liabilities	16	(118)
3.	Transaction costs, operating activities	(8)	(5)
	<b>Total capital gains and losses</b>	<b>(48,962)</b>	<b>9,078</b>
	Other income	15	41
	<b>Total income</b>	<b>(16,703)</b>	<b>38,439</b>
4.	Administrative costs	(6,255)	(8,138)
	<b>Net profit for the year</b>	<b>(22,958)</b>	<b>30,301</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total brought forward to investors' assets	(22,958)	30,301
	<b>Total distribution</b>	<b>(22,958)</b>	<b>30,301</b>
<b>Distribution of profit in the unit classes</b>			
<b>Brought forward to investors' assets</b>			
	HøjrenteLande		
	Korte Obligationer A DKK Akk	(19,752)	25,342
	HøjrenteLande		
	Korte Obligationer W DKK Acc h	(3,206)	4,959
	<b>Total</b>	<b>(22,958)</b>	<b>30,301</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	49,894	19,636
	<b>Total liquid funds</b>	<b>49,894</b>	<b>19,636</b>
6.	<b>Bonds</b>		
	Listed bonds from foreign issuers	517,999	641,283
	Unlisted bonds from foreign issuers	36,589	26,062
	<b>Total bonds</b>	<b>554,588</b>	<b>667,345</b>
<b>Derivatives</b>			
	Unlisted derivatives	265	1,927
	<b>Total derivatives</b>	<b>265</b>	<b>1,927</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	13,036	10,289
	Receivables – unsettled transactions	0	2,109
	<b>Total other assets</b>	<b>13,036</b>	<b>12,398</b>
	<b>TOTAL ASSETS</b>	<b>617,783</b>	<b>701,306</b>
<b>LIABILITIES</b>			
5.	<b>Investors' assets <sup>1)</sup></b>	<b>598,487</b>	<b>699,410</b>
<b>Derivatives</b>			
	Unlisted derivatives	15,711	0
	<b>Total derivatives</b>	<b>15,711</b>	<b>0</b>
<b>Other debt</b>			
	Interest payable	1	0
	Payables	1,295	1,896
	Payables – unsettled transactions	2,289	0
	<b>Total other debt</b>	<b>3,585</b>	<b>1,896</b>
	<b>TOTAL LIABILITIES</b>	<b>617,783</b>	<b>701,306</b>
<sup>1)</sup> <b>Investors' assets by unit class</b>			
	HøjrenteLande		
	Korte Obligationer A DKK Akk	493,632	565,667
	HøjrenteLande		
	Korte Obligationer W DKK Acc h	104,855	133,743
	<b>Total</b>	<b>598,487</b>	<b>699,410</b>

# HøjrenteLande Korte Obligationer Akkumulerende KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		378	80
Listed bonds from foreign issuers		29,457	28,191
Unlisted bonds from foreign issuers		2,467	1,125
Interest expense and negative interest with custodian		(58)	(76)
<b>Total interest</b>		<b>32,244</b>	<b>29,320</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from foreign issuers		(16,343)	(27,806)
Unlisted bonds from foreign issuers		763	(2,596)
<b>Total bonds</b>		<b>(15,580)</b>	<b>(30,402)</b>
<b>Derivatives</b>			
Forward exchange transactions/futures etc		(34,488)	41,272
<b>Total derivatives</b>		<b>(34,488)</b>	<b>41,272</b>
<b>3. Transaction costs</b>			
All transaction costs		10	6
Covered by income from issue and redemption		(2)	(1)
<b>Transaction costs, operating activities</b>		<b>8</b>	<b>5</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		1,944	3,719
Fees to custodian		390	417
Other costs relating to asset management		2,927	3,042
Other costs		108	37
Fixed management fee <sup>1)</sup>		886	923
<b>Total class-specific costs</b>		<b>6,255</b>	<b>8,138</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>5. Investors' assets</b>			
Investors' assets at 1 Jan		699,410	605,424
Issues during the year		34,054	141,175
Redemptions during the year		(112,464)	(78,020)
Net issue surcharges and redemption deductions		445	530
Brought forward from income statement		(22,958)	30,301
<b>Investors' assets at 31 Dec</b>		<b>598,487</b>	<b>699,410</b>
<b>6. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		311,169	634,106
Market value of sale of securities		362,382	526,926
<b>Total market value</b>		<b>673,551</b>	<b>1,161,032</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		86.55%	91.68%
Financial instruments listed on other regulated market		6.11%	3.73%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		(2.58%)	0.28%
		90.08%	95.69%
Other assets/other debt		9.92%	4.31%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>			
Bonds > 6 yrs		0.00%	5.00%
Bonds 4-6 yrs		10.39%	6.45%
Bonds 2-4 yrs		50.14%	61.58%
Bonds 0-2 yrs		32.13%	22.66%
Cash, derivatives etc		7.34%	4.31%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Bonds by country</b>			
Turkey		11.09%	12.15%
Argentina		6.59%	5.01%
Macedonia		5.53%	3.04%
Costa Rica		5.41%	1.80%
Seychelles		4.55%	4.45%
Hungary		4.19%	3.92%
Ivory Coast		4.16%	2.15%
Morocco		3.27%	2.91%
Other		47.87%	60.26%
Cash, derivatives etc		7.34%	4.31%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>e. Underlying exposure – forward exchange transactions</b>			
<b>Currency</b>			
DKK		385,308	391,286
USD		(401,959)	(390,780)
<b>f. Net collateral position</b>			
Collateral concerning derivatives			
No collateral has been provided			

# HøjrenteLande Korte Obligationer A DKK Akk – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(19,752)	25,342	7,310	(7,974)	1,275
Investors' assets	493,632	565,667	551,156	308,931	474,950
Units in circulation nominal	429,736	475,840	485,072	280,111	421,461
Units in circulation quantity	4,297,362	4,758,404	4,850,719	2,801,106	4,214,606
<b>Financial ratios</b>					
NAV per unit	114.87	118.88	113.62	110.29	112.69
Return (%) <sup>1)</sup>	(3.37%)	4.62%	3.02%	(2.13%)	0.28%
Total expense ratio	1.03%	1.31%	1.29%	1.09%	1.26%
Annual percentage rate (APR) at 31 Dec	1.13%	1.13%	1.46%	1.59%	1.64%
Indirect transaction costs	0.23%	-	-	-	-
Sharpe Ratio (5 yrs)	0.19	0.45	0.61	0.37	0.94
Standard deviation (5 yrs)	3.23	3.11	3.25	3.13	3.07

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 5 October 2016.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(14,146)	32,811
Other class-specific income	12	34
Class-specific costs <sup>1)</sup>	(5,618)	(7,503)
<b>Total net profit</b>	<b>(19,752)</b>	<b>25,342</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	1,944	3,719
Fees to custodian	335	355
Other costs relating to asset management	2,461	2,575
Other costs	91	30
Fixed management fee	787	824
<b>Total class-specific costs</b>	<b>5,618</b>	<b>7,503</b>
<b>b. Distribution of profit</b>		
Brought forward to investors' assets	(19,752)	25,342
<b>Total distribution</b>	<b>(19,752)</b>	<b>25,342</b>
<b>c. Other class-specific debt</b>		
Payables	1,157	1,716
Payables – unsettled transactions	2,289	0
<b>Total other class-specific debt</b>	<b>3,446</b>	<b>1,716</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	429,736	475,840
Quantity	4,297,362	4,758,404
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	475,840	485,072
Issues during the year	17,755	56,352
Redemptions during the year	(63,859)	(65,584)
<b>Total units in circulation</b>	<b>429,736</b>	<b>475,840</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	565,667	551,156
Issues during the year	21,073	65,373
Redemptions during the year	(73,729)	(76,665)
Net issue surcharges and redemption deductions	373	461
Brought forward from income statement	(19,752)	25,342
<b>Investors' assets at 31 Dec</b>	<b>493,632</b>	<b>565,667</b>

# HøjrenteLande Korte Obligationer W DKK Acc h – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2016-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>
<b>Financial highlights</b>			
Net profit for the year	(3,206)	4,959	(327)
Investors' assets	104,855	133,743	54,268
Units in circulation nominal	103,958	128,658	55,010
Units in circulation quantity	1,039,581	1,286,584	550,100
<b>Financial ratios</b>			
NAV per unit	100.86	103.95	98.65
Return (%) <sup>1)</sup>	(2.97%)	5.37%	(1.35%)
Total expense ratio	0.62%	0.59%	0.15%
Annual percentage rate (APR) at 31 Dec	0.72%	0.73%	1.46%
Indirect transaction costs	0.23%	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was launched on 5 October 2016.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(2,571)	5,587
Other class-specific income	2	7
Class-specific costs <sup>1)</sup>	(637)	(635)
<b>Total net profit</b>	<b>(3,206)</b>	<b>4,959</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	55	63
Other costs relating to asset management	466	467
Other costs	17	7
Fixed management fee	99	98
<b>Total class-specific costs</b>	<b>637</b>	<b>635</b>
<b>b. Distribution of profit</b>		
Brought forward to investors' assets	(3,206)	4,959
<b>Total distribution</b>	<b>(3,206)</b>	<b>4,959</b>
<b>c. Other class-specific debt</b>		
Payables	135	180
<b>Total other class-specific debt</b>	<b>135</b>	<b>180</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	103,958	128,658
Quantity	1,039,581	1,286,584
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	128,658	55,010
Issues during the year	12,822	74,970
Redemptions during the year	(37,522)	(1,322)
<b>Total units in circulation</b>	<b>103,958</b>	<b>128,658</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	133,743	54,268
Issues during the year	12,981	75,802
Redemptions during the year	(38,735)	(1,355)
Net issue surcharges and redemption deductions	72	69
Brought forward from income statement	(3,206)	4,959
<b>Investors' assets at 31 Dec</b>	<b>104,855</b>	<b>133,743</b>

# HøjrenteLande Lokal Valuta KL

## Fund report

Fund data and unit class data	HøjrenteLande Lokal Valuta A DKK	Emerging Market Local Currency Bonds B EUR d	HøjrenteLande Lokal Valuta W DKK d
ISIN	DK0060030872	DK0060626364	DK0060815330
Date of establishment	19 December 2005	18 February 2015	16 May 2017
Launch date	10 February 2006	24 April 2015	13 June 2017
Listed	Yes	No	No
Currency	DKK	EUR	DKK
Income fund	Yes	Yes	Yes
Denomination	100	10	100
Risk category	4	4	4
Approved for marketing in Germany	No	Yes	No
Benchmark	J.P. Morgan Global Bond Index - Emerging Markets Global Diversified unhedged to fund currency		
Secondary name	Emerging Market Local Currency Bonds KL		

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in medium-term or long-term government bonds in local currency from high-yielding countries in Eastern Europe, Asia, Latin America and Africa. The fund pursues an active currency policy and will to a great extent be affected by exchange rate developments in the countries in which the fund invests.

The fund is divided into the unit classes HøjrenteLande Lokal Valuta A DKK, Emerging Market Local Currency Bonds B EUR d and HøjrenteLande Lokal Valuta W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund carries a somewhat higher risk than that of traditional bond funds. In the short term large fluctuations in return may occur. The fund invests in bonds issued in local currency, which are generally not hedged. Consequently return is greatly influenced by exchange rate developments. Fund return depends on exchange rate movements, the level of interest rates and issuers' ability to service debt. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 4.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes and the fact that fund currency varies in the individual unit classes. The different currencies also explain the difference in the development of the benchmark.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
HøjrenteLande Lokal Valuta A DKK	(3.54%)	(1.26%)	(0.33%)	1.34%
Emerging Market Local Currency Bonds B EUR d	(3.60%)	(1.48%)	(0.32%)	1.20%
HøjrenteLande Lokal Valuta W DKK d <sup>1)</sup>	(2.84%)	(1.26%)	0.07%	1.34%

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of HøjrenteLande Lokal Valuta A DKK. Return covers the period from 1 January to 31 December 2017.

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

2018 was characterised by President Trump's unpredictable trade policy, higher US interest rates and country-specific events such as the currency crises in Argentina and Turkey as well as the elections in Mexico and Brazil. Yields on emerging market bonds issued in local currency have gone up but still contributed positively to return. On the other hand emerging market currencies have weakened against DKK, EUR and USD.

Fund return was lower than benchmark return. Currency allocations in particular pulled down relative return. Relative return was driven by the fund's bond allocations in Mexico and its overweight in Ukraine. By contrast the fund's underweight in Thailand and its overweight in Argentina detracted from performance.

### Market outlook

Developments in 2019 will depend on whether the Fed signals interest rate hikes well into 2020 or whether the end is in sight. Furthermore the economic development in China will be of great significance. President Trump will remain a considerable source of uncertainty also in 2019. The ECB may start to raise its key rate at the end of the year, which could lead to higher European interest rates. All the factors set out above are risks but we believe that these concerns have already been priced in to some extent by the market and consequently EM bond and currency markets are well prepared for these risks.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# HøjrenteLande Lokal Valuta KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(30,507)	(2,679)	99,998	(127,401)	90,124
Investors' assets	722,882	703,399	728,320	1,106,334	1,604,830
<b>Financial ratios</b>					
Portfolio turnover rate (PTR)	0.54	0.45	0.56	0.61	0.28

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	49,923	51,287
<b>Total interest and dividends</b>		<b>49,923</b>	<b>51,287</b>
<b>Capital gains and losses</b>			
2.	Bonds	(70,882)	(43,612)
2.	Derivatives	1,007	840
	Currency accounts	(288)	(866)
	Other assets/liabilities	7	(7)
3.	Transaction costs, operating activities	(16)	(64)
<b>Total capital gains and losses</b>		<b>(70,172)</b>	<b>(43,709)</b>
	Other income	17	45
<b>Total income</b>		<b>(20,232)</b>	<b>7,623</b>
4.	Administrative costs	(9,396)	(9,645)
<b>Profit before tax</b>		<b>(29,628)</b>	<b>(2,022)</b>
5.	Tax	(879)	(657)
<b>Net profit for the year</b>		<b>(30,507)</b>	<b>(2,679)</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total proposed distribution for the financial year	0	8,008
	Total brought forward for distribution next year	(13,066)	345
	Total available for distribution	(13,066)	8,353
	Total brought forward to investors' assets	(17,441)	(11,032)
<b>Total distribution</b>		<b>(30,507)</b>	<b>(2,679)</b>
<b>Distribution of profit in the unit classes</b>			
<b>HøjrenteLande Lokal Valuta A DKK</b>			
	Proposed distribution for the financial year	0	6,375
	Brought forward for distribution next year	(10,139)	328
	Brought forward to investors' assets	(14,168)	(9,275)
<b>Emerging Market Local Currency Bonds B EUR d</b>			
	Proposed distribution for the financial year	0	819
	Brought forward for distribution next year	(551)	14
	Brought forward to investors' assets	(706)	(961)
<b>HøjrenteLande Lokal Valuta W DKK d <sup>(*)</sup></b>			
	Proposed distribution for the financial year	0	814
	Brought forward for distribution next year	(2,376)	3
	Brought forward to investors' assets	(2,567)	(796)

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	18,455	19,163
<b>Total liquid funds</b>		<b>18,455</b>	<b>19,163</b>
8.	<b>Bonds</b>		
	Listed bonds from foreign issuers	667,734	637,732
	Unlisted bonds from foreign issuers	26,261	37,980
<b>Total bonds</b>		<b>693,995</b>	<b>675,712</b>
<b>Derivatives</b>			
	Unlisted derivatives	0	107
<b>Total derivatives</b>		<b>0</b>	<b>107</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	12,453	10,113
	Receivables – unsettled transactions	0	678
<b>Total other assets</b>		<b>12,453</b>	<b>10,791</b>
<b>TOTAL ASSETS</b>		<b>724,903</b>	<b>705,773</b>
<b>LIABILITIES</b>			
7.	<b>Investors' assets <sup>1)</sup></b>	<b>722,882</b>	<b>703,399</b>
<b>Derivatives</b>			
	Unlisted derivatives	0	264
<b>Total derivatives</b>		<b>0</b>	<b>264</b>
<b>Other debt</b>			
	Interest payable	2	2
	Payables	2,019	2,108
<b>Total other debt</b>		<b>2,021</b>	<b>2,110</b>
<b>TOTAL LIABILITIES</b>		<b>724,903</b>	<b>705,773</b>
<b><sup>1)</sup> Investors' assets by unit class</b>			
	HøjrenteLande Lokal Valuta A DKK	562,618	625,156
	Emerging Market Local Currency Bonds B EUR d	31,089	23,170
	HøjrenteLande Lokal Valuta W DKK d <sup>(*)</sup>	129,175	55,073
<b>Total</b>		<b>722,882</b>	<b>703,399</b>

<sup>(\*)</sup> The unit class was launched on 13 June 2017.



# HøjrenteLande Lokal Valuta KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		304	146
Listed bonds from foreign issuers		48,051	48,271
Unlisted bonds from foreign issuers		1,680	2,911
Interest expense and negative interest with custodian		(112)	(41)
<b>Total interest</b>		<b>49,923</b>	<b>51,287</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from foreign issuers		(71,660)	(41,392)
Unlisted bonds from foreign issuers		778	(2,220)
<b>Total bonds</b>		<b>(70,882)</b>	<b>(43,612)</b>
<b>Derivatives</b>			
Forward exchange transactions/futures etc		1,007	840
<b>Total derivatives</b>		<b>1,007</b>	<b>840</b>
<b>3. Transaction costs</b>			
All transaction costs		19	87
Covered by income from issue and redemption		(3)	(23)
<b>Transaction costs, operating activities</b>		<b>16</b>	<b>64</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		4,118	4,534
Fees to custodian		719	716
Other costs relating to asset management		3,385	3,296
Other costs		144	54
Fixed management fee <sup>1)</sup>		1,030	1,045
<b>Total class-specific costs</b>		<b>9,396</b>	<b>9,645</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>5. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – tax on coupons etc		879	657
<b>Total tax</b>		<b>879</b>	<b>657</b>
<b>6. Joint income available for distribution in unit classes</b>			
Interest		50,036	51,328
Non-refundable tax on coupons		(879)	(657)
Capital gains for distribution		(62,685)	(16,257)
Distribution adjustment in connection with issue/redemption concerning the above items		110	(646)
<b>Available for distribution in unit classes</b>		<b>(13,418)</b>	<b>33,768</b>
<b>Of which for distribution in:</b>			
HøjrenteLande			
Lokal Valuta A DKK		(10,447)	30,014
Emerging Market Local			
Currency Bonds B EUR d		(577)	1,120
HøjrenteLande			
Lokal Valuta W DKK d		(2,394)	2,634
<b>Total for distribution</b>		<b>(13,418)</b>	<b>33,768</b>
<b>7. Investors' assets</b>			
Investors' assets at 1 Jan		703,399	728,321
Issues during the year		130,216	52,003
Redemptions during the year		(72,673)	(73,970)
Net issue surcharges and redemption deductions		486	246
Distribution from last year concerning units in circulation at 31 Dec		(8,008)	(525)
Changes in dividend distribution due to issues/redemptions		(31)	3
Proposed distribution for the financial year		0	8,008
Brought forward from income statement		(17,441)	(11,032)
Brought forward for distribution next year		(13,066)	345
<b>Investors' assets at 31 Dec</b>		<b>722,882</b>	<b>703,399</b>
<b>8. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# HøjrenteLande Lokal Valuta KL – Financial Statements

## SUPPLEMENTARY NOTES

Note (DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>		
Market value of purchase of securities	551,638	475,434
Market value of sale of securities	462,281	439,984
<b>Total market value</b>	<b>1,013,919</b>	<b>915,418</b>
<b>b. Breakdown of financial instruments</b>		
Listed financial instruments	92.37%	90.66%
Financial instruments listed on other regulated market	3.63%	5.40%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
Other financial instruments	0.00%	(0.02%)
	96.00%	96.04%
Other assets/other debt	4.00%	3.96%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>		
Bonds > 6 yrs	26.41%	28.40%
Bonds 4-6 yrs	20.86%	18.52%
Bonds 2-4 yrs	36.76%	32.13%
Bonds 0-2 yrs	11.97%	16.99%
Cash, derivatives etc	4.00%	3.96%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Bonds by country</b>		
Poland	10.53%	11.74%
Brazil	9.92%	10.30%
Thailand	8.96%	5.42%
South Africa	8.43%	6.68%
Supranationals	7.17%	1.93%
Russia	7.13%	9.39%
Mexico	6.22%	9.71%
Colombia	5.94%	4.89%
Other	31.70%	35.98%
Cash, derivatives etc	4.00%	3.96%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>e. Underlying exposure – forward exchange transactions</b>		
<b>Currency</b>		
CZK	0	6,998
DKK	0	16,582
EUR	0	(44)
HUF	0	(7,169)
USD	0	(16,586)
<b>f. Net collateral position</b>		
Collateral concerning derivatives		
No collateral has been provided		

# HøjrenteLande Lokal Valuta A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014
<b>Financial highlights</b>					
Net profit for the year	(24,307)	(2,572)	97,006	(119,770)	90,124
Investors' assets	562,618	625,156	708,149	1,072,241	1,604,830
Units in circulation nominal	546,214	579,545	654,346	1,109,579	1,531,571
Units in circulation quantity	5,462,141	5,795,453	6,543,462	11,095,799	15,315,711
<b>Financial ratios</b>					
NAV per unit	103.00	107.87	108.22	96.63	104.78
Dividend per unit	0.00	1.10	0.00	1.10	1.30
Return (%) <sup>1)</sup>	(3.54%)	(0.33%)	13.21%	(6.69%)	6.99%
Benchmark return (%)	(1.26%)	1.34%	12.82%	(5.02%)	7.16%
Total expense ratio	1.38%	1.36%	1.41%	1.34%	1.30%
Annual percentage rate (APR) at 31 Dec	1.44%	1.46%	1.48%	1.62%	1.60%
Indirect transaction costs	0.29%	-	-	-	-
Sharpe Ratio (5 yrs)	0.19	(0.06)	0.20	(0.07)	0.64
Standard deviation (5 yrs)	9.43	9.71	10.20	9.73	8.71

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 24 April 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(16,103)	6,236
Other class-specific income	14	41
Class-specific costs <sup>1)</sup>	(8,218)	(8,849)
<b>Total net profit</b>	<b>(24,307)</b>	<b>(2,572)</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	3,965	4,259
Fees to custodian	582	650
Other costs relating to asset management	2,694	2,949
Other costs	115	47
Fixed management fee	862	944
<b>Total class-specific costs</b>	<b>8,218</b>	<b>8,849</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	6,375
Brought forward for distribution next year	(10,139)	328
Available for distribution	(10,139)	6,703
Brought forward to investors' assets	(14,168)	(9,275)
<b>Total distribution</b>	<b>(24,307)</b>	<b>(2,572)</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	328	(16,519)
Adjustment of brought forward for distribution from last year – demerger	0	1,300
Other income	14	41
Distribution adjustment in connection with issue/redemption concerning the above items	(34)	587
Share of joint income	(10,447)	30,014
Available for distribution before administrative costs	(10,139)	15,423
Available for distribution before administrative costs <sup>1)</sup>	0	(8,849)
Distribution adjustment in connection with issue/redemption	0	129
Total administrative costs	0	(8,720)
<b>Available for distribution</b>	<b>(10,139)</b>	<b>6,703</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Other class-specific debt</b>		
Payables	1,743	1,966
<b>Total other class-specific debt</b>	<b>1,743</b>	<b>1,966</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	546,214	579,545
Quantity	5,462,141	5,795,453
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	579,545	654,346
Correction in connection with demerger	0	(50,852)
Issues during the year	26,882	42,261
Redemptions during the year	(60,213)	(66,210)
<b>Total units in circulation</b>	<b>546,214</b>	<b>579,545</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	625,156	708,149
Correction in connection with demerger	0	(57,152)
Issues during the year	28,743	47,032
Redemptions during the year	(60,981)	(72,641)
Correction of profit in connection with demerger	0	2,106
Net issue surcharges and redemption deductions	394	234
Distribution from last year concerning units in circulation at 31 Dec	(6,375)	0
Changes in dividend distribution due to issues/redemptions	(12)	0
Proposed distribution for the financial year	0	6,375
Brought forward from income statement	(14,168)	(9,275)
Brought forward for distribution next year	(10,139)	328
<b>Investors' assets at 31 Dec</b>	<b>562,618</b>	<b>625,156</b>
<sup>1)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.		

# Emerging Market Local Currency Bonds B EUR d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	(1,257)	(128)	2,992	(7,631)
Investors' assets	31,089	23,170	20,171	34,093
Units in circulation nominal	35,787	24,814	21,104	34,291
Units in circulation quantity (EUR)	479,534	333,277	282,352	532,445
<b>Financial ratios</b>				
NAV per unit (EUR)	8.69	9.34	9.61	8.58
Dividend per unit (EUR)	0.00	0.33	0.25	0.14
Return in EUR (%) <sup>1)</sup>	(3.60%)	0.32%	13.73%	(14.20%)
Benchmark return in EUR (%)	(1.48%)	1.20%	13.23%	(18.74%)
Total expense ratio	1.19%	1.21%	1.25%	0.80%
Annual percentage rate (APR) at 31 Dec	1.72%	1.72%	1.71%	1.72%
Indirect transaction costs	0.29%	-	-	-
Sharpe Ratio (3 yrs)	0.40	-	-	-
Standard deviation (3 yrs)	8.22	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 24 April 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(881)	129
Other class-specific income	1	1
Class-specific costs <sup>1)</sup>	(377)	(258)
<b>Total net profit</b>	<b>(1,257)</b>	<b>(128)</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	153	108
Fees to custodian	28	18
Other costs relating to asset management	139	96
Other costs	6	1
Fixed management fee	51	35
<b>Total class-specific costs</b>	<b>377</b>	<b>258</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	819
Brought forward for distribution next year	(551)	14
Available for distribution	(551)	833
Brought forward to investors' assets	(706)	(961)
<b>Total distribution</b>	<b>(1,257)</b>	<b>(128)</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	14	0
Other income	1	1
Distribution adjustment in connection with issue/redemption concerning the above items	11	0
Share of joint income	(577)	1,120
Available for distribution before administrative costs	(551)	1,121
Available for distribution before administrative costs <sup>1)</sup>	0	(258)
Distribution adjustment in connection with issue/redemption	0	(30)
Total administrative costs	0	(288)
<b>Available for distribution</b>	<b>(551)</b>	<b>833</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	35,787	24,814
Quantity (EUR)	479,534	333,277
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	24,814	21,104
Exchange rate adjustment of units in circulation at 1 Jan	57	(82)
Issues during the year	14,020	5,198
Redemptions during the year	(3,104)	(1,406)
<b>Total units in circulation</b>	<b>35,787</b>	<b>24,814</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	23,170	20,171
Issues during the year	12,739	4,971
Redemptions during the year	(2,744)	(1,329)
Net issue surcharges and redemption deductions	19	7
Distribution from last year concerning units in circulation at 31 Dec	(819)	(525)
Changes in dividend distribution due to issues/redemptions	(19)	3
Proposed distribution for the financial year	0	819
Brought forward from income statement	(706)	(961)
Brought forward for distribution next year	(551)	14
<b>Investors' assets at 31 Dec</b>	<b>31,089</b>	<b>23,170</b>

<sup>1)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.

# HøjrenteLande Lokal Valuta W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(4,943)	21
Investors' assets	129,175	55,073
Units in circulation nominal	124,577	50,852
Units in circulation quantity	1,245,770	508,515
<b>Financial ratios</b>		
NAV per unit	103.69	108.30
Dividend per unit	0.00	1.60
Return (%) <sup>1) 2)</sup>	(2.84%)	0.07%
Benchmark return (%) <sup>2)</sup>	(1.26%)	1.34%
Total expense ratio <sup>2)</sup>	0.64%	0.97%
Annual percentage rate (APR) at 31 Dec	0.73%	0.73%
Indirect transaction costs	0.29%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of HøjrenteLande Lokal Valuta A DKK.

<sup>2)</sup> The year 2017: Net profit and financial ratios cover the period from 1 Jan to 31 Dec 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(4,143)	556
Other class-specific income	2	3
Class-specific costs <sup>1)</sup>	(802)	(538)
<b>Total net profit</b>	<b>(4,943)</b>	<b>21</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	98	167
Fees to custodian	12	48
Other costs relating to asset management	552	252
Other costs	24	5
Fixed management fee	116	66
<b>Total class-specific costs</b>	<b>802</b>	<b>538</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	814
Brought forward for distribution next year	(2,376)	3
Available for distribution	(2,376)	817
Brought forward to investors' assets	(2,567)	(796)
<b>Total distribution</b>	<b>(4,943)</b>	<b>21</b>
<b>b2. Available for distribution <sup>2)</sup></b>		
Brought forward for distribution from last year	3	(1,300)
Other income	2	3
Distribution adjustment in connection with issue/redemption concerning the above items	13	17
Share of joint income	(2,394)	2,634
Available for distribution before administrative costs	(2,376)	1,354
Available for distribution before administrative costs <sup>3)</sup>	0	(538)
Distribution adjustment in connection with issue/redemption	0	1
Total administrative costs	0	(537)
<b>Available for distribution</b>	<b>(2,376)</b>	<b>817</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	124,577	50,852
Quantity	1,245,770	508,515
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	50,852	0
Correction in connection with demerger	0	50,852
Issues during the year	82,589	0
Redemptions during the year	(8,864)	0
<b>Total units in circulation</b>	<b>124,577</b>	<b>50,852</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	55,073	0
Correction in connection with demerger	0	57,152
Issues during the year	88,734	0
Redemptions during the year	(8,948)	0
Correction of profit in connection with demerger	0	(2,105)
Net issue surcharges and redemption deductions	73	5
Distribution from last year concerning units in circulation at 31 Dec	(814)	0
Changes in dividend distribution due to issues/redemptions	0	0
Proposed distribution for the financial year	0	814
Brought forward from income statement	(2,567)	(796)
Brought forward for distribution next year	(2,376)	3
<b>Investors' assets at 31 Dec</b>	<b>129,175</b>	<b>55,073</b>

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of HøjrenteLande Lokal Valuta A DKK.

<sup>2)</sup> Incl proportional share of income for 1 Jan - 13 Jun 2017 from HøjrenteLande Lokal Valuta A DKK.

<sup>3)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.

# HøjrenteLande Lokal Valuta Akkumulerende KL

## Fund report

Fund data and unit class data	Emerging Market Local Currency Bonds B EUR Acc	Emerging Market Local Currency Bonds I EUR Acc	HøjrenteLande Lokal Valuta W DKK Acc
ISIN	DK0060646552	DK0060646636	DK0060646719
Date of establishment	16 June 2015	16 June 2015	16 June 2015
Launch date	21 September 2015	21 September 2015	25 August 2015
Listed	No	No	No
Currency	EUR	EUR	DKK
Income fund	No	No	No
Denomination	10	1,000	100
Risk category	4	4	4
Approved for marketing in Germany	Yes	Yes	No
Benchmark	J.P. Morgan Emerging Markets Bond Index Global Diversified unhedged to fund currency		
Secondary name	Emerging Market Local Currency Bonds Acc KL		

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in medium-term or long-term government bonds in local currency from high-yielding countries in Eastern Europe, Asia, Latin America and Africa. The fund pursues an active currency policy and will to a great extent be affected by exchange rate developments in the countries in which the fund invests.

The fund is divided into the unit classes Emerging Market Local Currency Bonds B EUR Acc, Emerging Market Local Currency Bonds I EUR Acc and HøjrenteLande Lokal Valuta W DKK Acc. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund carries a somewhat higher risk than that of traditional bond funds. In the short term large fluctuations in return may occur. The fund invests in bonds issued in local currency, which are generally not hedged. Consequently return is greatly influenced by exchange rate developments. Fund return depends on exchange rate movements, the level of interest rates and issuers' ability to service debt. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 4.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes and the fact that fund currency varies in the individual unit classes. The different currencies also explain the difference in the development of the benchmark.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Emerging Market Local Currency Bonds B EUR Acc	(3.68%)	(1.48%)	(0.24%)	1.20%
Emerging Market Local Currency Bonds I EUR Acc	(3.18%)	(1.48%)	0.31%	1.20%
HøjrenteLande Lokal Valuta W DKK Acc	(2.98%)	(1.26%)	0.42%	1.34%

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

2018 was characterised by President Trump's unpredictable trade policy, higher US interest rates and country-specific events such as the currency crises in Argentina and Turkey as well as the elections in Mexico and Brazil. Yields on emerging market bonds issued in local currency have gone up but still contributed positively to return. On the other hand emerging market currencies have weakened against DKK, EUR and USD.

Fund return was lower than benchmark return. Currency allocations in particular pulled down relative return. Relative return was driven by the fund's bond allocations in Mexico and its overweight in Ukraine. By contrast the fund's underweight in Thailand and its overweight in Argentina detracted from performance.

Declining interest from investors resulted in total net redemptions in the fund of DKK 1.7bn in 2018.

### Market outlook

Developments in 2019 will depend on whether the Fed signals interest rate hikes well into 2020 or whether the end is in sight. Furthermore the economic development in China will be of great significance. President Trump will remain a considerable source of uncertainty also in 2019. The ECB may start to raise its key rate at the end of the year, which could lead to higher European interest rates. All the factors set out above are risks but we believe that these concerns have already been priced in to some extent by the market and consequently EM bond and currency markets are well prepared for these risks.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.



# HøjrenteLande Lokal Valuta Akkumulerende KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	(111,450)	29,963	326,985	41,678
Investors' assets	823,660	2,643,185	3,219,534	2,230,702
<b>Financial ratios</b>				
Portfolio turnover rate (PTR)	0.57	0.55	0.74	0.33

<sup>1)</sup> The fund was launched on 25 August 2015.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
	<b>Interest and dividends</b>		
1.	Interest	173,781	179,977
	<b>Total interest and dividends</b>	<b>173,781</b>	<b>179,977</b>
	<b>Capital gains and losses</b>		
2.	Bonds	(265,331)	(129,947)
2.	Derivatives	3,332	3,090
	Currency accounts	(212)	(4,185)
	Other assets/liabilities	(75)	75
3.	Transaction costs, operating activities	(21)	(89)
	<b>Total capital gains and losses</b>	<b>(262,307)</b>	<b>(131,056)</b>
	Other income	62	183
	<b>Total income</b>	<b>(88,464)</b>	<b>49,104</b>
4.	Administrative costs	(17,109)	(16,376)
	<b>Profit before tax</b>	<b>(105,573)</b>	<b>32,728</b>
5.	Tax	(5,877)	(2,765)
	<b>Net profit for the year</b>	<b>(111,450)</b>	<b>29,963</b>
	<b>Distribution of profit from the unit classes</b>		
	<b>To be allocated</b>		
	Total brought forward to investors' assets	(111,450)	29,963
	<b>Total distribution</b>	<b>(111,450)</b>	<b>29,963</b>
	<b>Distribution of profit in the unit classes</b>		
	<b>Brought forward to investors' assets</b>		
	Emerging Market Local		
	Currency Bonds B EUR Acc	(1,524)	51
	Emerging Market Local		
	Currency Bonds I EUR Acc	(92,103)	31,037
	HøjrenteLande Lokal		
	Valuta W DKK Acc	(17,823)	(1,125)
	<b>Total</b>	<b>(111,450)</b>	<b>29,963</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	37,504	76,922
	<b>Total liquid funds</b>	<b>37,504</b>	<b>76,922</b>
7.	<b>Bonds</b>		
	Listed bonds from foreign issuers	747,468	2,406,132
	Unlisted bonds from foreign issuers	29,614	143,885
	<b>Total bonds</b>	<b>777,082</b>	<b>2,550,017</b>
	<b>Derivatives</b>		
	Unlisted derivatives	0	61
	<b>Total derivatives</b>	<b>0</b>	<b>61</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	12,250	37,469
	Receivables – unsettled transactions	0	75,149
	<b>Total other assets</b>	<b>12,250</b>	<b>112,618</b>
	<b>TOTAL ASSETS</b>	<b>826,836</b>	<b>2,739,618</b>
	<b>LIABILITIES</b>		
6.	<b>Investors' assets <sup>1)</sup></b>	<b>823,660</b>	<b>2,643,185</b>
	<b>Derivatives</b>		
	Unlisted derivatives	0	927
	<b>Total derivatives</b>	<b>0</b>	<b>927</b>
	<b>Other debt</b>		
	Interest payable	6	8
	Payables	3,170	3,633
	Payables – unsettled transactions	0	91,865
	<b>Total other debt</b>	<b>3,176</b>	<b>95,506</b>
	<b>TOTAL LIABILITIES</b>	<b>826,836</b>	<b>2,739,618</b>
	<b><sup>1)</sup> Investors' assets by unit class</b>		
	Emerging Market Local		
	Currency Bonds B EUR Acc	32,869	37,125
	Emerging Market Local		
	Currency Bonds I EUR Acc	508,117	2,440,839
	HøjrenteLande Lokal		
	Valuta W DKK Acc	282,674	165,221
	<b>Total</b>	<b>823,660</b>	<b>2,643,185</b>

# HøjrenteLande Lokal Valuta Akkumulerende KL – Financial Statements

## NOTES

Note (DKK 1,000)	2018	2017
<b>1. Interest</b>		
Deposits with custodian	922	401
Listed bonds from foreign issuers	167,392	169,578
Unlisted bonds from foreign issuers	5,934	10,214
Interest expense and negative interest with custodian	(467)	(216)
<b>Total interest</b>	<b>173,781</b>	<b>179,977</b>
<b>2. Capital gains and losses</b>		
<b>Bonds</b>		
Listed bonds from foreign issuers	(268,250)	(122,880)
Unlisted bonds from foreign issuers	2,919	(7,067)
<b>Total bonds</b>	<b>(265,331)</b>	<b>(129,947)</b>
<b>Derivatives</b>		
Forward exchange transactions/futures etc	3,332	3,090
<b>Total derivatives</b>	<b>3,332</b>	<b>3,090</b>
<b>3. Transaction costs</b>		
All transaction costs	42	126
Covered by income from issue and redemption	(21)	(37)
<b>Transaction costs, operating activities</b>	<b>21</b>	<b>89</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>4. Administrative costs</b>		
<b>Class-specific costs</b>		
Marketing costs	154	212
Fees to custodian	2,146	2,080
Other costs relating to asset management	11,831	11,456
Other costs	457	180
Fixed management fee <sup>1)</sup>	2,521	2,448
<b>Total class-specific costs</b>	<b>17,109</b>	<b>16,376</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.		
Audit fees appear from joint note 2 to which reference is made.		
<b>5. Tax</b>		
The fund is not liable to pay tax.		
Adjustment – tax on coupons etc	5,877	2,765
<b>Total tax</b>	<b>5,877</b>	<b>2,765</b>
<b>6. Investors' assets</b>		
Investors' assets at 1 Jan	2,643,185	3,219,534
Issues during the year	234,014	318,162
Redemptions during the year	(1,948,384)	(928,997)
Net issue surcharges and redemption deductions	6,295	4,523
Brought forward from income statement	(111,450)	29,963
<b>Investors' assets at 31 Dec</b>	<b>823,660</b>	<b>2,643,185</b>
<b>7. Financial instruments (securities)</b>		
A list of financial instruments (securities) is available free of charge from the investment management company.		

# HøjrenteLande Lokal Valuta Akkumulerende KL – Financial Statements

## SUPPLEMENTARY NOTES

Note (DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>		
Market value of purchase of securities	1,805,283	1,863,742
Market value of sale of securities	3,312,179	2,180,634
<b>Total market value</b>	<b>5,117,462</b>	<b>4,044,376</b>
<b>b. Breakdown of financial instruments</b>		
Listed financial instruments	90.75%	91.03%
Financial instruments listed on other regulated market	3.60%	5.44%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
Other financial instruments	0.00%	(0.03%)
	94.35%	96.44%
Other assets/other debt	5.65%	3.56%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>		
Bonds > 6 yrs	26.16%	29.00%
Bonds 4-6 yrs	19.46%	18.40%
Bonds 2-4 yrs	35.21%	32.59%
Bonds 0-2 yrs	13.52%	16.45%
Cash, derivatives etc	5.65%	3.56%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Bonds by country</b>		
Poland	10.56%	11.72%
Brazil	9.76%	10.30%
Thailand	8.72%	5.51%
South Africa	8.15%	6.79%
Supranationals	7.18%	1.81%
Russia	6.94%	9.43%
Indonesia	6.52%	7.83%
Mexico	6.16%	10.42%
Other	30.36%	32.63%
Cash, derivatives etc	5.65%	3.56%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>e. Underlying exposure – forward exchange transactions</b>		
<b>Currency</b>		
CZK	0	25,603
DKK	0	11,446
EUR	0	(95)
HUF	0	(26,292)
USD	0	(11,570)

# Emerging Market Local Currency Bonds B EUR Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014 <sup>2)</sup>
<b>Financial highlights</b>					
Net profit for the year	(1,524)	51	4,890	1,076	10,672
Share of net profit for the year <sup>3)</sup>	(1,524)	51	4,890	(814)	10,672
Investors' assets	32,869	37,125	46,158	62,837	137,171
Units in circulation nominal	21,089	22,938	28,557	43,901	88,783
Units in circulation quantity (EUR)	282,539	308,084	382,627	588,348	1,189,721
<b>Financial ratios</b>					
NAV per unit (EUR)	15.59	16.18	16.22	14.31	15.45
Return in EUR (%) <sup>3)</sup>	(3.68%)	(0.24%)	13.36%	(7.37%)	6.73%
Benchmark return in EUR (%)	(1.48%)	1.20%	13.23%	(11.28%)	7.37%
Total expense ratio	1.17%	1.20%	1.23%	0.43%	1.18%
Total expense ratio <sup>3)</sup>	1.17%	1.20%	1.23%	1.38%	1.18%
Annual percentage rate (APR) at 31 Dec	1.72%	1.70%	1.69%	1.71%	-
Indirect transaction costs	0.29%	-	-	-	-
Sharpe Ratio (5 yrs)	0.18	(0.10)	0.57	0.51	0.92
Standard deviation (5 yrs)	9.48	9.82	7.21	7.05	7.33

<sup>3)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 21 September 2015.

<sup>2)</sup> Financial highlights from ISI Emerging Market Local Currency Bonds.

<sup>3)</sup> For the period 1 Jan – 18 Sep 2015 ISI Emerging Market Local Currency Bonds is included.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(1,125)	557
Other class-specific income	3	3
Class-specific costs <sup>1)</sup>	(402)	(509)
<b>Total net profit</b>	<b>(1,524)</b>	<b>51</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	154	212
Fees to custodian	29	36
Other costs relating to asset management	156	193
Other costs	6	(3)
Fixed management fee	57	71
<b>Total class-specific costs</b>	<b>402</b>	<b>509</b>
<b>b. Distribution of profit</b>		
Brought forward to investors' assets	(1,524)	51
<b>Total distribution</b>	<b>(1,524)</b>	<b>51</b>
<b>c. Other class-specific debt</b>		
Payables	90	106
<b>Total other class-specific debt</b>	<b>90</b>	<b>106</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	21,089	22,938
Quantity (EUR)	282,539	308,084
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	22,938	28,557
Exchange rate adjustment of units in circulation at 1 Jan	52	(69)
Issues during the year	677	909
Redemptions during the year	(2,578)	(6,459)
<b>Total units in circulation</b>	<b>21,089</b>	<b>22,938</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	37,125	46,158
Issues during the year	1,047	1,489
Redemptions during the year	(4,005)	(10,652)
Net issue surcharges and redemption deductions	226	79
Brought forward from income statement	(1,524)	51
<b>Investors' assets at 31 Dec</b>	<b>32,869</b>	<b>37,125</b>

# Emerging Market Local Currency Bonds I EUR Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014 <sup>2)</sup>
<b>Financial highlights</b>					
Net profit for the year	(92,103)	31,037	321,035	40,666	154,223
Share of net profit for the year <sup>3)</sup>	(92,103)	31,037	321,035	(147,951)	154,223
Investors' assets	508,117	2,440,839	3,164,380	2,159,941	2,295,515
Units in circulation nominal	302,676	1,404,144	1,831,145	1,420,178	1,413,145
Units in circulation quantity (EUR)	40,456	188,591	245,581	190,326	189,362
<b>Financial ratios</b>					
NAV per unit (EUR)	1,683.06	1,738.31	1,732.94	1,520.72	1,624.40
Return in EUR (%) <sup>3)</sup>	(3.18%)	0.31%	13.95%	(6.38%)	7.24%
Benchmark return in EUR (%)	(1.48%)	1.20%	13.23%	(11.28%)	7.37%
Total expense ratio	0.66%	0.64%	0.62%	0.17%	1.24%
Total expense ratio <sup>3)</sup>	0.66%	0.64%	0.62%	0.97%	1.24%
Annual percentage rate (APR) at 31 Dec	0.72%	0.72%	0.74%	0.74%	1.79%
Indirect transaction costs	0.29%	-	-	-	-
Sharpe Ratio (5 yrs)	0.24	(0.04)	0.65	0.52	0.99
Standard deviation (5 yrs)	9.37	9.73	7.27	6.82	7.17

<sup>3)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 21 September 2015.

<sup>2)</sup> Financial highlights from SEM Emerging Market Local Currency Bonds.

<sup>3)</sup> For the period 1 Jan – 18 Sep 2015 SEM Emerging Market Local Currency Bonds is included.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(77,451)	46,415
Other class-specific income	53	178
Class-specific costs <sup>1)</sup>	(14,705)	(15,556)
<b>Total net profit</b>	<b>(92,103)</b>	<b>31,037</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	1,849	1,998
Other costs relating to asset management	10,291	11,047
Other costs	393	179
Fixed management fee	2,172	2,332
<b>Total class-specific costs</b>	<b>14,705</b>	<b>15,556</b>
<b>b. Distribution of profit</b>		
Brought forward to investors' assets	(92,103)	31,037
<b>Total distribution</b>	<b>(92,103)</b>	<b>31,037</b>
<b>c. Other class-specific debt</b>		
Payables	2,673	3,386
<b>Total other class-specific debt</b>	<b>2,673</b>	<b>3,386</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	302,676	1,404,144
Quantity (EUR)	40,456	188,591
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	1,404,144	1,831,145
Exchange rate adjustment of units in circulation at 1 Jan	3,203	(2,685)
Issues during the year	14,726	91,765
Redemptions during the year	(1,119,397)	(516,081)
<b>Total units in circulation</b>	<b>302,676</b>	<b>1,404,144</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	2,440,839	3,164,380
Issues during the year	25,864	159,371
Redemptions during the year	(1,870,635)	(918,345)
Net issue surcharges and redemption deductions	4,152	4,396
Brought forward from income statement	(92,103)	31,037
<b>Investors' assets at 31 Dec</b>	<b>508,117</b>	<b>2,440,839</b>

# HøjrenteLande Lokal Valuta W DKK Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	(17,823)	(1,125)	1,060	(64)
Investors' assets	282,674	165,221	8,996	7,924
Units in circulation nominal	258,695	146,701	8,021	8,021
Units in circulation quantity	2,586,951	1,467,015	80,215	80,214
<b>Financial ratios</b>				
NAV per unit	109.27	112.62	112.15	98.78
Return (%) <sup>1)</sup>	(2.98%)	0.42%	13.71%	(1.22%)
Benchmark return (%)	(1.26%)	1.34%	12.82%	(1.04%)
Total expense ratio	0.63%	0.56%	0.64%	0.19%
Annual percentage rate (APR) at 31 Dec	0.73%	0.73%	0.76%	0.76%
Indirect transaction costs	0.29%	-	-	-
Sharpe Ratio (3 yrs)	0.45%	-	-	-
Standard deviation (3 yrs)	8.19%	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 25 August 2015.

## NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Net profit</b>			
Share of joint portfolio profit		(15,826)	(816)
Other class-specific income		6	2
Class-specific costs <sup>1)</sup>		(2,003)	(311)
<b>Total net profit</b>		<b>(17,823)</b>	<b>(1,125)</b>
<b><sup>1)</sup> Class-specific costs</b>			
Fees to custodian		268	46
Other costs relating to asset management		1,384	216
Other costs		59	4
Fixed management fee		292	45
<b>Total class-specific costs</b>		<b>2,003</b>	<b>311</b>
<b>b. Distribution of profit</b>			
Brought forward to investors' assets		(17,823)	(1,125)
<b>Total distribution</b>		<b>(17,823)</b>	<b>(1,125)</b>
<b>c. Other class-specific debt</b>			
Payables		398	141
<b>Total other class-specific debt</b>		<b>398</b>	<b>141</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>d. Units in circulation</b>			
Nominal (DKK 1,000)		258,695	146,701
Quantity		2,586,951	1,467,015
<b>e. Investors' assets</b>			
<b>e1. Units in circulation</b>			
Units in circulation at 1 Jan		146,701	8,021
Issues during the year		181,794	138,680
Redemptions during the year		(69,800)	0
<b>Total units in circulation</b>		<b>258,695</b>	<b>146,701</b>
<b>e2. Investors' assets</b>			
Investors' assets at 1 Jan		165,221	8,996
Issues during the year		207,103	157,302
Redemptions during the year		(73,744)	0
Net issue surcharges and redemption deductions		1,917	48
Brought forward from income statement		(17,823)	(1,125)
<b>Investors' assets at 31 Dec</b>		<b>282,674</b>	<b>165,221</b>



# HøjrenteLande Mix KL

## Fund report

Fund data and unit class data	HøjrenteLande Mix A DKK	HøjrenteLande Mix W DKK d
ISIN	DK0016231921	DK0060815256
Date of establishment	16 December 2002	16 May 2017
Launch date	14 February 2003	13 June 2017
Listed	Yes	No
Currency	DKK	DKK
Income fund	Yes	Yes
Denomination	100	100
Risk category	4	4
Approved for marketing in Germany	No	No
Benchmark	50% J.P. Morgan EMBI Global Diversified hedged to fund currency 50% J.P. Morgan GBI-EM Global Diversified unhedged to fund currency	
Secondary name	Emerging Market Bonds Mix KL	

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in government bonds issued in hard currency (eg USD and EUR) or local currency from high-yielding countries in Eastern Europe, Asia, Latin America and Africa. The fund aims to vary the positions in bonds issued in hard currency and local currency based on expected interest rate and exchange rate movements. The fund pursues an active currency policy and will to a great extent be affected by exchange rate developments in the countries in which the fund invests.

The fund is divided into the unit classes HøjrenteLande Mix A DKK and HøjrenteLande Mix W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund carries a somewhat higher risk than that of traditional bond funds. In the short term large fluctuations in return may occur. The fund invests to a varying degree in bonds issued in foreign currency, which are hedged, and in bonds issued in local currency, which are generally not hedged. Fund return depends on exchange rate movements, the level of interest rates and issuers' ability to service debt. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 4.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
HøjrenteLande Mix A DKK	(6.43%)	(4.22%)	3.24%	4.70%
HøjrenteLande Mix W DKK d <sup>1)</sup>	(5.78%)	(4.22%)	3.59%	4.70%

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of HøjrenteLande Mix A DKK. Return covers the period from 1 January to 31 December 2017.

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

2018 was characterised by President Trump's unpredictable trade policy, higher US interest rates and country-specific events such as the currency crises in Argentina and Turkey as well as the elections in Mexico and Brazil. The yield spread between emerging market bonds and US government bonds widened to 4.15 percentage points, which combined with higher US interest rates is the main reason for the increase in the yield to maturity of emerging market bonds issued in USD to 6.86%. Yields on emerging market bonds issued in local currency have gone up but still contributed positively to return. On the other hand emerging market currencies have weakened against DKK, EUR and USD.

Fund return was lower than benchmark return. The fund's allocation between local currency and hard currency added to performance in 2018. In contrast the investments within each asset class detracted from performance.

### Market outlook

Developments in 2019 will depend on whether the Fed signals interest rate hikes well into 2020 or whether the end is in sight. Furthermore the economic development in China will be of great significance. President Trump will remain a considerable source of uncertainty also in 2019. The ECB may start to raise its key rate at the end of the year, which could lead to higher European interest rates. All the factors set out above are risks but we believe that these concerns have already been priced in to some extent by the market and consequently EM bond and currency markets are well prepared for these risks.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# HøjrenteLande Mix KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(71,187)	45,547	157,273	(98,647)	135,316
Investors' assets	987,968	1,174,820	1,458,092	1,775,970	2,487,395
<b>Financial ratios</b>					
Portfolio turnover rate (PTR)	1.00	0.69	0.81	0.79	0.72

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	63,092	84,956
<b>Total interest and dividends</b>		<b>63,092</b>	<b>84,956</b>
<b>Capital gains and losses</b>			
2.	Bonds	(87,375)	(63,512)
2.	Derivatives	(30,130)	47,548
	Currency accounts	(1,494)	(5,254)
	Other assets/liabilities	47	(24)
3.	Transaction costs, operating activities	(400)	(157)
<b>Total capital gains and losses</b>		<b>(119,352)</b>	<b>(21,399)</b>
	Other income	50	108
<b>Total income</b>		<b>(56,210)</b>	<b>63,665</b>
4.	Administrative costs	(14,163)	(17,295)
<b>Profit before tax</b>		<b>(70,373)</b>	<b>46,370</b>
5.	Tax	(814)	(823)
<b>Net profit for the year</b>		<b>(71,187)</b>	<b>45,547</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total proposed distribution for the financial year	46,515	89,947
	Total brought forward for distribution next year	0	876
	Total available for distribution	46,515	90,823
	Total brought forward to investors' assets	(117,702)	(45,276)
<b>Total distribution</b>		<b>(71,187)</b>	<b>45,547</b>
<b>Distribution of profit in the unit classes</b>			
<b>HøjrenteLande Mix A DKK</b>			
	Proposed distribution for the financial year	44,490	86,589
	Brought forward for distribution next year	0	838
	Brought forward to investors' assets	(113,387)	(43,850)
<b>HøjrenteLande Mix W DKK d <sup>*)</sup></b>			
	Proposed distribution for the financial year	2,025	3,358
	Brought forward for distribution next year	0	38
	Brought forward to investors' assets	(4,315)	(1,426)

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	33,657	27,178
	Deposits on margin accounts with custodian	18,810	3,940
<b>Total liquid funds</b>		<b>52,467</b>	<b>31,118</b>
8.	<b>Bonds</b>		
	Listed bonds from foreign issuers	908,486	1,076,505
	Unlisted bonds from foreign issuers	34,642	47,158
<b>Total bonds</b>		<b>943,128</b>	<b>1,123,663</b>
<b>Derivatives</b>			
	Unlisted derivatives	221	1,983
<b>Total derivatives</b>		<b>221</b>	<b>1,983</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	16,754	17,996
	Receivables – unsettled transactions	6,551	3,905
<b>Total other assets</b>		<b>23,305</b>	<b>21,901</b>
<b>TOTAL ASSETS</b>		<b>1,019,121</b>	<b>1,178,665</b>
<b>LIABILITIES</b>			
7.	<b>Investors' assets <sup>*)</sup></b>	<b>987,968</b>	<b>1,174,820</b>
<b>Derivatives</b>			
	Unlisted derivatives	15,348	295
<b>Total derivatives</b>		<b>15,348</b>	<b>295</b>
<b>Other debt</b>			
	Payables	3,004	3,550
	Payables – unsettled transactions	12,801	0
<b>Total other debt</b>		<b>15,805</b>	<b>3,550</b>
<b>TOTAL LIABILITIES</b>		<b>1,019,121</b>	<b>1,178,665</b>
<b><sup>*) Investors' assets by unit class</sup></b>			
	HøjrenteLande Mix A DKK	950,621	1,132,606
	HøjrenteLande Mix W DKK d <sup>*)</sup>	37,347	42,214
<b>Total</b>		<b>987,968</b>	<b>1,174,820</b>

<sup>\*)</sup> The unit class was launched on 13 June 2017.

# HøjrenteLande Mix KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		564	249
Listed bonds from foreign issuers		60,589	79,584
Unlisted bonds from foreign issuers		2,058	5,171
Interest expense and negative interest with custodian		(119)	(48)
<b>Total interest</b>		<b>63,092</b>	<b>84,956</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from foreign issuers		(88,447)	(59,534)
Unlisted bonds from foreign issuers		1,072	(3,978)
<b>Total bonds</b>		<b>(87,375)</b>	<b>(63,512)</b>
<b>Derivatives</b>			
Forward exchange transactions/futures etc		(3,776)	48,245
Forward interest transactions/futures etc		(26,354)	(697)
<b>Total derivatives</b>		<b>(30,130)</b>	<b>47,548</b>
<b>3. Transaction costs</b>			
All transaction costs		417	171
Covered by income from issue and redemption		(17)	(14)
<b>Transaction costs, operating activities</b>		<b>400</b>	<b>157</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		6,754	8,287
Fees to custodian		937	1,204
Other costs relating to asset management		4,763	5,850
Other costs		203	94
Fixed management fee <sup>1)</sup>		1,506	1,860
<b>Total class-specific costs</b>		<b>14,163</b>	<b>17,295</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>5. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – tax on coupons etc		814	823
<b>Total tax</b>		<b>814</b>	<b>823</b>
<b>6. Joint income available for distribution in unit classes</b>			
Interest		63,211	85,005
Non-refundable tax on coupons		(814)	(823)
Capital gains for distribution		(111,503)	36,872
Distribution adjustment in connection with issue/redemption concerning the above items		2,168	(14,529)
<b>Available for distribution in unit classes</b>		<b>(46,938)</b>	<b>106,525</b>
<b>Of which for distribution in:</b>			
HøjrenteLande Mix A DKK		(45,167)	102,705
HøjrenteLande Mix W DKK d		(1,771)	3,820
<b>Total for distribution</b>		<b>(46,938)</b>	<b>106,525</b>
<b>7. Investors' assets</b>			
Investors' assets at 1 Jan		1,174,820	1,458,092
Issues during the year		46,707	28,513
Redemptions during the year		(72,908)	(285,319)
Net issue surcharges and redemption deductions		279	1,133
Distribution from last year concerning units in circulation at 31 Dec		(89,947)	(73,928)
Changes in dividend distribution due to issues/redemptions		204	782
Proposed distribution for the financial year		46,515	89,947
Brought forward from income statement		(117,702)	(45,276)
Brought forward for distribution next year		0	876
<b>Investors' assets at 31 Dec</b>		<b>987,968</b>	<b>1,174,820</b>
<b>8. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# HøjrenteLande Mix KL – Financial Statements

## SUPPLEMENTARY NOTES

Note (DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>		
Market value of purchase of securities	1,062,425	998,614
Market value of sale of securities	1,148,703	1,223,634
<b>Total market value</b>	<b>2,211,128</b>	<b>2,222,248</b>
<b>b. Breakdown of financial instruments</b>		
Listed financial instruments	91.96%	91.64%
Financial instruments listed on other regulated market	3.51%	4.01%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
Other financial instruments	(1.55%)	0.14%
	93.92%	95.79%
Other assets/other debt	6.08%	4.21%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>		
Bonds > 6 yrs	34.56%	40.00%
Bonds 4-6 yrs	19.21%	17.11%
Bonds 2-4 yrs	29.71%	25.12%
Bonds 0-2 yrs	11.99%	13.56%
Cash, derivatives etc	4.53%	4.21%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>d. Bonds by country</b>		
Turkey	6.78%	9.90%
Russia	6.13%	6.79%
Mexico	5.67%	8.38%
Poland	5.55%	8.06%
Brazil	5.51%	7.12%
South Africa	5.17%	5.47%
Thailand	4.82%	3.31%
Indonesia	4.78%	6.58%
Other	51.06%	40.18%
Cash, derivatives etc	4.53%	4.21%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>e. Currency futures bought</b>		
USD	35,352	63,300
<b>Total</b>	<b>35,352</b>	<b>63,300</b>
<b>f. Currency futures sold</b>		
USD	(1,404)	0
EUR	(47,373)	(44,869)
<b>Total</b>	<b>(48,777)</b>	<b>(44,869)</b>
<b>g. Underlying exposure – forward exchange transactions</b>		
<b>Currency</b>		
USD	(400,101)	(354,914)
DKK	389,086	361,000
EUR	0	(27)
JPY	(5,443)	(5,464)
CZK	0	7,315
HUF	0	(7,512)
<b>h. Net collateral position</b>		
Net calculation of collateral regarding derivatives		
<b>Collateral provided as</b>		
Liquid funds	18,810	3,940
<b>Total</b>	<b>18,810</b>	<b>3,940</b>
<b>Reuse of collateral</b>		
Collateral received which is reused	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

# HøjrenteLande Mix A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(68,897)	43,577	157,273	(98,647)	135,316
Investors' assets	950,621	1,132,606	1,458,092	1,775,970	2,487,395
Units in circulation nominal	1,235,846	1,273,365	1,607,133	2,049,330	2,596,757
Units in circulation quantity	12,358,463	12,733,654	16,071,333	20,493,301	25,967,569
<b>Financial ratios</b>					
NAV per unit	76.92	88.95	90.73	86.66	95.79
Dividend per unit	3.60	6.80	4.60	4.90	5.40
Return (%) <sup>1)</sup>	(6.43%)	3.24%	10.63%	(4.38%)	4.84%
Benchmark return (%)	(4.22%)	4.70%	10.61%	(2.29%)	7.09%
Total expense ratio	1.37%	1.36%	1.38%	1.33%	1.33%
Annual percentage rate (APR) at 31 Dec	1.45%	1.47%	1.49%	1.63%	1.69%
Indirect transaction costs	0.38%	-	-	-	-
Sharpe Ratio (5 yrs)	0.21	0.06	0.34	0.15	0.73
Standard deviation (5 yrs)	7.29	7.76	8.19	7.86	7.21

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

## NOTES

Note	(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>			
Share of joint portfolio profit		(55,040)	60,251
Other class-specific income		48	104
Class-specific costs <sup>1)</sup>		(13,905)	(16,778)
<b>Total net profit</b>		<b>(68,897)</b>	<b>43,577</b>
<b><sup>1)</sup> Class-specific costs</b>			
Marketing costs		6,754	8,124
Fees to custodian		896	1,141
Other costs relating to asset management		4,590	5,624
Other costs		196	89
Fixed management fee		1,469	1,800
<b>Total class-specific costs</b>		<b>13,905</b>	<b>16,778</b>
<b>b. Distribution of profit</b>			
<b>b1. To be allocated</b>			
Proposed distribution for the financial year		44,490	86,589
Brought forward for distribution next year		0	838
Available for distribution		44,490	87,427
Brought forward to investors' assets		(113,387)	(43,850)
<b>Total distribution</b>		<b>(68,897)</b>	<b>43,577</b>
<b>b2. Available for distribution</b>			
Brought forward for distribution from last year		838	0
Other income		48	104
Distribution adjustment in connection with issue/redemption concerning the above items		(36)	(12)
Share of joint income		(45,167)	102,705
Available for distribution before administrative costs		(44,317)	102,797
Set-off of administrative costs		(13,905)	(16,778)
Distribution adjustment in connection with issue/redemption		552	1,408
Total administrative costs		(13,353)	(15,370)
<b>Available for distribution, gross</b>		<b>(57,670)</b>	<b>87,427</b>
Voluntary distribution		102,160	0
<b>Available for distribution</b>		<b>44,490</b>	<b>87,427</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Other class-specific debt</b>			
Payables		2,946	3,489
Payables – unsettled transactions		5,349	0
<b>Total other class-specific debt</b>		<b>8,295</b>	<b>3,489</b>
<b>d. Units in circulation</b>			
Nominal (DKK 1,000)		1,235,846	1,273,365
Quantity		12,358,463	12,733,654
<b>e. Investors' assets</b>			
<b>e1. Units in circulation</b>			
Units in circulation at 1 Jan		1,273,365	1,607,133
Correction in connection with demerger		0	(58,636)
Issues during the year		53,027	32,468
Redemptions during the year		(90,546)	(307,600)
<b>Total units in circulation</b>		<b>1,235,846</b>	<b>1,273,365</b>
<b>e2. Investors' assets</b>			
Investors' assets at 1 Jan		1,132,606	1,458,092
Correction in connection with demerger		0	(53,022)
Issues during the year		43,437	28,513
Redemptions during the year		(70,409)	(275,187)
Correction of profit in connection with demerger		0	2,667
Net issue surcharges and redemption deductions		269	1,112
Distribution from last year concerning units in circulation at 31 Dec		(86,589)	(73,928)
Changes in dividend distribution due to issues/redemptions		204	782
Proposed distribution for the financial year		44,490	86,589
Brought forward from income statement		(113,387)	(43,850)
Brought forward for distribution next year		0	838
<b>Investors' assets at 31 Dec</b>		<b>950,621</b>	<b>1,132,606</b>

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

# HøjrenteLande Mix W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(2,290)	1,970
Investors' assets	37,347	42,214
Units in circulation nominal	48,213	47,299
Units in circulation quantity	482,133	472,996
<b>Financial ratios</b>		
NAV per unit	77.46	89.25
Dividend per unit	4.20	7.10
Return (%) <sup>1) 2)</sup>	(5.78%)	3.59%
Benchmark return (%) <sup>2)</sup>	(4.22%)	4.70%
Total expense ratio <sup>2)</sup>	0.68%	1.05%
Annual percentage rate (APR) at 31 Dec	0.78%	0.74%
Indirect transaction costs	0.38%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of HøjrenteLande Mix A DKK.

<sup>2)</sup> The year 2017: Net profit and financial ratios cover the period from 1 Jan to 31 Dec 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(2,033)	2,483
Other class-specific income	2	4
Class-specific costs <sup>1)</sup>	(259)	(517)
<b>Total net profit</b>	<b>(2,290)</b>	<b>1,970</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	0	163
Fees to custodian	42	63
Other costs relating to asset management	173	226
Other costs	7	5
Fixed management fee	37	60
<b>Total class-specific costs</b>	<b>259</b>	<b>517</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	2,025	3,358
Brought forward for distribution next year	0	38
Available for distribution	2,025	3,396
Brought forward to investors' assets	(4,315)	(1,426)
<b>Total distribution</b>	<b>(2,290)</b>	<b>1,970</b>
<b>b2. Available for distribution <sup>2)</sup></b>		
Brought forward for distribution from last year	38	0
Other income	2	4
Distribution adjustment in connection with issue/redemption concerning the above items	2	(1)
Share of joint income	(1,771)	3,820
Available for distribution before administrative costs	(1,729)	3,823
Set-off of administrative costs	(259)	(517)
Distribution adjustment in connection with issue/redemption	1	90
Total administrative costs	(258)	(427)
<b>Available for distribution, gross</b>	<b>(1,987)</b>	<b>3,396</b>
Voluntary distribution	4,012	0
<b>Available for distribution</b>	<b>2,025</b>	<b>3,396</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Other class-specific debt</b>		
Payables	52	61
Payables – unsettled transactions	924	0
<b>Total other class-specific debt</b>	<b>976</b>	<b>61</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	48,213	47,299
Quantity	482,133	472,996
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	47,299	0
Correction in connection with demerger	0	58,636
Issues during the year	4,054	0
Redemptions during the year	(3,140)	(11,337)
<b>Total units in circulation</b>	<b>48,213</b>	<b>47,299</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	42,214	0
Correction in connection with demerger	0	53,022
Issues during the year	3,270	0
Redemptions during the year	(2,499)	(10,132)
Correction of profit in connection with demerger	0	(2,667)
Net issue surcharges and redemption deductions	10	21
Distribution from last year concerning units in circulation at 31 Dec	(3,358)	0
Changes in dividend distribution due to issues/redemptions	0	0
Proposed distribution for the financial year	2,025	3,358
Brought forward from income statement	(4,315)	(1,426)
Brought forward for distribution next year	0	38
<b>Investors' assets at 31 Dec</b>	<b>37,347</b>	<b>42,214</b>

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of HøjrenteLande Mix A DKK.

<sup>2)</sup> Incl proportional share of income for 1 Jan - 13 Jun 2017 from HøjrenteLande Mix A DKK.

# HøjrenteLande Mix Etik Akkumulerende KL

## Fund report

<b>Fund data and unit class data</b>	<b>HøjrenteLande Mix Etik I USD Acc</b>
ISIN	DK0060792372
Date of establishment	10 February 2017
Launch date	3 April 2017
Listed	No
Currency	USD
Income fund	No
Denomination	100
Risk category	4
Approved for marketing in Germany	No
Benchmark	50% J.P. Morgan EMBI Global Diversified USD 50% J.P. Morgan GBI-EM Global Diversified USD
Secondary name	Emerging Market Sustainable Blended Debt Acc KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.com](http://www.sydinvest.com).

For more information on fund developments, reference is made to the Investment Fund's website and for more detailed information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest-em.com](http://www.sydinvest-em.com).

### Investment profile

The fund invests opportunistically in sovereign bonds issued by emerging market countries and can furthermore invest in a Frontier category of emerging market countries characterised by a particularly low level of development. The fund's assets can be invested across a number of emerging market countries in local and in hard currencies, and the investment approach is expected to offer excess returns compared with funds investing in traditional bond markets.

To maintain a responsible and sustainable approach to its investments, the fund will apply a combination of an external and independent country exclusion list and an internal screening process across the entire investment universe as regards environmental, social and corporate governance (ESG) issues. Consequently the fund will at times restrict the investment universe regardless of the composition of the fund's reference benchmark.

The investment approach is thus a combination of an ESG country exclusion and screening process and an opportunistic investment style within the unrestricted investment universe. The active allocation will result in a blended portfolio that over time will deviate materially from the allocations of the fund's benchmark.

The fund is divided into the unit class HøjrenteLande Mix Etik I USD Acc.

### Risk profile

The fund carries a somewhat higher risk than that of traditional bond funds. In the short term large fluctuations in return may occur. The fund invests in bonds issued in local currency and in USD, which in most cases are not hedged, whereas bonds issued in hard currencies other than USD may be hedged. Fund return depends on exchange rate movements, the level of interest rates and issuers' ability to service debt. The fund is suitable for investments with a time horizon of at least three years.

The fund is placed in risk category 4.

### Developments

The development in the NAV of the unit class in 2018 appears from the table below.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
HøjrenteLande Mix Etik I USD Acc <sup>*)</sup>	(5.67%)	(5.18%)	8.25%	7.04%

<sup>\*)</sup> The unit class was launched on 3 April 2017.

The market fell short of expectations at the beginning of the year and the unit class of the fund underperformed compared to benchmark, see the table above.

2018 was characterised by President Trump's unpredictable trade policy, higher US interest rates and country-specific events such as the currency crises in Argentina and Turkey as well as the elections in Mexico and Brazil. The yield spread between emerging market bonds and US government bonds widened to 4.15 percentage points, which combined with higher US interest rates is the main reason for the increase in the yield to maturity of emerging market bonds issued in USD to 6.86%. Yields on emerging market bonds issued in local currency have gone up but still contributed positively to return. On the other hand emerging market currencies have weakened against USD.

Fund return was lower than benchmark return. The exclusion of countries as a consequence of the ESG process however made a positive contribution to the fund's relative return. Relative return was pulled down in particular by the fund's investments in hard currency.



**Market outlook**

Developments in 2019 will depend on whether the Fed signals interest rate hikes well into 2020 or whether the end is in sight. Furthermore the economic development in China will be of great significance. President Trump will remain a considerable source of uncertainty also in 2019. The ECB may start to raise its key rate at the end of the year, which could lead to higher European interest rates. All the factors set out above are risks but we believe that these concerns have already been priced in to some extent by the market and consequently EM bond and currency markets are well prepared for these risks.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# HøjrenteLande Mix Etik Akkumulerende KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(1,091)	(7,018)
Investors' assets	167,108	141,661
<b>Financial ratios</b>		
Portfolio turnover rate (PTR)	0.44	0.51

<sup>1)</sup> The fund was launched on 3 April 2017.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017 <sup>1)</sup>
		<b>Interest and dividends</b>	
1.	Interest	8,785	7,532
	<b>Total interest and dividends</b>	<b>8,785</b>	<b>7,532</b>
	<b>Capital gains and losses</b>		
2.	Bonds	(9,344)	(12,537)
2.	Derivatives	413	(752)
	Currency accounts	164	(347)
	Other assets/liabilities	2	(1)
3.	Transaction costs, operating activities	(28)	(29)
	<b>Total capital gains and losses</b>	<b>(8,793)</b>	<b>(13,666)</b>
	Other income	6	1
	<b>Total income</b>	<b>(2)</b>	<b>(6,133)</b>
4.	Administrative costs	(974)	(779)
	<b>Profit before tax</b>	<b>(976)</b>	<b>(6,912)</b>
5.	Tax	(115)	(106)
	<b>Net profit for the year</b>	<b>(1,091)</b>	<b>(7,018)</b>
	<b>Distribution of profit from the unit classes</b>		
	<b>To be allocated</b>		
	Total brought forward to investors' assets	(1,091)	(7,018)
	<b>Total distribution</b>	<b>(1,091)</b>	<b>(7,018)</b>
	<b>Distribution of profit in the unit classes</b>		
	<b>Brought forward to investors' assets</b>		
	Emerging Market Sustainable Blended Debt I USD Acc	(1,091)	(7,018)
	<b>Total</b>	<b>(1,091)</b>	<b>(7,018)</b>

<sup>1)</sup> The fund was launched on 3 April 2017.

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	9,517	0
	Deposits on margin accounts with custodian	0	4,986
	<b>Total liquid funds</b>	<b>9,517</b>	<b>4,986</b>
7.	<b>Bonds</b>		
	Listed bonds from foreign issuers	144,725	128,389
	Unlisted bonds from foreign issuers	9,951	6,240
	<b>Total bonds</b>	<b>154,676</b>	<b>134,629</b>
	<b>Derivatives</b>		
	Unlisted derivatives	439	28
	<b>Total derivatives</b>	<b>439</b>	<b>28</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	2,701	2,196
	Receivables – unsettled transactions	0	162
	<b>Total other assets</b>	<b>2,701</b>	<b>2,358</b>
	<b>TOTAL ASSETS</b>	<b>167,333</b>	<b>142,001</b>
	<b>LIABILITIES</b>		
6.	<b>Investors' assets <sup>1)</sup></b>		
	<b>Derivatives</b>		
	Unlisted derivatives	15	124
	<b>Total derivatives</b>	<b>15</b>	<b>124</b>
	<b>Other debt</b>		
	Payables	210	216
	<b>Total other debt</b>	<b>210</b>	<b>216</b>
	<b>TOTAL LIABILITIES</b>	<b>167,333</b>	<b>142,001</b>
	<b><sup>1)</sup> Investors' assets by unit class</b>		
	HøjrenteLande Mix Etik I USD Acc	167,108	141,661
	<b>Total</b>	<b>167,108</b>	<b>141,661</b>

# HøjrenteLande Mix Etik Akkumulerende KL – Financial Statements

## NOTES

Note (DKK 1,000)	2018	2017
<b>1. Interest</b>		
Deposits with custodian	133	27
Listed bonds from foreign issuers	8,299	7,080
Unlisted bonds from foreign issuers	358	426
Interest expense and negative interest with custodian	(5)	(1)
<b>Total interest</b>	<b>8,785</b>	<b>7,532</b>
<b>2. Capital gains and losses</b>		
<b>Bonds</b>		
Listed bonds from foreign issuers	(9,563)	(12,121)
Unlisted bonds from foreign issuers	219	(416)
<b>Total bonds</b>	<b>(9,344)</b>	<b>(12,537)</b>
<b>Derivatives</b>		
Forward exchange transactions/futures etc	(621)	(169)
Forward interest transactions/futures etc	1,034	(583)
<b>Total derivatives</b>	<b>413</b>	<b>(752)</b>
<b>3. Transaction costs</b>		
All transaction costs	30	47
Covered by income from issue and redemption	(2)	(18)
<b>Transaction costs, operating activities</b>	<b>28</b>	<b>29</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>4. Administrative costs</b>		
<b>Class-specific costs</b>		
Fees to custodian	88	78
Other costs relating to asset management	640	544
Other costs	76	9
Fixed management fee <sup>1)</sup>	170	148
<b>Total class-specific costs</b>	<b>974</b>	<b>779</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.		
Audit fees appear from joint note 2 to which reference is made.		
<b>5. Tax</b>		
The fund is not liable to pay tax.		
Adjustment – tax on coupons etc	115	106
<b>Total tax</b>	<b>115</b>	<b>106</b>
<b>6. Investors' assets</b>		
Investors' assets at 1 Jan	141,661	0
Issues during the year	26,454	172,954
Redemptions during the year	0	(25,243)
Net issue surcharges and redemption deductions	84	968
Brought forward from income statement	(1,091)	(7,018)
<b>Investors' assets at 31 Dec</b>	<b>167,108</b>	<b>141,661</b>
<b>7. Financial instruments (securities)</b>		
A list of financial instruments (securities) is available free of charge from the investment management company.		

# HøjrenteLande Mix Etik Akkumulerende KL – Financial Statements

## SUPPLEMENTARY NOTES

Note (DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>		
Market value of purchase of securities	91,410	249,010
Market value of sale of securities	60,704	99,781
<b>Total market value</b>	<b>152,114</b>	<b>348,791</b>
<b>b. Breakdown of financial instruments</b>		
Listed financial instruments	86.61%	90.64%
Financial instruments listed on other regulated market	5.95%	4.40%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
Other financial instruments	0.22%	(0.07%)
	92.78%	94.97%
Other assets/other debt	7.22%	5.03%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>		
Bonds > 6 yrs	38.56%	46.41%
Bonds 4-6 yrs	18.09%	16.31%
Bonds 2-4 yrs	23.19%	23.50%
Bonds 0-2 yrs	12.72%	8.75%
Cash, derivatives etc	7.44%	5.03%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Bonds by country</b>		
Mexico	9.22%	10.71%
South Africa	8.16%	6.54%
Indonesia	7.42%	8.67%
Colombia	6.89%	5.77%
Brazil	6.83%	6.47%
Poland	6.55%	7.12%
Supranationals	4.36%	0.00%
Dominican Republic	3.75%	4.00%
Other	39.38%	45.69%
Cash, derivatives etc	7.44%	5.03%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>e. Currency futures bought</b>		
USD	12,855	12,412
<b>Total</b>	<b>12,855</b>	<b>12,412</b>
<b>f. Currency futures sold</b>		
EUR	(7,941)	(8,454)
<b>Total</b>	<b>(7,941)</b>	<b>(8,454)</b>
<b>g. Underlying exposure – forward exchange transactions</b>		
<b>Currency</b>		
USD	14,104	15,254
EUR	(13,692)	(15,298)
<b>h. Net collateral position</b>		
Collateral concerning derivatives		
No collateral has been provided		

# HøjrenteLande Mix Etik I USD Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(1,091)	(7,018)
Investors' assets	167,108	141,661
Units in circulation nominal	163,646	130,863
Units in circulation quantity (USD)	250,685	211,056
<b>Financial ratios</b>		
NAV per unit (USD)	102.12	108.25
Return in USD (%) <sup>1)</sup>	(5.67%)	8.25%
Benchmark return in USD (%)	(5.18%)	7.04%
Total expense ratio	0.69%	0.53%
Annual percentage rate (APR) at 31 Dec	0.78%	0.80%
Indirect transaction costs	0.33%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 3 April 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(123)	(6,240)
Other class-specific income	6	1
Class-specific costs <sup>1)</sup>	(974)	(779)
<b>Total net profit</b>	<b>(1,091)</b>	<b>(7,018)</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	88	78
Other costs relating to asset management	640	544
Other costs	76	9
Fixed management fee	170	148
<b>Total class-specific costs</b>	<b>974</b>	<b>779</b>
<b>b. Distribution of profit</b>		
Brought forward to investors' assets	(1,091)	(7,018)
<b>Total distribution</b>	<b>(1,091)</b>	<b>(7,018)</b>
<b>c. Other class-specific debt</b>		
Payables	210	216
<b>Total other class-specific debt</b>	<b>210</b>	<b>216</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	163,646	130,863
Quantity (USD)	250,685	211,056
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	130,863	0
Exchange rate adjustment of units in circulation at 1 Jan	6,913	0
Issues during the year	25,870	154,239
Redemptions during the year	0	(23,376)
<b>Total units in circulation</b>	<b>163,646</b>	<b>130,863</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	141,661	0
Issues during the year	26,454	172,954
Redemptions during the year	0	(25,243)
Net issue surcharges and redemption deductions	84	968
Brought forward from income statement	(1,091)	(7,018)
<b>Investors' assets at 31 Dec</b>	<b>167,108</b>	<b>141,661</b>

# HøjrenteLande Valuta KL

## Fund report

Fund data and unit class data	HøjrenteLande Valuta A DKK	HøjrenteLande Valuta W DKK d
ISIN	DK0016313810	DK0060815926
Date of establishment	25 April 2005	16 May 2017
Launch date	13 May 2005	13 June 2017
Listed	Yes	No
Currency	DKK	DKK
Income fund	Yes	Yes
Denomination	100	100
Risk category	4	4
Approved for marketing in Germany	No	No
Benchmark	J.P. Morgan Global Bond Index – Emerging Markets Global Diversified unhedged to fund currency	
Secondary name	Emerging Market Currency Bonds KL	

### Introduction

The fund report should be read together with the sections in the annual report “Financial markets in 2018” on page 6, “Asset developments” on page 10 and “Risks” on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in short-term government bonds in local currency from high-yielding countries in Eastern Europe, Asia, Latin America and Africa. The fund pursues an active currency policy and will to a great extent be affected by exchange rate developments in the countries in which the fund invests.

The fund is divided into the unit classes HøjrenteLande Valuta A DKK and HøjrenteLande W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund carries a somewhat higher risk than that of traditional bond funds. In the short term large fluctuations in return may occur. The fund invests in bonds issued in local currency, which are generally not hedged. Consequently return is greatly influenced by exchange rate developments. Fund return depends on exchange rate movements, the level of interest rates and issuers' ability to service debt. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 4.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
HøjrenteLande Valuta A DKK	(1.79%)	(1.26%)	(1.81%)	1.34%
HøjrenteLande Valuta W DKK d <sup>1)</sup>	(1.08%)	(1.26%)	(1.61%)	1.34%

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Sydinvest HøjrenteLande Valuta A DKK. Return covers the period from 1 January to 31 December 2017.

The market fell short of expectations at the beginning of the year. The fund's unit class A underperformed its benchmark whereas the fund's unit class W performed better compared to benchmark, see the above table.

2018 was characterised by President Trump's unpredictable trade policy, higher US interest rates and country-specific events such as the currency crises in Argentina and Turkey as well as the elections in Mexico and Brazil. Yields on emerging market bonds issued in local currency have gone up but still contributed positively to return. On the other hand emerging market currencies have weakened against DKK, EUR and USD.

Fund return was higher than benchmark return before administrative costs. Currency allocations in particular pulled down relative return whereas the low duration of the fund added to relative return in 2018 as the interest rate at benchmark level increased.

### Market outlook

Developments in 2019 will depend on whether the Fed signals interest rate hikes well into 2020 or whether the end is in sight. Furthermore the economic development in China will be of great significance. President Trump will remain a considerable source of uncertainty also in 2019. The ECB may start to raise its key rate at the end of the year, which could lead to higher European interest rates. All the factors set out above are risks but we believe that these concerns have already been priced in to some extent by the market and consequently EM bond and currency markets are well prepared for these risks.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# HøjrenteLande Valuta KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(23,260)	(21,440)	123,645	(86,973)	88,763
Investors' assets	1,112,771	1,164,739	1,124,531	1,557,528	2,031,252
<b>Financial ratios</b>					
Portfolio turnover rate (PTR)	0.63	0.73	0.45	0.75	0.74

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	74,014	74,576
	<b>Total interest and dividends</b>	<b>74,014</b>	<b>74,576</b>
<b>Capital gains and losses</b>			
2.	Bonds	(81,514)	(79,568)
2.	Derivatives	1,275	30
	Currency accounts	(753)	(727)
	Other assets/liabilities	12	(12)
3.	Transaction costs, operating activities	(16)	(14)
	<b>Total capital gains and losses</b>	<b>(80,996)</b>	<b>(80,291)</b>
	Other income	31	59
	<b>Total income</b>	<b>(6,951)</b>	<b>(5,656)</b>
4.	Administrative costs	(15,788)	(15,221)
	<b>Profit before tax</b>	<b>(22,739)</b>	<b>(20,877)</b>
5.	Tax	(521)	(563)
	<b>Net profit for the year</b>	<b>(23,260)</b>	<b>(21,440)</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total proposed distribution for the financial year	0	0
	Total brought forward for distribution next year	(30,677)	(30,196)
	Total available for distribution	(30,677)	(30,196)
	Total brought forward to investors' assets	7,417	8,756
	<b>Total distribution</b>	<b>(23,260)</b>	<b>(21,440)</b>
<b>Distribution of profit in the unit classes</b>			
<b>HøjrenteLande Valuta A DKK</b>			
	Proposed distribution for the financial year	0	0
	Brought forward for distribution next year	(30,352)	(29,765)
	Brought forward to investors' assets	7,307	8,735
<b>HøjrenteLande Valuta W DKK d <sup>*)</sup></b>			
	Proposed distribution for the financial year	0	0
	Brought forward for distribution next year	(325)	(431)
	Brought forward to investors' assets	110	21

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	51,040	28,310
	<b>Total liquid funds</b>	<b>51,040</b>	<b>28,310</b>
8.	<b>Bonds</b>		
	Listed bonds from foreign issuers	1,007,081	1,040,896
	Unlisted bonds from foreign issuers	41,246	81,812
	<b>Total bonds</b>	<b>1,048,327</b>	<b>1,122,708</b>
<b>Derivatives</b>			
	Unlisted derivatives	0	75
	<b>Total derivatives</b>	<b>0</b>	<b>75</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	17,847	16,477
	Receivables – unsettled transactions	0	1,119
	<b>Total other assets</b>	<b>17,847</b>	<b>17,596</b>
<b>LIABILITIES</b>			
7.	<b>Investors' assets <sup>*)</sup></b>	<b>1,112,771</b>	<b>1,164,739</b>
<b>Derivatives</b>			
	Unlisted derivatives	0	414
	<b>Total derivatives</b>	<b>0</b>	<b>414</b>
<b>Other debt</b>			
	Interest payable	4	3
	Payables	3,394	3,533
	Payables – unsettled transactions	1,045	0
	<b>Total other debt</b>	<b>4,443</b>	<b>3,536</b>
	<b>TOTAL LIABILITIES</b>	<b>1,117,214</b>	<b>1,168,689</b>
<b><sup>*) Investors' assets by unit class</sup></b>			
	HøjrenteLande Valuta A DKK	1,101,229	1,148,553
	HøjrenteLande Valuta W DKK d <sup>**)</sup>	11,542	16,186
	<b>Total</b>	<b>1,112,771</b>	<b>1,164,739</b>

<sup>\*\*) The unit class was launched on 13 June 2017.</sup>



# HøjrenteLande Valuta KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		398	170
Listed bonds from foreign issuers		70,892	70,191
Unlisted bonds from foreign issuers		2,932	4,326
Interest expense and negative interest with custodian		(208)	(111)
<b>Total interest</b>		<b>74,014</b>	<b>74,576</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from foreign issuers		(82,406)	(74,830)
Unlisted bonds from foreign issuers		892	(4,738)
<b>Total bonds</b>		<b>(81,514)</b>	<b>(79,568)</b>
<b>Derivatives</b>			
Forward exchange transactions/futures etc		1,275	30
<b>Total derivatives</b>		<b>1,275</b>	<b>30</b>
<b>3. Transaction costs</b>			
All transaction costs		17	16
Covered by income from issue and redemption		(1)	(2)
<b>Transaction costs, operating activities</b>		<b>16</b>	<b>14</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		7,829	7,400
Fees to custodian		881	919
Other costs relating to asset management		5,198	5,163
Other costs		224	91
Fixed management fee <sup>1)</sup>		1,656	1,648
<b>Total class-specific costs</b>		<b>15,788</b>	<b>15,221</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>5. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – tax on coupons etc		521	563
<b>Total tax</b>		<b>521</b>	<b>563</b>
<b>6. Joint income available for distribution in unit classes</b>			
Interest		74,223	74,687
Non-refundable tax on coupons		(521)	(563)
Capital gains for distribution		(75,347)	(63,835)
Distribution adjustment in connection with issue/redemption concerning the above items		310	(112)
<b>Available for distribution in unit classes</b>		<b>(1,335)</b>	<b>10,177</b>
<b>Of which for distribution in:</b>			
HøjrenteLande Valuta A DKK		(1,321)	10,048
HøjrenteLande Valuta W DKK d		(14)	129
<b>Total for distribution</b>		<b>(1,335)</b>	<b>10,177</b>
<b>7. Investors' assets</b>			
Investors' assets at 1 Jan		1,164,739	1,124,531
Issues during the year		51,669	118,618
Redemptions during the year		(80,686)	(57,417)
Net issue surcharges and redemption deductions		309	447
Distribution from last year concerning units in circulation at 31 Dec		0	0
Proposed distribution for the financial year		0	0
Brought forward from income statement		7,417	8,756
Brought forward for distribution next year		(30,677)	(30,196)
<b>Investors' assets at 31 Dec</b>		<b>1,112,771</b>	<b>1,164,739</b>
<b>8. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# HøjrenteLande Valuta KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		802,077	1,001,331
Market value of sale of securities		794,945	862,602
<b>Total market value</b>		<b>1,597,022</b>	<b>1,863,933</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		90.50%	89.37%
Financial instruments listed on other regulated market		3.71%	7.02%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	(0.03%)
		94.21%	96.36%
Other assets/other debt		5.79%	3.64%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>			
Bonds 4-6 yrs		0.00%	0.54%
Bonds 2-4 yrs		18.02%	17.66%
Bonds 0-2 yrs		76.19%	78.16%
Cash, derivatives etc		5.79%	3.64%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>d. Bonds by country</b>			
Supranationals		13.91%	8.80%
Poland		10.36%	11.79%
Brazil		9.78%	10.32%
Mexico		9.01%	9.89%
Thailand		8.92%	5.41%
South Africa		8.56%	7.00%
Russia		6.97%	9.51%
Colombia		5.60%	4.86%
Other		21.10%	28.78%
Cash, derivatives etc		5.79%	3.64%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>e. Underlying exposure – forward exchange transactions</b>			
<b>Currency</b>			
CZK		0	11,578
DKK		0	15,152
EUR		0	(50)
HUF		0	(11,883)
USD		0	(15,191)

# HøjrenteLande Valulta A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(23,045)	(21,030)	123,645	(86,973)	88,763
Investors' assets	1,101,229	1,148,553	1,124,531	1,557,528	2,031,252
Units in circulation nominal	1,047,120	1,072,549	1,031,074	1,581,999	1,970,849
Units in circulation quantity	10,471,195	10,725,490	10,310,742	15,819,989	19,708,489
<b>Financial ratios</b>					
NAV per unit	105.17	107.09	109.06	98.45	103.06
Dividend per unit	0.00	0.00	0.00	0.00	0.00
Return (%) <sup>1)</sup>	(1.79%)	(1.81%)	10.78%	(4.47%)	4.57%
Benchmark return (%)	(1.26%)	1.34%	12.82%	(5.02%)	7.16%
Total expense ratio	1.38%	1.33%	1.36%	1.32%	1.31%
Annual percentage rate (APR) at 31 Dec	1.40%	1.41%	1.41%	1.56%	1.61%
Indirect transaction costs	0.29%	-	-	-	-
Sharpe Ratio (5 yrs)	0.20	(0.08)	0.18	(0.15)	0.50
Standard deviation (5 yrs)	7.47	7.46	7.74	7.48	6.86

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(7,385)	(5,965)
Other class-specific income	31	59
Class-specific costs <sup>1)</sup>	(15,691)	(15,124)
<b>Total net profit</b>	<b>(23,045)</b>	<b>(21,030)</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	7,829	7,382
Fees to custodian	869	908
Other costs relating to asset management	5,130	5,111
Other costs	221	88
Fixed management fee	1,642	1,635
<b>Total class-specific costs</b>	<b>15,691</b>	<b>15,124</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	0
Brought forward for distribution next year	(30,352)	(29,765)
Available for distribution	(30,352)	(29,765)
Brought forward to investors' assets	7,307	8,735
<b>Total distribution</b>	<b>(23,045)</b>	<b>(21,030)</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	(29,765)	(38,333)
Adjustment of brought forward for distribution from last year – demerger	0	209
Other income	31	59
Distribution adjustment in connection with issue/redemption concerning the above items	703	(1,748)
Share of joint income	(1,321)	10,048
Available for distribution before administrative costs <sup>2)</sup>	(30,352)	(29,765)
Set-off of administrative costs	0	0
Distribution adjustment in connection with issue/redemption	0	0
Total administrative costs	0	0
<b>Available for distribution</b>	<b>(30,352)</b>	<b>(29,765)</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Other class-specific debt</b>		
Payables	3,370	3,510
Payables – unsettled transactions	1,045	0
<b>Total other class-specific debt</b>	<b>4,415</b>	<b>3,510</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	1,047,120	1,072,549
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	1,072,549	1,031,074
Correction in connection with demerger	0	(5,513)
Issues during the year	47,071	96,583
Redemptions during the year	(72,500)	(49,595)
<b>Total units in circulation</b>	<b>1,047,120</b>	<b>1,072,549</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	1,148,553	1,124,531
Correction in connection with demerger	0	(6,148)
Issues during the year	50,128	105,338
Redemptions during the year	(74,712)	(54,720)
Correction of profit in connection with demerger	0	138
Net issue surcharges and redemption deductions	305	444
Distribution from last year concerning units in circulation at 31 Dec	0	0
Changes in dividend distribution due to issues/redemptions	0	0
Proposed distribution for the financial year	0	0
Brought forward from income statement	7,307	8,735
Brought forward for distribution next year	(30,352)	(29,765)
<b>Investors' assets at 31 Dec</b>	<b>1,101,229</b>	<b>1,148,553</b>

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

<sup>2)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.

# HøjrenteLande Valuta W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(215)	(410)
Investors' assets	11,542	16,186
Units in circulation nominal	10,873	15,084
Units in circulation quantity	108,731	150,835
<b>Financial ratios</b>		
NAV per unit	106.15	107.31
Dividend per unit	0.00	0.00
Return (%) <sup>1) 2)</sup>	(1.08%)	(1.61%)
Benchmark return (%) <sup>2)</sup>	(1.26%)	1.34%
Total expense ratio <sup>2)</sup>	0.66%	0.78%
Annual percentage rate (APR) at 31 Dec	0.71%	0.69%
Indirect transaction costs	0.29%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of HøjrenteLande Valuta A DKK.

<sup>2)</sup> The year 2017: Net profit and financial ratios cover the period from 1 Jan to 31 Dec 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(117)	(314)
Other class-specific income	0	1
Class-specific costs <sup>1)</sup>	(98)	(97)
<b>Total net profit</b>	<b>(215)</b>	<b>(410)</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	0	18
Fees to custodian	13	12
Other costs relating to asset management	68	52
Other costs	3	3
Fixed management fee	14	12
<b>Total class-specific costs</b>	<b>98</b>	<b>97</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	0
Brought forward for distribution next year	(325)	(431)
Available for distribution	(325)	(431)
Brought forward to investors' assets	110	21
<b>Total distribution</b>	<b>(215)</b>	<b>(410)</b>
<b>b2. Available for distribution <sup>2)</sup></b>		
Brought forward for distribution from last year	(431)	0
Adjustment of brought forward for distribution from last year – demerger	0	(209)
Other income	0	1
Distribution adjustment in connection with issue/redemption concerning the above items	120	(352)
Share of joint income	(14)	129
Available for distribution before administrative costs <sup>3)</sup>	(325)	(431)
Set-off of administrative costs	0	0
Distribution adjustment in connection with issue/redemption	0	0
Total administrative costs	0	0
<b>Available for distribution</b>	<b>(325)</b>	<b>(431)</b>
<b>c. Other class-specific debt</b>		
Payables	18	23
<b>Total other class-specific debt</b>	<b>18</b>	<b>23</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	10,873	15,084
Quantity	108,731	150,835
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	15,084	0
Correction in connection with demerger	0	5,513
Issues during the year	1,423	12,071
Redemptions during the year	(5,634)	(2,500)
<b>Total units in circulation</b>	<b>10,873</b>	<b>15,084</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	16,186	0
Correction in connection with demerger	0	6,148
Issues during the year	1,541	13,280
Redemptions during the year	(5,974)	(2,697)
Correction of profit in connection with demerger	0	(138)
Net issue surcharges and redemption deductions	4	3
Distribution from last year concerning units in circulation at 31 Dec	0	0
Changes in dividend distribution due to issues/redemptions	0	0
Proposed distribution for the financial year	0	0
Brought forward from income statement	110	21
Brought forward for distribution next year	(325)	(431)
<b>Investors' assets at 31 Dec</b>	<b>11,542</b>	<b>16,186</b>

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of HøjrenteLande Valuta A DKK.

<sup>2)</sup> Incl proportional share of income for 1 Jan - 13 Jun 2017 from HøjrenteLande Valuta A DKK.

<sup>3)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.

# International KL

## Fund report

Fund data and unit class data	International A DKK	International Bonds B EUR d	International W DKK d
ISIN	DK0010140805	DK0060626018	DK0060815173
Date of establishment	28 August 1989	18 February 2015	16 May 2017
Launch date	2 October 1989	24 April 2015	13 June 2017
Listed	Yes	No	No
Currency	DKK	EUR	DKK
Income fund	Yes	Yes	Yes
Denomination	100	10	100
Risk category	4	4	4
Approved for marketing in Germany	No	Yes	No

Benchmark J.P. Morgan Global Government in fund currency (until 17 May 2018)  
Barclays Global Aggregate Treasuries 1-3 year in fund currency

Secondary name International Bonds KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in foreign bonds. The bonds in the fund are issued in currencies other than DKK. The fund aims to utilise movements in the bond prices and exchange rates of the various countries to increase fund return. The fund pursues an active currency policy and will to a great extent be affected by exchange rate developments in the countries in which the fund invests.

The fund is divided into the unit classes International A DKK, International Bonds B EUR d and International W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund invests broadly in global bonds. Risk is reduced by spreading investments across several markets, thereby taking into account regional cyclical fluctuations. Fund return is affected by changes in bond prices and exchange rates. The fund is suitable for investments with a time horizon of at least three years.

The fund is placed in risk category 4.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes and the fact that fund currency varies in the individual unit classes. The different currencies also explain the difference in the development of the benchmark.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
International A DKK	2.47%	3.47%	(6.62%)	(5.57%)
International Bonds B EUR d	2.44%	3.21%	(6.54%)	(5.70%)
International W DKK d <sup>1)</sup>	3.05%	3.45%	(6.32%)	(5.57%)

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Sydinvest International A DKK. Return covers the period from 1 January to 31 December 2017.

The market fell short of expectations at the start of the year and the unit classes of the fund underperformed their benchmarks, see the table above.

In 2018 the market was adversely affected by the trade dispute between USA and China, the slowdown in the global economy, and monetary tightening by major central banks. Other factors comprise the uncertainty surrounding the outcome of the vote in Great Britain concerning the exit agreement with the EU. The underlying 10-year government yields in USA rose sharply in 1H driven by strong economic growth. But fear of the consequences of an escalation of the trade dispute led to a steep drop in the 10-year government yields at the end of the year so that they ended the year only slightly higher than at the beginning of the year. In the euro area the low inflationary pressure and a deceleration in the growth outlook pushed the 10-year government yield to a lower level at year-end. In terms of currency the increased risk aversion caused USD and JPY to strengthen against DKK.

The fund produced a return below the change in its benchmark. This is mainly due to the fund having a smaller underweight of USD than that of its benchmark.

### Market outlook

We forecast that global economic growth will shift to a lower gear. The recovery in the US is in its 10th year and growth is expected to slow as a result of monetary tightening, less fiscal stimulus and a tight labour market. Moreover if an agreement is not reached in the trade dispute between USA and China, growth may lose further momentum. In Europe growth is projected to decline slightly but without bringing the economy to a halt. In general we project slightly rising government bond yields in USA and Europe while we expect that USD may depreciate slightly against DKK compared to the current levels.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# International KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	8,157	(26,574)	(15,887)	20,130	45,857
Investors' assets	308,553	345,069	526,116	997,407	649,350
<b>Financial ratios</b>					
Portfolio turnover rate (PTR)	0.93	0.00	0.56	0.02	0.43

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	5,213	7,989
	<b>Total interest and dividends</b>	<b>5,213</b>	<b>7,989</b>
<b>Capital gains and losses</b>			
2.	Bonds	3,930	(27,869)
2.	Derivatives	0	(242)
	Currency accounts	1,894	(2,615)
3.	Transaction costs, operating activities	(293)	(32)
	<b>Total capital gains and losses</b>	<b>5,531</b>	<b>(30,758)</b>
	Other income	9	28
	<b>Total income</b>	<b>10,753</b>	<b>(22,741)</b>
4.	Administrative costs	(2,596)	(3,833)
	<b>Net profit for the year</b>	<b>8,157</b>	<b>(26,574)</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total proposed distribution for the financial year	0	1,282
	Total brought forward for distribution next year	(24,506)	303
	Total available for distribution	(24,506)	1,585
	Total brought forward to investors' assets	32,663	(28,159)
	<b>Total distribution</b>	<b>8,157</b>	<b>(26,574)</b>
<b>Distribution of profit in the unit classes</b>			
<b>International A DKK</b>			
	Proposed distribution for the financial year	0	681
	Brought forward for distribution next year	(15,788)	219
	Brought forward to investors' assets	20,549	(23,449)
<b>International Bonds B EUR d</b>			
	Proposed distribution for the financial year	0	218
	Brought forward for distribution next year	(769)	13
	Brought forward to investors' assets	992	(1,501)
<b>International W DKK d <sup>*)</sup></b>			
	Proposed distribution for the financial year	0	383
	Brought forward for distribution next year	(7,949)	71
	Brought forward to investors' assets	11,122	(3,209)

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	42,062	4,448
	<b>Total liquid funds</b>	<b>42,062</b>	<b>4,448</b>
7.	<b>Bonds</b>		
	Listed bonds from Danish issuers	0	20,131
	Listed bonds from foreign issuers	267,153	306,245
	Unlisted bonds from foreign issuers	0	15,510
	<b>Total bonds</b>	<b>267,153</b>	<b>341,886</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	1,058	1,671
	<b>Total other assets</b>	<b>1,058</b>	<b>1,671</b>
	<b>TOTAL ASSETS</b>	<b>310,273</b>	<b>348,005</b>
<b>LIABILITIES</b>			
6.	<b>Investors' assets <sup>*)</sup></b>	<b>308,553</b>	<b>345,069</b>
	<b>Other debt</b>		
	Interest payable	1	0
	Payables	603	736
	Payables – unsettled transactions	1,116	2,200
	<b>Total other debt</b>	<b>1,720</b>	<b>2,936</b>
	<b>TOTAL LIABILITIES</b>	<b>310,273</b>	<b>348,005</b>
<b><sup>*) Investors' assets by unit class</sup></b>			
	International A DKK	198,439	249,167
	International Bonds B EUR d	9,706	11,609
	International W DKK d <sup>**)</sup>	100,408	84,293
	<b>Total</b>	<b>308,553</b>	<b>345,069</b>

<sup>\*\*) The unit class was launched on 13 June 2017.</sup>

# International KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		153	115
Listed bonds from Danish issuers		41	246
Listed bonds from foreign issuers		4,962	7,277
Unlisted bonds from foreign issuers		178	356
Interest expense and negative interest with custodian		(121)	(5)
<b>Total interest</b>		<b>5,213</b>	<b>7,989</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from Danish issuers		(541)	(2,857)
Listed bonds from foreign issuers		5,180	(24,289)
Unlisted bonds from foreign issuers		(709)	(723)
<b>Total bonds</b>		<b>3,930</b>	<b>(27,869)</b>
<b>Derivatives</b>			
Forward exchange transactions/futures etc		0	229
Forward interest transactions/futures etc		0	(471)
<b>Total derivatives</b>		<b>0</b>	<b>(242)</b>
<b>3. Transaction costs</b>			
All transaction costs		329	136
Covered by income from issue and redemption		(36)	(104)
<b>Transaction costs, operating activities</b>		<b>293</b>	<b>32</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		1,085	1,841
Fees to custodian		226	334
Other costs relating to asset management		817	1,048
Other costs		43	22
Fixed management fee <sup>1)</sup>		425	588
<b>Total class-specific costs</b>		<b>2,596</b>	<b>3,833</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>Joint income available for distribution in unit classes</b>			
<b>5.</b>			
Interest		5,334	7,994
Capital gains for distribution		(32,678)	3,149
Distribution adjustment in connection with issue/redemption concerning the above items		2,590	(2,349)
<b>Available for distribution in unit classes</b>		<b>(24,754)</b>	<b>8,794</b>
<b>Of which for distribution in:</b>			
International A DKK		(15,928)	6,439
International Bonds B EUR d		(778)	302
International W DKK d		(8,048)	2,053
<b>Total for distribution</b>		<b>(24,754)</b>	<b>8,794</b>
<b>6. Investors' assets</b>			
Investors' assets at 1 Jan		345,069	526,116
Issues during the year		15,575	86,213
Redemptions during the year		(59,030)	(240,369)
Net issue surcharges and redemption deductions		47	164
Distribution from last year concerning units in circulation at 31 Dec		(1,282)	(499)
Changes in dividend distribution due to issues/redemptions		17	18
Proposed distribution for the financial year		0	1,282
Brought forward from income statement		32,663	(28,159)
Brought forward for distribution next year		(24,506)	303
<b>Investors' assets at 31 Dec</b>		<b>308,553</b>	<b>345,069</b>
<b>7. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			



# International KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
	Market value of purchase of securities	298,987	16,234
	Market value of sale of securities	377,650	169,530
	<b>Total market value</b>	<b>676,637</b>	<b>185,764</b>
<b>b. Breakdown of financial instruments</b>			
	Listed financial instruments	86.58%	94.59%
	Financial instruments listed on other regulated market	0.00%	4.49%
	Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
	Other financial instruments	0.00%	0.00%
		86.58%	99.08%
	Other assets/other debt	13.42%	0.92%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>			
	Bonds > 6 yrs	63.55%	71.77%
	Bonds 2-4 yrs	10.96%	14.18%
	Bonds 0-2 yrs	12.07%	13.13%
	Cash, derivatives etc	13.42%	0.92%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>d. Assets by currency</b>			
	USD	39.05%	33.49%
	JPY	25.72%	21.03%
	EUR	20.04%	23.99%
	GBP	5.55%	4.39%
	MXN	4.73%	4.87%
	SEK	3.79%	0.00%
	DKK	1.12%	0.02%
	CAD	0.00%	4.04%
	Other	(13.42%)	7.25%
	Cash, derivatives etc	13.42%	0.92%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

# International A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014
<b>Financial highlights</b>					
Net profit for the year	4,761	(22,549)	(15,174)	22,009	45,857
Investors' assets	198,439	249,167	493,214	956,119	649,350
Units in circulation nominal	176,930	227,011	419,624	763,378	515,469
Units in circulation quantity	1,769,305	2,270,111	4,196,239	7,633,782	5,164,692
<b>Financial ratios</b>					
NAV per unit	112.16	109.76	117.54	125.25	125.73
Dividend per unit	0.00	0.30	0.00	5.30	6.20
Return (%) <sup>1)</sup>	2.47%	(6.62%)	(1.91%)	4.35%	10.40%
Benchmark return (%)	3.45%	(5.57%)	4.05%	8.35%	14.40%
Total expense ratio	0.98%	1.01%	1.00%	0.93%	0.82%
Annual percentage rate (APR) at 31 Dec	1.03%	1.08%	1.09%	1.18%	1.16%
Indirect transaction costs	0.04%	-	-	-	-
Sharpe Ratio (5 yrs)	0.33	0.04	0.59	0.68	1.17
Standard deviation (5 yrs)	5.33	5.49	5.88	6.08	5.12

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 24 April 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	6,889	(19,099)
Other class-specific income	6	24
Class-specific costs <sup>1)</sup>	(2,134)	(3,474)
<b>Total net profit</b>	<b>4,761</b>	<b>(22,549)</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	1,056	1,762
Fees to custodian	180	303
Other costs relating to asset management	551	884
Other costs	29	16
Fixed management fee	318	509
<b>Total class-specific costs</b>	<b>2,134</b>	<b>3,474</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	681
Brought forward for distribution next year	(15,788)	219
Available for distribution	(15,788)	900
Brought forward to investors' assets	20,549	(23,449)
<b>Total distribution</b>	<b>4,761</b>	<b>(22,549)</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	219	(5,600)
Adjustment of brought forward for distribution from last year – demerger	0	76
Other income	6	24
Distribution adjustment in connection with issue/redemption concerning the above items	(85)	2,487
Share of joint income	(15,928)	6,439
Available for distribution before administrative costs <sup>1)</sup>	(15,788)	3,426
Set-off of administrative costs	0	(3,474)
Distribution adjustment in connection with issue/redemption	0	948
Total administrative costs	0	(2,526)
<b>Available for distribution</b>	<b>(15,788)</b>	<b>900</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Other class-specific debt</b>		
Payables	431	570
Payables – unsettled transactions	1,116	2,200
<b>Total other class-specific debt</b>	<b>1,547</b>	<b>2,770</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	176,930	227,011
Quantity	1,769,305	2,270,111
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	227,011	419,624
Correction in connection with demerger	0	(4,694)
Issues during the year	1,043	0
Redemptions during the year	(51,124)	(187,919)
<b>Total units in circulation</b>	<b>176,930</b>	<b>227,011</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	249,167	493,214
Correction in connection with demerger	0	(5,453)
Issues during the year	1,154	0
Redemptions during the year	(55,997)	(216,103)
Net issue surcharges and redemption deductions	27	58
Distribution from last year concerning units in circulation at 31 Dec	(681)	0
Changes in dividend distribution due to issues/redemptions	8	0
Proposed distribution for the financial year	0	681
Brought forward from income statement	20,549	(23,449)
Brought forward for distribution next year	(15,788)	219
<b>Investors' assets at 31 Dec</b>	<b>198,439</b>	<b>249,167</b>

<sup>1)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.

# International Bonds B EUR d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	223	(1,270)	(713)	(1,879)
Investors' assets	9,706	11,609	32,902	41,288
Units in circulation nominal	11,349	13,641	34,655	42,077
Units in circulation quantity (EUR)	152,093	183,218	478,610	578,211
<b>Financial ratios</b>				
NAV per unit (EUR)	8.55	8.51	9.25	9.57
Dividend per unit (EUR)	0.00	0.16	0.14	0.19
Return in EUR (%) <sup>1)</sup>	2.44%	(6.54%)	(1.39%)	(4.32%)
Benchmark return in EUR (%)	3.21%	(5.70%)	4.43%	(1.81%)
Total expense ratio	0.78%	0.80%	0.81%	0.49%
Annual percentage rate (APR) at 31 Dec	1.18%	1.23%	1.23%	1.17%
Indirect transaction costs	0.04%	-	-	-
Sharpe Ratio (3 yrs)	(0.44)	-	-	-
Standard deviation (3 yrs)	3.64	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 24 April 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	298	(1,105)
Other class-specific income	0	2
Class-specific costs <sup>1)</sup>	(75)	(167)
<b>Total net profit</b>	<b>223</b>	<b>(1,270)</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	29	66
Fees to custodian	4	9
Other costs relating to asset management	25	55
Other costs	1	1
Fixed management fee	16	36
<b>Total class-specific costs</b>	<b>75</b>	<b>167</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	218
Brought forward for distribution next year	(769)	13
Available for distribution	(769)	231
Brought forward to investors' assets	992	(1,501)
<b>Total distribution</b>	<b>223</b>	<b>(1,270)</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	13	0
Other income	0	2
Distribution adjustment in connection with issue/redemption concerning the above items	(4)	(1)
Share of joint income	(778)	302
Available for distribution before administrative costs <sup>1)</sup>	(769)	303
Set-off of administrative costs	0	(167)
Distribution adjustment in connection with issue/redemption	0	95
Total administrative costs	0	(72)
<b>Available for distribution</b>	<b>(769)</b>	<b>231</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Other class-specific debt</b>		
Payables	16	22
<b>Total other class-specific debt</b>	<b>16</b>	<b>22</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	11,349	13,641
Quantity (EUR)	152,093	183,218
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	13,641	34,654
Exchange rate adjustment of units in circulation at 1 Jan	31	980
Issues during the year	0	256
Redemptions during the year	(2,323)	(22,249)
<b>Total units in circulation</b>	<b>11,349</b>	<b>13,641</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	11,609	32,902
Issues during the year	0	234
Redemptions during the year	(1,919)	(19,809)
Net issue surcharges and redemption deductions	2	33
Distribution from last year concerning units in circulation at 31 Dec	(218)	(499)
Changes in dividend distribution due to issues/redemptions	9	18
Proposed distribution for the financial year	0	218
Brought forward from income statement	992	(1,501)
Brought forward for distribution next year	(769)	13
<b>Investors' assets at 31 Dec</b>	<b>9,706</b>	<b>11,609</b>

<sup>1)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.

# International W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	3,173	(2,755)
Investors' assets	100,408	84,293
Units in circulation nominal	88,899	76,552
Units in circulation quantity	888,989	765,522
<b>Financial ratios</b>		
NAV per unit	112.95	110.11
Dividend per unit	0.00	0.50
Return (%) <sup>1) 2)</sup>	3.05%	(6.32%)
Benchmark return (%) <sup>2)</sup>	3.45%	(5.57%)
Total expense ratio <sup>2)</sup>	0.40%	0.43%
Annual percentage rate (APR) at 31 Dec	0.44%	0.51%
Indirect transaction costs	0.04%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of International A DKK.

<sup>2)</sup> The year 2017: Net profit and financial ratios cover the period from 1 Jan to 31 Dec 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	3,557	(2,564)
Other class-specific income	3	2
Class-specific costs <sup>1)</sup>	(387)	(193)
<b>Total net profit</b>	<b>3,173</b>	<b>(2,755)</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	0	18
Fees to custodian	41	12
Other costs relating to asset management	241	52
Other costs	13	3
Fixed management fee	92	12
<b>Total class-specific costs</b>	<b>387</b>	<b>97</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	383
Brought forward for distribution next year	(7,949)	71
Available for distribution	(7,949)	454
Brought forward to investors' assets	11,122	(3,209)
<b>Total distribution</b>	<b>3,173</b>	<b>(2,755)</b>
<b>b2. Available for distribution <sup>2)</sup></b>		
Brought forward for distribution from last year	71	0
Adjustment of brought forward for distribution from last year – demerger	0	(76)
Other income	3	2
Distribution adjustment in connection with issue/redemption concerning the above items	25	(942)
Share of joint income	(8,048)	2,053
Available for distribution before administrative costs <sup>3)</sup>	(7,949)	1,037
Set-off of administrative costs	0	(193)
Distribution adjustment in connection with issue/redemption	0	(390)
Total administrative costs	0	(583)
<b>Available for distribution</b>	<b>(7,949)</b>	<b>454</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Other class-specific debt</b>		
Payables	82	71
<b>Total other class-specific debt</b>	<b>82</b>	<b>71</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	88,899	76,552
Quantity	888,989	765,522
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	76,552	0
Correction in connection with demerger	0	4,694
Issues during the year	13,347	75,858
Redemptions during the year	(1,000)	(4,000)
<b>Total units in circulation</b>	<b>88,899</b>	<b>76,552</b>
<b>e.2 Investors' assets</b>		
Investors' assets at 1 Jan	84,293	0
Correction in connection with demerger	0	5,453
Issues during the year	14,421	85,979
Redemptions during the year	(1,114)	(4,457)
Net issue surcharges and redemption deductions	18	73
Distribution from last year concerning units in circulation at 31 Dec	(383)	0
Changes in dividend distribution due to issues/redemptions	0	0
Proposed distribution for the financial year	0	383
Brought forward from income statement	11,122	(3,209)
Brought forward for distribution next year	(7,949)	71
<b>Investors' assets at 31 Dec</b>	<b>100,408</b>	<b>84,293</b>

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of International A DKK.

<sup>2)</sup> Incl proportional share of income for 1 Jan - 13 Jun 2017 from International A DKK.

<sup>3)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.

# International Akkumulerende KL

## Fund report

### Fund data and unit class data

ISIN	DK0060647014
Date of establishment	16 June 2015
Launch date	18 September 2015
Listed	No
Currency	EUR
Income fund	No
Denomination	10
Risk category	4
Approved for marketing in Germany	Yes

### International Bonds B EUR Acc

Benchmark	J.P. Morgan Global Government in fund currency (until 17 May 2018) Barclays Global Aggregate Treasuries 1-3 year in fund currency
Secondary name	International Bonds Acc KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in foreign bonds. The bonds in the fund are issued in currencies other than DKK. The fund aims to utilise movements in the bond prices and exchange rates of the various countries to increase fund return. The fund pursues an active currency policy and will to a great extent be affected by exchange rate developments in the countries in which the fund invests.

The fund is divided into the unit class International Bonds B EUR Acc.

### Risk profile

The fund invests broadly in global bonds. Risk is reduced by spreading investments across several markets, thereby taking into account regional cyclical fluctuations. Fund return is affected by changes in bond prices and exchange rates. The fund is suitable for investments with a time horizon of at least three years.

The fund is placed in risk category 4.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
International Bonds B EUR Acc	2.54%	3.21%	(6.92%)	(5.70%)

The market fell short of expectations at the beginning of the year and the unit class of the fund underperformed compared to benchmark, see the table above.

In 2018 the market was adversely affected by the trade dispute between USA and China, the slowdown in the global economy, and monetary tightening by major central banks. Other factors comprise the uncertainty surrounding the outcome of the vote in Great Britain concerning the exit agreement with the EU. The underlying 10-year government yields in USA rose sharply in 1H driven by strong economic growth. But fear of the consequences of an escalation of the trade dispute led to a steep drop in the 10-year government yields at the end of the year so that they ended the year only slightly higher than at the beginning of the year. In the euro area the low inflationary pressure and a deceleration in the growth outlook pushed the 10-year government yield to a lower level at year-end. In terms of currency the increased risk aversion caused USD and JPY to strengthen against DKK.

The fund produced a return below the change in its benchmark. This is mainly ascribable to the fact that the duration of the fund was lower than that of its benchmark.

### Market outlook

We forecast that global economic growth will shift to a lower gear. The recovery in the US is in its 10th year and growth is expected to slow as a result of monetary tightening, less fiscal stimulus and a tight labour market. Moreover if an agreement is not reached in the trade dispute between USA and China, growth may lose further momentum. In Europe growth is projected to decline slightly but without bringing the economy to a halt.

In general we project slightly rising government bond yields in USA and Europe while we expect that USD may depreciate slightly against DKK compared to the current levels.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# International Akkumulerende KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	789	(3,254)	(1,688)	2,309
Investors' assets	30,641	36,670	64,744	83,379
<b>Financial ratios</b>				
Portfolio turnover rate (PTR)	0.97	0.03	0.65	0.03

<sup>1)</sup> The fund was launched on 21 September 2015.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
	<b>Interest and dividends</b>		
1.	Interest	542	1,067
	<b>Total interest and dividends</b>	<b>542</b>	<b>1,067</b>
	<b>Capital gains and losses</b>		
2.	Bonds	285	(3,725)
2.	Derivatives	0	(14)
	Currency accounts	184	(178)
3.	Transaction costs, operating activities	(34)	(19)
	<b>Total capital gains and losses</b>	<b>435</b>	<b>(3,936)</b>
	Other income	58	1
	<b>Total income</b>	<b>1,035</b>	<b>(2,868)</b>
4.	Administrative costs	(246)	(386)
	<b>Net profit for the year</b>	<b>789</b>	<b>(3,254)</b>
	<b>Distribution of profit from the unit classes</b>		
	<b>To be allocated</b>		
	Total brought forward to investors' assets	789	(3,254)
	<b>Total distribution</b>	<b>789</b>	<b>(3,254)</b>
	<b>Distribution of profit in the unit classes</b>		
	<b>Brought forward to investors' assets</b>		
	International Bonds B EUR Acc	789	(3,254)
	<b>Total</b>	<b>789</b>	<b>(3,254)</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	5,294	1,381
	<b>Total liquid funds</b>	<b>5,294</b>	<b>1,381</b>
6.	<b>Bonds</b>		
	Listed bonds from Danish issuers	0	2,478
	Listed bonds from foreign issuers	25,297	31,286
	Unlisted bonds from foreign issuers	0	1,840
	<b>Total bonds</b>	<b>25,297</b>	<b>35,604</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	101	158
	<b>Total other assets</b>	<b>101</b>	<b>158</b>
	<b>TOTAL ASSETS</b>	<b>30,692</b>	<b>37,143</b>
	<b>LIABILITIES</b>		
5.	<b>Investors' assets <sup>1)</sup></b>	<b>30,641</b>	<b>36,670</b>
	<b>Other debt</b>		
	Payables	51	68
	Payables – unsettled transactions	0	405
	<b>Total other debt</b>	<b>51</b>	<b>473</b>
	<b>TOTAL LIABILITIES</b>	<b>30,692</b>	<b>37,143</b>
	<b><sup>1)</sup> Investors' assets by unit class</b>		
	International Bonds B EUR Acc	30,641	36,670
	<b>Total</b>	<b>30,641</b>	<b>36,670</b>

# International Akkumulerende KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		13	9
Listed bonds from Danish issuers		5	36
Listed bonds from foreign issuers		517	982
Unlisted bonds from foreign issuers		21	42
Interest expense and negative interest with custodian		(14)	(2)
<b>Total interest</b>		<b>542</b>	<b>1,067</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from Danish issuers		(66)	(406)
Listed bonds from foreign issuers		435	(3,234)
Unlisted bonds from foreign issuers		(84)	(85)
<b>Total bonds</b>		<b>285</b>	<b>(3,725)</b>
<b>Derivatives</b>			
Forward exchange transactions/futures etc		0	27
Forward interest transactions/futures etc		0	(41)
<b>Total derivatives</b>		<b>0</b>	<b>(14)</b>
<b>3. Transaction costs</b>			
All transaction costs		34	19
Covered by income from issue and redemption		0	0
<b>Transaction costs, operating activities</b>		<b>34</b>	<b>19</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		91	150
Fees to custodian		16	23
Other costs relating to asset management		81	127
Other costs		4	2
Fixed management fee <sup>1)</sup>		54	84
<b>Total class-specific costs</b>		<b>246</b>	<b>386</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>5. Investors' assets</b>			
Investors' assets at 1 Jan		36,670	64,744
Issues during the year		7	289
Redemptions during the year		(6,825)	(25,109)
Brought forward from income statement		789	(3,254)
<b>Investors' assets at 31 Dec</b>		<b>30,641</b>	<b>36,670</b>
<b>6. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			



# International Akkumulerende KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
	Market value of purchase of securities	29,534	1,926
	Market value of sale of securities	40,125	26,653
	<b>Total market value</b>	<b>69,659</b>	<b>28,579</b>
<b>b. Breakdown of financial instruments</b>			
	Listed financial instruments	82.56%	92.07%
	Financial instruments listed on other regulated market	0.00%	5.02%
	Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
	Other financial instruments	0.00%	0.00%
		82.56%	97.09%
	Other assets/other debt	17.44%	2.91%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>			
	Bonds > 6 yrs	59.84%	66.21%
	Bonds 2-4 yrs	13.68%	17.98%
	Bonds 0-2 yrs	9.04%	12.90%
	Cash, derivatives etc	17.44%	2.91%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>d. Assets by currency</b>			
	USD	38.32%	35.26%
	JPY	25.63%	22.17%
	EUR	20.72%	15.24%
	GBP	5.62%	3.95%
	MXN	5.23%	6.87%
	SEK	3.47%	0.00%
	DKK	0.99%	0.01%
	CAD	0.01%	4.99%
	Other	(17.43%)	8.60%
	Cash, derivatives etc	17.44%	2.91%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

# International Bonds B EUR Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014 <sup>2)</sup>
<b>Financial highlights</b>					
Net profit for the year	789	(3,254)	(1,688)	2,309	15,104
Share of net profit for the year <sup>3)</sup>	789	(3,254)	(1,688)	8,259	15,104
Investors' assets	30,641	36,670	64,744	83,379	150,828
Units in circulation nominal	19,252	23,669	39,056	49,223	92,380
Units in circulation quantity (EUR)	258,465	317,904	523,118	659,661	1,237,889
<b>Financial ratios</b>					
NAV per unit (EUR)	15.89	15.49	16.65	16.94	16.33
Return in EUR (%) <sup>3)</sup>	2.54%	(6.92%)	(1.72%)	3.74%	10.40%
Benchmark return in EUR (%)	3.21%	(5.70%)	4.43%	8.11%	14.61%
Total expense ratio	0.76%	0.78%	0.78%	0.47%	0.72%
Total expense ratio <sup>3)</sup>	0.76%	0.78%	0.78%	0.88%	0.72%
Annual percentage rate (APR) at 31 Dec	1.18%	1.23%	1.23%	1.17%	-
Indirect transaction costs	0.04%	-	-	-	-
Sharpe Ratio (3 yrs)	(0.47)	-	-	-	-
Standard deviation (3 yrs)	0.29	-	-	-	-

<sup>3)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 21 September 2015.

<sup>2)</sup> Financial highlights from ISI International Bonds.

<sup>3)</sup> For the period 1 Jan – 18 Sep 2015 ISI International Bonds is included.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	977	(2,869)
Other class-specific income	58	1
Class-specific costs <sup>1)</sup>	(246)	(386)
<b>Total net profit</b>	<b>789</b>	<b>(3,254)</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	91	150
Fees to custodian	16	23
Other costs relating to asset management	81	127
Other costs	4	2
Fixed management fee	54	84
<b>Total class-specific costs</b>	<b>246</b>	<b>386</b>
<b>b. Distribution of profit</b>		
Brought forward to investors' assets	789	(3,254)
<b>Total distribution</b>	<b>789</b>	<b>(3,254)</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Other class-specific debt</b>		
Payables	51	67
Payables – unsettled transactions	0	405
<b>Total other class-specific debt</b>	<b>51</b>	<b>472</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	19,252	23,669
Quantity (EUR)	258,465	317,904
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	23,669	39,056
Exchange rate adjustment of units in circulation at 1 Jan	54	(107)
Issues during the year	5	174
Redemptions during the year	(4,476)	(15,454)
<b>Total units in circulation</b>	<b>19,252</b>	<b>23,669</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	36,670	64,744
Issues during the year	7	289
Redemptions during the year	(6,825)	(25,109)
Brought forward from income statement	789	(3,254)
<b>Investors' assets at 31 Dec</b>	<b>30,641</b>	<b>36,670</b>

# Korte Obligationer KL

## Fund report

Fund data and unit class data	Korte Obligationer A DKK	Korte Obligationer W DKK d
ISIN	DK0015916225	DK0060814796
Date of establishment	15 March 1996	16 May 2017
Launch date	22 May 1996	13 June 2017
Listed	Yes	No
Currency	DKK	DKK
Income fund	Yes	Yes
Denomination	100	100
Risk category	2	2
Approved for marketing in Germany	No	No
Benchmark	Nordea Constant Maturity 2 Year Government Bond Index	
Secondary name	Danish Bonds Short Duration KL	

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in bonds traded on an exchange (regulated market) issued in DKK. The fund has an average duration of between 0 and 3 years and we expect the fund to deliver a stable return in the short and long term.

The fund is divided into the unit classes Korte Obligationer A DKK and Korte Obligationer W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

Since the fund invests in price-stable Danish government and mortgage bonds with short maturities, the risk is relatively low. The fund is suitable for investors with an investment horizon of less than two years.

The fund is placed in risk category 2.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Korte Obligationer A DKK	0.43%	(0.27%)	1.30%	(0.47%)
Korte Obligationer W DKK d <sup>*)</sup>	0.47%	(0.27%)	1.36%	(0.47%)

<sup>\*)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Korte Obligationer A DKK. Return covers the period from 1 January to 31 December 2017.

The market performed in line with expectations at the beginning of the year and the unit classes of the fund outperformed its benchmark, see the table above.

Even though growth was actually quite decent throughout 2018, there was no appreciable inflation. So where most analysts predicted rising interest rates at the beginning of the year, the lack of inflation and the political hurdles all over the world caused an actual dip in yields during 2018. Notably government bond yields dropped sharply in Q4 and hence the spread to all other yields widened.

The unit classes of the fund produced returns above their benchmarks. The outperformance is attributable to the relatively low conversions in selected callable bonds with high coupons and the continued slightly higher yields of mortgage bonds compared with government bonds, and since the fund primarily invested in Danish mortgage bonds, the fund performed better than benchmark.

### Market outlook

We forecast that global economic growth will shift to a lower gear. The recovery in the US is in its 10th year and growth is expected to slow as a result of monetary tightening, less fiscal stimulus and a tight labour market. Moreover if an agreement is not reached in the trade dispute between USA and China, growth may lose further momentum. In Europe growth is projected to decline slightly but without bringing the economy to a halt. We expect that the European Central Bank (ECB) will hike its rate for the first time at the end of 2019 but we also acknowledge that the prospects for inflation are not bright. Wage increases in Europe are quite high and the ECB hopes that this will push the deposit rate to 0%.

A negative deposit rate is the last tool left from the crisis and there is a wish to bring it to an end now that the large bond-buying scheme has stopped.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed. The largest risk is that foreign investors will lose interest in Danish mortgage credit. This will destabilise the domestic mortgage market and result in poor performance.

# Korte Obligationer KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	6,208	21,756	29,750	1,708	5,235
Investors' assets	1,567,000	1,596,600	1,947,181	1,512,004	533,860
<b>Financial ratios</b>					
Portfolio turnover rate (PTR)	1.43	0.81	1.24	0.59	0.21

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	19,425	19,717
	<b>Total interest and dividends</b>	<b>19,425</b>	<b>19,717</b>
<b>Capital gains and losses</b>			
2.	Bonds	(9,956)	6,076
3.	Transaction costs, operating activities	(18)	(5)
	<b>Total capital gains and losses</b>	<b>(9,974)</b>	<b>6,071</b>
	<b>Total income</b>	<b>9,451</b>	<b>25,788</b>
4.	Administrative costs	(3,243)	(4,032)
	<b>Net profit for the year</b>	<b>6,208</b>	<b>21,756</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total proposed distribution for the financial year	18,854	19,514
	Total brought forward for distribution next year	1,040	1,304
	Total available for distribution	19,894	20,818
	Total brought forward to investors' assets	(13,686)	938
	<b>Total distribution</b>	<b>6,208</b>	<b>21,756</b>
<b>Distribution of profit in the unit classes</b>			
<b>Korte Obligationer A DKK</b>			
	Proposed distribution for the financial year	10,809	6,266
	Brought forward for distribution next year	875	461
	Brought forward to investors' assets	(8,339)	1,093
<b>Korte Obligationer W DKK d <sup>*)</sup></b>			
	Proposed distribution for the financial year	8,045	13,248
	Brought forward for distribution next year	165	843
	Brought forward to investors' assets	(5,347)	(155)

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	24,758	86,106
	<b>Total liquid funds</b>	<b>24,758</b>	<b>86,106</b>
7.	<b>Bonds</b>		
	Listed bonds from Danish issuers	1,525,665	1,467,602
	Listed bonds from foreign issuers	20,282	60,724
	<b>Total bonds</b>	<b>1,545,947</b>	<b>1,528,326</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	10,771	7,081
	Receivables – unsettled transactions	0	13,674
	<b>Total other assets</b>	<b>10,771</b>	<b>20,755</b>
	<b>TOTAL ASSETS</b>	<b>1,581,476</b>	<b>1,635,187</b>
<b>LIABILITIES</b>			
6.	<b>Investors' assets <sup>*)</sup></b>	<b>1,567,000</b>	<b>1,596,600</b>
<b>Other debt</b>			
	Interest payable	3	9
	Payables	490	427
	Payables – unsettled transactions	13,983	38,151
	<b>Total other debt</b>	<b>14,476</b>	<b>38,587</b>
	<b>TOTAL LIABILITIES</b>	<b>1,581,476</b>	<b>1,635,187</b>
<b><sup>*) Investors' assets by unit class</sup></b>			
	Korte Obligationer A DKK	898,804	572,278
	Korte Obligationer W DKK d <sup>*)</sup>	668,196	1,024,322
	<b>Total</b>	<b>1,567,000</b>	<b>1,596,600</b>

<sup>\*)</sup> The unit class was launched on 13 June 2017.

# Korte Obligationer KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		0	13
Listed bonds from Danish issuers		19,302	19,263
Listed bonds from foreign issuers		278	678
Interest expense and negative interest with custodian		(155)	(237)
<b>Total interest</b>		<b>19,425</b>	<b>19,717</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from Danish issuers		(10,071)	6,321
Listed bonds from foreign issuers		115	(245)
<b>Total bonds</b>		<b>(9,956)</b>	<b>6,076</b>
<b>3. Transaction costs</b>			
All transaction costs		23	14
Covered by income from issue and redemption		(5)	(9)
<b>Transaction costs, operating activities</b>		<b>18</b>	<b>5</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		398	562
Fees to custodian		534	1,046
Other costs relating to asset management		759	842
Other costs		200	84
Fixed management fee <sup>1)</sup>		1,352	1,498
<b>Total class-specific costs</b>		<b>3,243</b>	<b>4,032</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>5. Joint income available for distribution in unit classes</b>			
Interest		19,580	19,954
Capital gains for distribution		989	7,565
Distribution adjustment in connection with issue/redemption concerning the above items		522	(2,587)
<b>Available for distribution in unit classes</b>		<b>21,091</b>	<b>24,932</b>
<b>Of which for distribution in:</b>			
Korte Obligationer A DKK		12,098	8,563
Korte Obligationer W DKK d		8,993	16,369
<b>Total for distribution</b>		<b>21,091</b>	<b>24,932</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>6. Investors' assets</b>			
Investors' assets at 1 Jan		1,596,600	1,947,181
Issues during the year		545,390	402,662
Redemptions during the year		(562,101)	(755,957)
Net issue surcharges and redemption deductions		420	365
Distribution from last year concerning units in circulation at 31 Dec		(19,514)	(19,439)
Changes in dividend distribution due to issues/redemptions		(3)	32
Proposed distribution for the financial year		18,854	19,514
Brought forward from income statement		(13,686)	938
Brought forward for distribution next year		1,040	1,304
<b>Investors' assets at 31 Dec</b>		<b>1,567,000</b>	<b>1,596,600</b>
<b>7. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		2,702,310	2,143,784
Market value of sale of securities		2,674,374	2,505,732
<b>Total market value</b>		<b>5,376,684</b>	<b>4,649,516</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		98.66%	95.72%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
Other assets/other debt		1.34%	4.28%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>			
Bonds > 6 yrs		7.37%	2.09%
Bonds 4-6 yrs		1.64%	16.93%
Bonds 2-4 yrs		48.69%	30.40%
Bonds 0-2 yrs		40.96%	46.30%
Cash, derivatives etc		1.34%	4.28%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Bonds by issuer</b>			
Mortgage bonds		89.07%	83.78%
Government bonds		6.84%	9.29%
Other bonds		2.75%	2.65%
Cash, derivatives etc		1.34%	4.28%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# Korte Obligationer A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	3,345	7,820	29,750	1,708	5,235
Investors' assets	898,804	572,278	1,947,181	1,512,004	533,860
Units in circulation nominal	900,743	569,673	1,943,946	1,516,300	529,821
Units in circulation quantity	9,007,434	5,696,732	19,439,462	15,162,998	5,298,213
<b>Financial ratios</b>					
NAV per unit	99.78	100.46	100.17	99.72	100.76
Dividend per unit	1.20	1.10	1.00	1.20	1.20
Return (%) <sup>1)</sup>	0.43%	1.30%	1.67%	0.15%	0.70%
Benchmark return (%)	(0.27%)	(0.47%)	0.10%	0.50%	0.48%
Total expense ratio	0.23%	0.27%	0.26%	0.29%	0.52%
Annual percentage rate (APR) at 31 Dec	0.24%	0.27%	0.27%	0.30%	0.41%
Indirect transaction costs	0.11%	-	-	-	-
Sharpe Ratio (5 yrs)	1.70	1.63	1.58	1.23	1.52
Standard deviation (5 yrs)	0.60	0.62	0.63	0.79	0.93

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	5,203	9,477
Class-specific costs <sup>1)</sup>	(1,858)	(1,657)
<b>Total net profit</b>	<b>3,345</b>	<b>7,820</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	398	307
Fees to custodian	232	465
Other costs relating to asset management	404	309
Other costs	106	27
Fixed management fee	718	549
<b>Total class-specific costs</b>	<b>1,858</b>	<b>1,657</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	10,809	6,266
Brought forward for distribution next year	875	461
Available for distribution	11,684	6,727
Brought forward to investors' assets	(8,339)	1,093
<b>Total distribution</b>	<b>3,345</b>	<b>7,820</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	461	0
Distribution adjustment in connection with issue/redemption concerning the above items	1,186	0
Share of joint income	12,098	8,563
Available for distribution before administrative costs	13,745	8,563
Set-off of administrative costs	(1,858)	(1,657)
Distribution adjustment in connection with issue/redemption	(203)	(179)
Total administrative costs	(2,061)	(1,836)
<b>Available for distribution</b>	<b>11,684</b>	<b>6,727</b>
<b>c. Other class-specific assets</b>		
Receivables – unsettled transactions	0	13,675
<b>Total other class-specific assets</b>	<b>0</b>	<b>13,675</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>d. Other class-specific debt</b>		
Payables	325	189
Payables – unsettled transactions	3,989	0
<b>Total other class-specific debt</b>	<b>4,314</b>	<b>189</b>
<b>e. Units in circulation</b>		
Nominal (DKK 1,000)	900,743	569,673
Quantity	9,007,434	5,696,732
<b>f. Investors' assets</b>		
<b>f1. Units in circulation</b>		
Units in circulation at 1 Jan	569,673	1,943,946
Correction in connection with demerger	0	(940,581)
Issues during the year	472,919	173,688
Redemptions during the year	(141,849)	(607,380)
<b>Total units in circulation</b>	<b>900,743</b>	<b>569,673</b>
<b>f2. Investors' assets</b>		
Investors' assets at 1 Jan	572,278	1,947,181
Correction in connection with demerger	0	(940,016)
Issues during the year	470,646	173,847
Redemptions during the year	(141,217)	(605,686)
Correction of profit in connection with demerger	0	8,246
Net issue surcharges and redemption deductions	216	293
Distribution from last year concerning units in circulation at 31 Dec	(6,266)	(19,439)
Changes in dividend distribution due to issues/redemptions	(198)	32
Proposed distribution for the financial year	10,809	6,266
Brought forward from income statement	(8,339)	1,093
Brought forward for distribution next year	875	461
<b>Investors' assets at 31 Dec</b>	<b>898,804</b>	<b>572,278</b>

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

# Korte Obligationer W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	2,863	13,936
Investors' assets	668,196	1,024,322
Units in circulation nominal	670,379	1,019,094
Units in circulation quantity	6,703,789	10,190,933
<b>Financial ratios</b>		
NAV per unit	99.67	100.51
Dividend per unit	1.20	1.30
Return (%) <sup>1) 2)</sup>	0.47%	1.36%
Benchmark return (%) <sup>2)</sup>	(0.27%)	(0.47%)
Total expense ratio <sup>2)</sup>	0.20%	0.22%
Annual percentage rate (APR) at 31 Dec	0.21%	0.18%
Indirect transaction costs	0.11%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Korte Obligationer A DKK.

<sup>2)</sup> The year 2017: Net profit and financial ratios cover the period from 1 Jan to 31 Dec 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	4,247	16,311
Class-specific costs <sup>1)</sup>	(1,384)	(2,375)
<b>Total net profit</b>	<b>2,863</b>	<b>13,936</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	0	255
Fees to custodian	302	581
Other costs relating to asset management	356	533
Other costs	93	57
Fixed management fee	633	949
<b>Total class-specific costs</b>	<b>1,384</b>	<b>2,375</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	8,045	13,248
Brought forward for distribution next year	165	843
Available for distribution	8,210	14,091
Brought forward to investors' assets	(5,347)	(155)
<b>Total distribution</b>	<b>2,863</b>	<b>13,936</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	843	0
Distribution adjustment in connection with issue/redemption concerning the above items	(326)	0
Share of joint income	8,993	16,369
Available for distribution before administrative costs	9,510	16,369
Set-off of administrative costs	(1,384)	(2,375)
Distribution adjustment in connection with issue/redemption	84	97
Total administrative costs	(1,300)	(2,278)
<b>Available for distribution</b>	<b>8,210</b>	<b>14,091</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Other class-specific debt</b>		
Payables	161	242
Payables – unsettled transactions	1,992	1,508
<b>Total other class-specific debt</b>	<b>2,153</b>	<b>1,750</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	670,379	1,019,094
Quantity	6,703,789	10,190,933
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	1,019,094	0
Correction in connection with demerger	0	940,581
Issues during the year	75,258	228,360
Redemptions during the year	(423,973)	(149,847)
<b>Total units in circulation</b>	<b>670,379</b>	<b>1,019,094</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	1,024,322	0
Correction in connection with demerger	0	940,016
Issues during the year	74,744	228,815
Redemptions during the year	(420,884)	(150,271)
Correction of profit in connection with demerger	0	(8,246)
Net issue surcharges and redemption deductions	204	72
Distribution from last year concerning units in circulation at 31 Dec	(13,248)	0
Changes in dividend distribution due to issues/redemptions	195	0
Proposed distribution for the financial year	8,045	13,248
Brought forward from income statement	(5,347)	(155)
Brought forward for distribution next year	165	843
<b>Investors' assets at 31 Dec</b>	<b>668,196</b>	<b>1,024,322</b>

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Korte Obligationer A DKK.

<sup>2)</sup> Incl proportional share of income for 1 Jan - 13 Jun 2017 from Korte Obligationer A DKK.

# Mellemlange Obligationer KL

## Fund report

Fund data and unit class data	Mellemlange Obligationer A DKK	Danish Bonds B DKK d	Mellemlange Obligationer W DKK d
ISIN	DK0060585073	DK0060738755	DK0060814879
Date of establishment	4 November 2014	18 May 2016	16 May 2017
Launch date	7 January 2015	29 August 2016	13 June 2017
Listed	Yes	No	No
Currency	DKK	DKK	DKK
Income fund	Yes	Yes	Yes
Denomination	100	10	100
Risk category	2	2	2
Approved for marketing in Germany	No	Yes	No
Benchmark	50% Nordea Constant Maturity 3 Year Government Bond Index 50% Nordea Constant Maturity 5 Year Government Bond Index		
Secondary name	Danish Bonds KL		

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in bonds traded on an exchange (regulated market) issued in DKK. The fund has an average duration of between 3 and 5 years. Duration reflects the price risk of a bond in connection with interest rate changes. The lower the duration, the more price stable the bond when interest rates change. Focus is on stable returns. The fund invests in bonds issued by governments, mortgage lenders and companies.

The fund is divided into the unit classes Mellemlange Obligationer A DKK, Danish Bonds B DKK d and Mellemlange Obligationer W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

Price fluctuations in the fund are limited and impacted by interest rate developments in Denmark. Fund duration reflects the bonds' price risk and consequently fund risk. We adjust fund duration in accordance with our interest rate expectations. If we expect a decline, we increase interest rate sensitivity. And during periods when we expect a rise, we lower interest rate sensitivity.

The fund is placed in risk category 2.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Mellemlange Obligationer A DKK	0.23%	0.65%	1.75%	(0.15%)
Danish Bonds B DKK d	0.28%	0.65%	1.79%	(0.15%)
Mellemlange Obligationer W DKK d <sup>1)</sup>	0.53%	0.65%	1.92%	(0.15%)

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Mellemlange Obligationer A DKK. Return covers the period from 1 January to 31 December 2017.

The market exceeded expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

Even though growth was actually quite decent throughout 2018, there was no appreciable inflation. So where most analysts predicted rising interest rates at the beginning of the year, the lack of inflation and the political hurdles all over the world caused an actual dip in yields during 2018. Notably government bond yields dropped sharply in Q4 and hence the spread to all other yields widened.

The unit classes of the fund produced returns below their benchmarks. The deteriorating performance is due to the gradual widening of the spread between mortgage bonds and government bonds in 2018, and since the fund primarily invested in Danish mortgage bonds the fund underperformed its benchmark.



**Market outlook**

We forecast that global economic growth will shift to a lower gear. The recovery in the US is in its 10th year and growth is expected to slow as a result of monetary tightening, less fiscal stimulus and a tight labour market. Moreover if an agreement is not reached in the trade dispute between USA and China, growth may lose further momentum. In Europe growth is projected to decline slightly but without bringing the economy to a halt. We expect that the ECB will increase its rate for the first time at the end of 2019 but we also acknowledge that the prospects for inflation are not bright. Wage increases in Europe are quite high and the ECB hopes that this will push the deposit rate to 0%. A negative deposit rate is the last tool left from the crisis and there is a wish to bring it to an end now that the large bond-buying scheme has stopped.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed. The largest risk is that foreign investors will lose interest in Danish mortgage credit. This will destabilise the domestic mortgage market and result in poor performance.

# Mellemlange Obligationer KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	21,110	123,450	100,636	(45,099)
Investors' assets	6,139,677	6,531,248	8,215,343	3,662,246
<b>Financial ratios</b>				
Portfolio turnover rate (PTR)	1.06	0.51	0.82	0.35

<sup>1)</sup> The fund was launched on 7 January 2015.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
	<b>Interest and dividends</b>		
1.	Interest	85,499	109,416
	<b>Total interest and dividends</b>	<b>85,499</b>	<b>109,416</b>
	<b>Capital gains and losses</b>		
2.	Bonds	(38,474)	47,618
3.	Transaction costs, operating activities	(16)	(12)
	<b>Total capital gains and losses</b>	<b>(38,490)</b>	<b>47,606</b>
	<b>Total income</b>	<b>47,009</b>	<b>157,022</b>
4.	Administrative costs	(25,899)	(33,572)
	<b>Net profit for the year</b>	<b>21,110</b>	<b>123,450</b>
5.	<b>Distribution of profit from the unit classes</b>		
	<b>To be allocated</b>		
	Total proposed distribution for the financial year	56,436	72,450
	Total brought forward for distribution next year	2,297	834
	Total available for distribution	58,733	73,284
	Total brought forward to investors' assets	(37,623)	50,166
	<b>Total distribution</b>	<b>21,110</b>	<b>123,450</b>
	<b>Distribution of profit in the unit classes</b>		
	<b>Mellemlange Obligationer A DKK</b>		
	Proposed distribution for the financial year	27,623	36,596
	Brought forward for distribution next year	1,348	496
	Brought forward to investors' assets	(21,843)	33,680
	<b>Danish Bonds B DKK d</b>		
	Proposed distribution for the financial year	2,081	2,649
	Brought forward for distribution next year	22	120
	Brought forward to investors' assets	(1,633)	(1,287)
	<b>Mellemlange Obligationer W DKK d <sup>*)</sup></b>		
	Proposed distribution for the financial year	26,732	33,205
	Brought forward for distribution next year	927	218
	Brought forward to investors' assets	(14,147)	17,773

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	107,793	114,503
	Deposits on margin accounts with custodian	5,080	198,143
	<b>Total liquid funds</b>	<b>112,873</b>	<b>312,646</b>
7.	<b>Bonds</b>		
	Listed bonds from Danish issuers	5,999,524	6,454,352
	Listed bonds from foreign issuers	29,423	29,348
	<b>Total bonds</b>	<b>6,028,947</b>	<b>6,483,700</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	36,676	36,744
	Receivables – unsettled transactions	0	111
	<b>Total other assets</b>	<b>36,676</b>	<b>36,855</b>
	<b>TOTAL ASSETS</b>	<b>6,178,496</b>	<b>6,833,201</b>
	<b>LIABILITIES</b>		
6.	<b>Investors' assets <sup>1)</sup></b>	<b>6,139,677</b>	<b>6,531,248</b>
	<b>Derivatives</b>		
	REPO	0	198,114
	<b>Total derivatives</b>	<b>0</b>	<b>198,114</b>
	<b>Other debt</b>		
	Interest payable	17	13
	Payables	4,765	5,084
	Payables – unsettled transactions	34,037	98,742
	<b>Total other debt</b>	<b>38,819</b>	<b>103,839</b>
	<b>TOTAL LIABILITIES</b>	<b>6,178,496</b>	<b>6,833,201</b>
	<b><sup>1)</sup> Investors' assets by unit class</b>		
	Mellemlange Obligationer A DKK	3,466,712	3,702,312
	Danish Bonds B DKK d	228,875	240,418
	Mellemlange Obligationer W DKK d <sup>**)</sup>	2,444,090	2,588,518
	<b>Total</b>	<b>6,139,677</b>	<b>6,531,248</b>

<sup>\*\*) The unit class was launched on 13 June 2017.</sup>

# Mellemlange Obligationer KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		0	65
Listed bonds from Danish issuers		83,882	108,739
Listed bonds from foreign issuers		157	1,035
Interest expense and negative interest with custodian		(1,552)	(841)
Other interest income		3,012	418
<b>Total interest</b>		<b>85,499</b>	<b>109,416</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from Danish issuers		(38,549)	49,894
Listed bonds from foreign issuers		75	(2,276)
<b>Total bonds</b>		<b>(38,474)</b>	<b>47,618</b>
<b>3. Transaction costs</b>			
All transaction costs		17	24
Covered by income from issue and redemption		(1)	(12)
<b>Transaction costs, operating activities</b>		<b>16</b>	<b>12</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		9,063	14,180
Fees to custodian		1,634	2,240
Other costs relating to asset management		6,398	7,159
Other costs		841	360
Fixed management fee <sup>1)</sup>		7,963	9,633
<b>Total class-specific costs</b>		<b>25,899</b>	<b>33,572</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>Joint income available for distribution in unit classes</b>			
<b>5.</b>			
Interest		87,051	110,258
Capital gains for distribution		(295)	4,770
Distribution adjustment in connection with issue/redemption concerning the above items		(3,656)	(9,735)
<b>Available for distribution in unit classes</b>		<b>83,100</b>	<b>105,293</b>
<b>Of which for distribution in:</b>			
Mellemlange Obligationer A DKK		46,934	58,663
Danish Bonds B DKK d		3,098	3,958
Mellemlange Obligationer W DKK d		33,068	42,672
<b>Total for distribution</b>		<b>83,100</b>	<b>105,293</b>
<b>6. Investors' assets</b>			
Investors' assets at 1 Jan		6,531,248	8,215,343
Issues during the year		420,374	525,602
Redemptions during the year		(761,996)	(2,231,061)
Net issue surcharges and redemption deductions		1,001	2,038
Distribution from last year concerning units in circulation at 31 Dec		(72,450)	(104,726)
Changes in dividend distribution due to issues/redemptions		390	602
Proposed distribution for the financial year		56,436	72,450
Brought forward from income statement		(37,623)	50,166
Brought forward for distribution next year		2,297	834
<b>Investors' assets at 31 Dec</b>		<b>6,139,677</b>	<b>6,531,248</b>
<b>7. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# Mellemlange Obligationer KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
	Market value of purchase of securities	7,152,069	7,486,235
	Market value of sale of securities	7,568,347	8,943,274
	<b>Total market value</b>	<b>14,720,416</b>	<b>16,429,509</b>
<b>b. Breakdown of financial instruments</b>			
	Listed financial instruments	98.20%	99.27%
	Financial instruments listed on other regulated market	0.00%	0.00%
	Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
	Other financial instruments	0.00%	(3.03%)
		98.20%	96.24%
	Other assets/other debt	1.80%	3.76%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>			
	Bonds > 6 yrs	34.59%	26.81%
	Bonds 4-6 yrs	8.07%	21.12%
	Bonds 2-4 yrs	30.41%	27.58%
	Bonds 0-2 yrs	25.13%	23.76%
	Cash, derivatives etc	1.80%	0.73%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>d. Bonds by issuer</b>			
	Mortgage bonds	81.56%	81.61%
	Government bonds	15.62%	16.24%
	Other bonds	1.02%	1.42%
	Cash, derivatives etc	1.80%	0.73%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>e. REPO</b>			
<b>Exposure</b>			
	DKK	0	198,071
	Percentage of fund assets (max 20%)	0.00%	3.03%
<b>Market value by maturity</b>			
	7 days - 1 month	0	198,071
	<b>Total</b>	<b>0</b>	<b>198,071</b>
<b>Collateral provided as</b>			
	Liquid funds	0	198,143
	<b>Total</b>	<b>0</b>	<b>198,143</b>
<b>Reuse of collateral</b>			
	Collateral received which is reused	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>

# Mellemlange Obligationer A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016 <sup>2)</sup>	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	7,128	70,772	100,962	(45,099)
Investors' assets	3,466,712	3,702,312	8,068,346	3,662,246
Units in circulation nominal	3,452,861	3,659,551	8,009,861	3,698,585
Units in circulation quantity	34,528,611	36,595,514	80,098,612	36,985,847
<b>Financial ratios</b>				
NAV per unit	100.40	101.17	100.73	99.02
Dividend per unit	0.80	1.00	1.30	1.30
Return (%) <sup>1)</sup>	0.23%	1.75%	3.06%	(0.98%)
Benchmark return (%)	0.65%	(0.15%)	1.64%	0.19%
Total expense ratio	0.53%	0.54%	0.51%	0.52%
Annual percentage rate (APR) at 31 Dec	0.56%	0.57%	0.56%	0.61%
Indirect transaction costs	0.11%	-	-	-
Sharpe Ratio (3 yrs)	1.45	-	-	-
Standard deviation (3 yrs)	1.35	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was launched on 7 January 2015.

<sup>2)</sup> The fund was converted to a unit class on 29 August 2016.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	25,854	93,230
Class-specific costs <sup>1)</sup>	(18,726)	(22,458)
<b>Total net profit</b>	<b>7,128</b>	<b>70,772</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	8,635	10,501
Fees to custodian	1,012	1,449
Other costs relating to asset management	3,531	4,221
Other costs	464	210
Fixed management fee	5,084	6,077
<b>Total class-specific costs</b>	<b>18,726</b>	<b>22,458</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	27,623	36,596
Brought forward for distribution next year	1,348	496
Available for distribution	28,971	37,092
Brought forward to investors' assets	(21,843)	33,680
<b>Total distribution</b>	<b>7,128</b>	<b>70,772</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	496	0
Distribution adjustment in connection with issue/redemption concerning the above items	(120)	0
Share of joint income	46,934	58,663
Available for distribution before administrative costs	47,310	58,663
Set-off of administrative costs	(18,726)	(22,458)
Distribution adjustment in connection with issue/redemption	387	887
Total administrative costs	(18,339)	(21,571)
<b>Available for distribution</b>	<b>28,971</b>	<b>37,092</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Other class-specific debt</b>		
Payables	3,602	3,917
Payables – unsettled transactions	4,010	14,164
<b>Total other class-specific debt</b>	<b>7,612</b>	<b>18,081</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	3,452,861	3,659,551
Quantity	34,528,611	36,595,514
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	3,659,551	8,009,861
Correction in connection with demerger	0	(2,652,676)
Issues during the year	73,080	165,044
Redemptions during the year	(279,770)	(1,862,678)
<b>Total units in circulation</b>	<b>3,452,861</b>	<b>3,659,551</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	3,702,312	8,068,346
Correction in connection with demerger	0	(2,662,316)
Issues during the year	73,133	164,791
Redemptions during the year	(280,083)	(1,863,400)
Correction of profit in connection with demerger	0	25,823
Net issue surcharges and redemption deductions	553	1,760
Distribution from last year concerning units in circulation at 31 Dec	(36,596)	(104,129)
Changes in dividend distribution due to issues/redemptions	265	665
Proposed distribution for the financial year	27,623	36,596
Brought forward from income statement	(21,843)	33,680
Brought forward for distribution next year	1,348	496
<b>Investors' assets at 31 Dec</b>	<b>3,466,712</b>	<b>3,702,312</b>

# Danish Bonds B DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>	2015 <sup>2)</sup>
<b>Financial highlights</b>				
Net profit for the year	470	1,482	(326)	(3,746)
Share of net profit for the year <sup>3)</sup>	470	1,482	3,819	(3,746)
Investors' assets	228,875	240,418	146,997	108,936
Units in circulation nominal	231,214	240,863	149,303	110,727
Units in circulation quantity	23,121,389	24,086,280	14,930,284	11,072,732
<b>Financial ratios</b>				
NAV per unit	9.90	9.98	9.85	9.84
Dividend per unit	0.09	0.11	0.04	0.09
Return (%) <sup>1)</sup>	0.28%	1.79%	2.69%	(1.62%)
Benchmark return (%)	0.65%	(0.15%)	1.64%	(1.16%)
Total expense ratio	0.49%	0.48%	0.17%	0.33%
Total expense ratio <sup>3)</sup>	0.49%	0.48%	0.49%	0.33%
Annual percentage rate (APR) at 31 Dec	0.88%	0.88%	0.87%	0.88%
Indirect transaction costs	0.11%	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 29 August 2016.

<sup>2)</sup> Financial highlights from Danish Bonds B DKK (The fund Dannebrog).

<sup>3)</sup> For the period 1 Jan – 26 Aug 2016 Danish Bonds B DKK (The fund Dannebrog) is included.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	1,542	2,205
Class-specific costs <sup>1)</sup>	(1,072)	(723)
<b>Total net profit</b>	<b>470</b>	<b>1,482</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	428	299
Fees to custodian	29	32
Other costs relating to asset management	221	145
Other costs	29	8
Fixed management fee	365	239
<b>Total class-specific costs</b>	<b>1,072</b>	<b>723</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	2,081	2,649
Brought forward for distribution next year	22	120
Available for distribution	2,103	2,769
Brought forward to investors' assets	(1,633)	(1,287)
<b>Total distribution</b>	<b>470</b>	<b>1,482</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	120	0
Distribution adjustment in connection with issue/redemption concerning the above items	(8)	0
Share of joint income	3,098	3,958
Available for distribution before administrative costs	3,210	3,958
Set-off of administrative costs	(1,072)	(723)
Distribution adjustment in connection with issue/redemption	(35)	(466)
Total administrative costs	(1,107)	(1,189)
<b>Available for distribution</b>	<b>2,103</b>	<b>2,769</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Other class-specific debt</b>		
Payables	212	210
<b>Total other class-specific debt</b>	<b>212</b>	<b>210</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	231,214	240,863
Quantity	23,121,389	24,086,280
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	240,863	149,303
Issues during the year	16,744	208,922
Redemptions during the year	(26,393)	(117,362)
<b>Total units in circulation</b>	<b>231,214</b>	<b>240,863</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	240,418	146,997
Issues during the year	16,545	207,965
Redemptions during the year	(26,054)	(115,406)
Net issue surcharges and redemption deductions	34	40
Distribution from last year concerning units in circulation at 31 Dec	(2,649)	(597)
Changes in dividend distribution due to issues/redemptions	111	(63)
Proposed distribution for the financial year	2,081	2,649
Brought forward from income statement	(1,633)	(1,287)
Brought forward for distribution next year	22	120
<b>Investors' assets at 31 Dec</b>	<b>228,875</b>	<b>240,418</b>

# Mellemlange Obligationer W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	13,512	51,196
Investors' assets	2,444,090	2,588,518
Units in circulation nominal	2,429,157	2,554,258
Units in circulation quantity	24,301,566	25,542,586
<b>Financial ratios</b>		
NAV per unit	100.57	101.34
Dividend per unit	1.10	1.30
Return (%) <sup>1) 2)</sup>	0.53%	1.92%
Benchmark return (%) <sup>2)</sup>	0.65%	(0.15%)
Total expense ratio <sup>2)</sup>	0.23%	0.38%
Annual percentage rate (APR) at 31 Dec	0.26%	0.25%
Indirect transaction costs	0.11%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Mellemlange Obligationer A DKK.

<sup>2)</sup> The year 2017: Net profit and financial ratios cover the period from 1 Jan to 31 Dec 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	19,613	61,587
Class-specific costs <sup>1)</sup>	(6,101)	(10,391)
<b>Total net profit</b>	<b>13,512</b>	<b>51,196</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	0	3,380
Fees to custodian	593	759
Other costs relating to asset management	2,646	2,794
Other costs	348	141
Fixed management fee	2,514	3,317
<b>Total class-specific costs</b>	<b>6,101</b>	<b>10,391</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	26,732	33,205
Brought forward for distribution next year	927	218
Available for distribution	27,659	33,423
Brought forward to investors' assets	(14,147)	17,773
<b>Total distribution</b>	<b>13,512</b>	<b>51,196</b>
<b>b2. Available for distribution <sup>2)</sup></b>		
Brought forward for distribution from last year	218	0
Distribution adjustment in connection with issue/redemption concerning the above items	(11)	0
Share of joint income	33,068	42,672
Available for distribution before administrative costs	33,275	42,672
Set-off of administrative costs	(6,101)	(10,391)
Distribution adjustment in connection with issue/redemption	485	1,142
Total administrative costs	(5,616)	(9,249)
<b>Available for distribution</b>	<b>27,659</b>	<b>33,423</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Other class-specific debt</b>		
Payables	936	957
Payables – unsettled transactions	5,022	3,039
<b>Total other class-specific debt</b>	<b>5,958</b>	<b>3,996</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	2,429,157	2,554,258
Quantity	24,301,566	25,542,586
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	2,554,258	0
Correction in connection with demerger	0	2,652,676
Issues during the year	331,159	151,777
Redemptions during the year	(456,260)	(250,195)
<b>Total units in circulation</b>	<b>2,429,157</b>	<b>2,554,258</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	2,588,518	0
Correction in connection with demerger	0	2,662,316
Issues during the year	330,696	152,846
Redemptions during the year	(455,859)	(252,255)
Correction of profit in connection with demerger	0	(25,823)
Net issue surcharges and redemption deductions	414	238
Distribution from last year concerning units in circulation at 31 Dec	(33,205)	0
Changes in dividend distribution due to issues/redemptions	14	0
Proposed distribution for the financial year	26,732	33,205
Brought forward from income statement	(14,147)	17,773
Brought forward for distribution next year	927	218
<b>Investors' assets at 31 Dec</b>	<b>2,444,090</b>	<b>2,588,518</b>

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Mellemlange Obligationer A DKK.

<sup>2)</sup> Incl proportional share of income for 1 Jan - 13 Jun 2017 from Mellemlange Obligationer A DKK.

# Mellemlange Obligationer Akkumulerende KL

## Fund report

Fund data and unit class data	Mellemlange Obligationer A DKK Akk	Danish Bonds B DKK Acc	Mellemlange Obligationer W DKK Acc
ISIN	DK0060585156	DK0060738672	DK0060853851
Date of establishment	4 November 2014	18 May 2016	16 May 2017
Launch date	7 January 2015	29 August 2016	13 June 2017
Listed	Yes	No	No
Currency	DKK	DKK	DKK
Income fund	No	No	No
Denomination	100	10	100
Risk category	2	2	2
Approved for marketing in Germany	No	Yes	No
Benchmark	50% Nordea Constant Maturity 3 Year Government Bond Index 50% Nordea Constant Maturity 5 Year Government Bond Index		
Secondary name	Danish Bonds Acc KL		

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in bonds traded on an exchange (regulated market) issued in DKK. The fund has an average duration of between 3 and 5 years. Duration reflects the price risk of a bond in connection with interest rate changes. The lower the duration, the more price stable the bond when interest rates change. Focus is on stable returns. The fund invests in bonds issued by governments, mortgage lenders and companies.

The fund is divided into the unit classes Mellemlange Obligationer A DKK Akk, Danish Bonds B DKK Acc and Mellemlange Obligationer W DKK Acc. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

Price fluctuations in the fund are limited and impacted by interest rate developments in Denmark. Fund duration reflects the bonds' price risk and consequently fund risk. We adjust fund duration in accordance with our interest rate expectations. If we expect a decline, we increase interest rate sensitivity. And during periods when we expect a rise, we lower interest rate sensitivity.

The fund is placed in risk category 2.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Mellemlange Obligationer A DKK Akk	0.27%	0.65%	1.73%	(0.15%)
Danish Bonds B DKK Acc	0.31%	0.65%	1.80%	(0.15%)
Mellemlange Obligationer W DKK Acc <sup>*)</sup>	0.57%	0.65%	1.00%	(0.15%)

<sup>\*)</sup> The unit class was launched on 13 June 2017.

The market exceeded expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

Even though growth was actually quite decent throughout 2018, there was no appreciable inflation. So where most analysts predicted rising interest rates at the beginning of the year, the lack of inflation and the political hurdles all over the world caused an actual dip in yields during 2018. Notably government bond yields dropped sharply in Q4 and hence the spread to all other yields widened.

The unit classes of the fund produced returns below their benchmarks. The deteriorating performance is due to the gradual widening of the spread between mortgage bonds and government bonds in 2018, and since the fund primarily invested in Danish mortgage bonds the fund underperformed its benchmark.



**Market outlook**

We forecast that global economic growth will shift to a lower gear. The recovery in the US is in its 10th year and growth is expected to slow as a result of monetary tightening, less fiscal stimulus and a tight labour market. Moreover if an agreement is not reached in the trade dispute between USA and China, growth may lose further momentum. In Europe growth is projected to decline slightly but without bringing the economy to a halt. We expect that the ECB will increase its rate for the first time at the end of 2019 but we also acknowledge that the prospects for inflation are not bright. Wage increases in Europe are quite high and the ECB hopes that this will push the deposit rate to 0%.

A negative deposit rate is the last tool left from the crisis and there is a wish to bring it to an end now that the large bond-buying scheme has stopped.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed. The largest risk is that foreign investors will lose interest in Danish mortgage credit. This will destabilise the domestic mortgage market and result in poor performance.



# Mellemlange Obligationer Akkumulerende KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		0	10
Listed bonds from Danish issuers		12,905	19,662
Listed bonds from foreign issuers		42	88
Interest expense and negative interest with custodian		(112)	(84)
<b>Total interest</b>		<b>12,835</b>	<b>19,676</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from Danish issuers		(5,208)	8,620
Listed bonds from foreign issuers		16	(887)
<b>Total bonds</b>		<b>(5,192)</b>	<b>7,733</b>
<b>3. Transaction costs</b>			
All transaction costs		11	19
Covered by income from issue and redemption		(2)	(14)
<b>Transaction costs, operating activities</b>		<b>9</b>	<b>5</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		1,247	2,583
Fees to custodian		228	398
Other costs relating to asset management		987	1,287
Other costs		130	55
Fixed management fee <sup>1)</sup>		1,217	1,760
<b>Total class-specific costs</b>		<b>3,809</b>	<b>6,083</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>5. Investors' assets</b>			
Investors' assets at 1 Jan		984,152	1,671,627
Issues during the year		136,591	571,967
Redemptions during the year		(177,490)	(1,281,466)
Net issue surcharges and redemption deductions		242	703
Brought forward from income statement		3,825	21,321
<b>Investors' assets at 31 Dec</b>		<b>947,320</b>	<b>984,152</b>
<b>6. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		1,164,176	1,229,634
Market value of sale of securities		1,211,002	1,862,105
<b>Total market value</b>		<b>2,375,178</b>	<b>3,091,739</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		97.83%	99.46%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
		97.83%	99.46%
Other assets/other debt		2.17%	0.54%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by duration</b>			
Bonds > 6 yrs		34.87%	27.87%
Bonds 4-6 yrs		7.80%	20.34%
Bonds 2-4 yrs		29.45%	25.84%
Bonds 0-2 yrs		25.71%	25.41%
Cash, derivatives etc		2.17%	0.54%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Bonds by issuer</b>			
Mortgage bonds		80.63%	81.42%
Government bonds		15.51%	16.18%
Other bonds		1.69%	1.86%
Cash, derivatives etc		2.17%	0.54%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# Mellemlange Obligationer A DKK Akk – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	1,070	14,757	40,009	(13,984)
Investors' assets	435,086	458,530	1,580,926	986,841
Units in circulation nominal	418,141	441,884	1,549,881	997,310
Units in circulation quantity	4,181,411	4,418,836	15,498,811	9,973,094
<b>Financial ratios</b>				
NAV per unit	104.05	103.77	102.00	98.95
Return (%) <sup>1)</sup>	0.27%	1.73%	3.09%	(1.05%)
Benchmark return (%)	0.65%	(0.15%)	1.64%	0.19%
Total expense ratio	0.53%	0.57%	0.53%	0.53%
Annual percentage rate (APR) at 31 Dec	0.56%	0.56%	0.56%	0.62%
Indirect transaction costs	0.11%	-	-	-
Sharpe Ratio (3 yrs)	1.46	-	-	-
Standard deviation (3 yrs)	1.35	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 7 January 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	3,335	19,818
Class-specific costs <sup>1)</sup>	(2,265)	(5,061)
<b>Total net profit</b>	<b>1,070</b>	<b>14,757</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	1,056	2,402
Fees to custodian	102	289
Other costs relating to asset management	430	961
Other costs	57	26
Fixed management fee	620	1,383
<b>Total class-specific costs</b>	<b>2,265</b>	<b>5,061</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	1,070	14,757
<b>Total distribution</b>	<b>1,070</b>	<b>14,757</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Other class-specific debt</b>		
Payables	442	485
<b>Total other class-specific debt</b>	<b>442</b>	<b>485</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	418,141	441,884
Quantity	4,181,411	4,418,836
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	441,884	1,549,881
Issues during the year	35,459	57,883
Redemptions during the year	(59,202)	(1,165,880)
<b>Total units in circulation</b>	<b>418,141</b>	<b>441,884</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	458,530	1,580,926
Issues during the year	36,803	59,520
Redemptions during the year	(61,423)	(1,197,245)
Net issue surcharges and redemption deductions	106	572
Brought forward from income statement	1,070	14,757
<b>Investors' assets at 31 Dec</b>	<b>435,086</b>	<b>458,530</b>

# Danish Bonds B DKK Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>	2015 <sup>2)</sup>	2014 <sup>3)</sup>
<b>Financial highlights</b>					
Net profit for the year	288	1,644	341	409	8,133
Share of net profit for the year <sup>*)</sup>	288	1,644	3,463	621	8,133
Investors' assets	99,207	95,136	90,701	98,744	249,033
Units in circulation nominal	29,837	28,702	27,856	31,242	78,110
Units in circulation quantity	2,983,740	2,870,229	2,785,633	3,124,194	7,810,974
<b>Financial ratios</b>					
NAV per unit	33.25	33.15	32.56	31.61	31.88
Return (%) <sup>*)</sup>	0.31%	1.80%	3.02%	(0.87%)	3.68%
Benchmark return (%)	0.65%	(0.15%)	1.64%	0.34%	4.72%
Total expense ratio	0.49%	0.48%	0.20%	0.21%	0.48%
Total expense ratio <sup>*)</sup>	0.49%	0.48%	0.56%	0.74%	0.48%
Annual percentage rate (APR) at 31 Dec	0.88%	0.88%	0.88%	0.90%	-
Indirect transaction costs	0.11%	-	-	-	-

<sup>\*)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 29 August 2016.

<sup>2)</sup> Financial highlights from Danish Bonds B DKK Acc (Dannebrog Akk).

<sup>3)</sup> Financial highlights from ISI Danish Bonds.

<sup>\*)</sup> For the period 1 Jan – 26 Aug 2016 Danish Bonds B DKK Acc (Dannebrog Akk) is included.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	765	2,095
Class-specific costs <sup>*)</sup>	(477)	(451)
<b>Total net profit</b>	<b>288</b>	<b>1,644</b>
<b><sup>*)</sup> Class-specific costs</b>		
Marketing costs	191	182
Fees to custodian	14	15
Other costs relating to asset management	98	94
Other costs	13	5
Fixed management fee	161	155
<b>Total class-specific costs</b>	<b>477</b>	<b>451</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	288	1,644
<b>Total distribution</b>	<b>288</b>	<b>1,644</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Other class-specific debt</b>		
Payables	93	89
<b>Total other class-specific debt</b>	<b>93</b>	<b>89</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	29,837	28,702
Quantity	2,983,740	2,870,229
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	28,702	27,856
Issues during the year	2,608	4,786
Redemptions during the year	(1,473)	(3,940)
<b>Total units in circulation</b>	<b>29,837</b>	<b>28,702</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	95,136	90,701
Issues during the year	8,638	15,694
Redemptions during the year	(4,879)	(12,955)
Net issue surcharges and redemption deductions	24	52
Brought forward from income statement	288	1,644
<b>Investors' assets at 31 Dec</b>	<b>99,207</b>	<b>95,136</b>

# Mellemlange Obligationer W DKK Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	2,467	4,920
Investors' assets	413,027	430,486
Units in circulation nominal	406,627	426,227
Units in circulation quantity	4,066,265	4,262,270
<b>Financial ratios</b>		
NAV per unit	101.57	101.00
Return (%) <sup>1)</sup>	0.57%	1.00%
Benchmark return (%)	0.65%	(0.15%)
Total expense ratio	0.23%	0.13%
Annual percentage rate (APR) at 31 Dec	0.26%	0.25%
Indirect transaction costs	0.11%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017.

## NOTES

Note	(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>			
Share of joint portfolio profit		3,535	5,490
Class-specific costs <sup>1)</sup>		(1,068)	(570)
<b>Total net profit</b>		<b>2,467</b>	<b>4,920</b>
<b><sup>1)</sup> Class-specific costs</b>			
Fees to custodian		111	93
Other costs relating to asset management		460	232
Other costs		60	24
Fixed management fee		437	221
<b>Total class-specific costs</b>		<b>1,068</b>	<b>570</b>
<b>b. Distribution of profit</b>			
<b>b1. To be allocated</b>			
Brought forward to investors' assets		2,467	4,920
<b>Total distribution</b>		<b>2,467</b>	<b>4,920</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Other class-specific assets</b>			
Receivables – unsettled transactions (class-specific)		0	471
<b>Total other class-specific assets</b>		<b>0</b>	<b>471</b>
<b>d. Other class-specific debt</b>			
Payables		160	163
Payables – unsettled transactions		1,928	3,030
<b>Total other class-specific debt</b>		<b>2,088</b>	<b>3,193</b>
<b>e. Units in circulation</b>			
Nominal (DKK 1,000)		406,627	426,227
Quantity		4,066,265	4,262,270
<b>f. Investors' assets</b>			
<b>f1. Units in circulation</b>			
Units in circulation at 1 Jan		426,227	0
Issues during the year		90,398	496,893
Redemptions during the year		(109,998)	(70,666)
<b>Total units in circulation</b>		<b>406,627</b>	<b>426,227</b>
<b>f2. Investors' assets</b>			
Investors' assets at 1 Jan		430,486	0
Issues during the year		91,150	496,753
Redemptions during the year		(111,188)	(71,266)
Net issue surcharges and redemption deductions		112	79
Brought forward from income statement		2,467	4,920
<b>Investors' assets at 31 Dec</b>		<b>413,027</b>	<b>430,486</b>

<sup>1)</sup> The unit class was launched on 13 June 2017.

# Virksomhedsobligationer HY KL

## Fund report

Fund data and unit class data	Virksomhedsobligationer HY A DKK	Virksomhedsobligationer HY W DKK d h
ISIN	DK0016098825	DK0060815090
Date of establishment	11 April 2001	16 May 2017
Launch date	23 May 2001	13 June 2017
Listed	Yes	No
Currency	DKK	DKK
Income fund	Yes	Yes
Denomination	100	100
Risk category	3	3
Approved for marketing in Germany	No	No
Benchmark	BofA Merrill Lynch Euro HY Index hedged to DKK	
Secondary name	Corporate Bonds HY KL	

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in bonds issued by companies with low credit ratings from all over the world. At times government bonds may constitute part of the portfolio. The majority of the fund's currency positions must be hedged to DKK or EUR.

The fund is divided into the unit classes Virksomhedsobligationer HY A DKK and Virksomhedsobligationer HY W DKK d h. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund carries a somewhat higher risk than that of traditional bond funds. In the short term large fluctuations in return may occur. The objective is to achieve a higher average return in the long term. Fund return depends on interest rate movements and issuers' ability to service debt. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 3.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Virksomhedsobligationer HY A DKK	(5.76%)	(3.77%)	4.86%	6.79%
Virksomhedsobligationer HY W DKK d h <sup>*)</sup>	(5.23%)	(3.77%)	5.18%	6.79%

<sup>\*)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Virksomhedsobligationer HY A DKK. Return covers the period from 1 January to 31 December 2017.

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

In 2018 the market for HY corporate bonds was adversely affected by the trade dispute between USA and China, the slowdown in the global economy, and monetary tightening by major central banks. Other factors comprise the uncertainty surrounding the outcome of the vote in Great Britain concerning the exit agreement with the EU. Developments contributed to a considerable widening of credit spreads on HY corporate bonds which resulted in lower bond prices.

The fund produced a return below the change in its benchmark. This was due to the negative impact of the widening credit spread as well as a few company news items that triggered sharp price drops.

### Market outlook

We forecast that global economic growth will shift to a lower gear. The recovery in the US is in its 10th year and growth is expected to slow as a result of monetary tightening, less fiscal stimulus and a tight labour market. Moreover if an agreement is not reached in the trade dispute between USA and China, growth may lose further momentum. In Europe growth is projected to decline slightly but without bringing the economy to a halt.

Overall we expect slightly increasing government yields in Europe whereas we forecast that credit spreads may continue to widen compared to the present levels.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Virksomhedsobligationer HY KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(55,093)	73,361	145,622	(112,721)	(67,432)
Investors' assets	799,451	1,232,726	1,791,738	2,312,861	2,924,368
<b>Financial ratios</b>					
Portfolio turnover rate (PTR)	0.29	0.20	0.25	0.90	0.27

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	51,652	79,178
	<b>Total interest and dividends</b>	<b>51,652</b>	<b>79,178</b>
<b>Capital gains and losses</b>			
2.	Bonds	(95,266)	11,675
	Currency accounts	(127)	(199)
	Other assets/liabilities	4	(3)
3.	Transaction costs, operating activities	(288)	(336)
	<b>Total capital gains and losses</b>	<b>(95,677)</b>	<b>11,137</b>
	Other income	64	82
	<b>Total income</b>	<b>(43,961)</b>	<b>90,397</b>
4.	Administrative costs	(11,132)	(17,036)
	<b>Net profit for the year</b>	<b>(55,093)</b>	<b>73,361</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total proposed distribution for the financial year	24,174	0
	Total brought forward for distribution next year	662	(10,320)
	Total available for distribution	24,836	(10,320)
	Total brought forward to investors' assets	(79,929)	83,681
	<b>Total distribution</b>	<b>(55,093)</b>	<b>73,361</b>
<b>Distribution of profit in the unit classes</b>			
<b>Virksomhedsobligationer HY A DKK</b>			
	Proposed distribution for the financial year	20,584	0
	Brought forward for distribution next year	567	(8,523)
	Brought forward to investors' assets	(70,186)	68,103
<b>Virksomhedsobligationer HY W DKK d h <sup>*)</sup></b>			
	Proposed distribution for the financial year	3,590	0
	Brought forward for distribution next year	95	(1,797)
	Brought forward to investors' assets	(9,743)	15,578

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	5,551	19,382
	<b>Total liquid funds</b>	<b>5,551</b>	<b>19,382</b>
7.	<b>Bonds</b>		
	Listed bonds from Danish issuers	10,000	7,930
	Listed bonds from foreign issuers	768,995	1,182,993
	Unlisted bonds from foreign issuers	4,223	4,944
	<b>Total bonds</b>	<b>783,218</b>	<b>1,195,867</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	15,150	20,127
	Receivables – unsettled transactions	1,493	4,514
	<b>Total other assets</b>	<b>16,643</b>	<b>24,641</b>
	<b>TOTAL ASSETS</b>	<b>805,412</b>	<b>1,239,890</b>
<b>LIABILITIES</b>			
6.	<b>Investors' assets <sup>*)</sup></b>	<b>799,451</b>	<b>1,232,726</b>
<b>Other debt</b>			
	Interest payable	7	1
	Payables	2,144	3,068
	Payables – unsettled transactions	3,810	4,095
	<b>Total other debt</b>	<b>5,961</b>	<b>7,164</b>
	<b>TOTAL LIABILITIES</b>	<b>805,412</b>	<b>1,239,890</b>
<b><sup>*) Investors' assets by unit class</sup></b>			
	Virksomhedsobligationer HY A DKK	695,273	1,033,531
	Virksomhedsobligationer HY W DKK d h <sup>*)</sup>	104,178	199,195
	<b>Total</b>	<b>799,451</b>	<b>1,232,726</b>

<sup>\*)</sup> The unit class was launched on 13 June 2017.



# Virksomhedsobligationer HY KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		2	2
Listed bonds from Danish issuers		572	477
Listed bonds from foreign issuers		51,014	78,824
Unlisted bonds from foreign issuers		194	23
Interest expense and negative interest with custodian		(130)	(148)
<b>Total interest</b>		<b>51,652</b>	<b>79,178</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from Danish issuers		102	847
Listed bonds from foreign issuers		(95,027)	10,704
Unlisted bonds from Danish issuers		(341)	124
<b>Total bonds</b>		<b>(95,266)</b>	<b>11,675</b>
<b>3. Transaction costs</b>			
All transaction costs		495	828
Covered by income from issue and redemption		(207)	(492)
<b>Transaction costs, operating activities</b>		<b>288</b>	<b>336</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		5,216	8,247
Fees to custodian		807	1,284
Other costs relating to asset management		3,570	5,312
Other costs		134	76
Fixed management fee <sup>1)</sup>		1,405	2,117
<b>Total class-specific costs</b>		<b>11,132</b>	<b>17,036</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>5. Joint income available for distribution in unit classes</b>			
Interest		51,782	79,326
Capital gains for distribution		(793)	37,416
Distribution adjustment in connection with issue/redemption concerning the above items		(9,955)	(23,419)
<b>Available for distribution in unit classes</b>		<b>41,034</b>	<b>93,323</b>
<b>Of which for distribution in:</b>			
Virksomhedsobligationer HY A DKK		35,695	78,416
Virksomhedsobligationer HY W DKK d h		5,339	14,907
<b>Total for distribution</b>		<b>41,034</b>	<b>93,323</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>6. Investors' assets</b>			
Investors' assets at 1 Jan		1,232,726	1,791,738
Issues during the year		16,841	69,626
Redemptions during the year		(396,952)	(704,004)
Net issue surcharges and redemption deductions		1,929	2,005
Proposed distribution for the financial year		24,174	0
Brought forward from income statement		(79,929)	83,681
Brought forward for distribution next year		662	(10,320)
<b>Investors' assets at 31 Dec</b>		<b>799,451</b>	<b>1,232,726</b>
<b>7. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		341,571	458,498
Market value of sale of securities		640,198	1,213,122
<b>Total market value</b>		<b>981,769</b>	<b>1,671,620</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		97.44%	96.61%
Financial instruments listed on other regulated market		0.53%	0.40%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
		97.97%	97.01%
Other assets/other debt		2.03%	2.99%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by country</b>			
Netherlands		13.26%	8.67%
Italy		12.52%	13.33%
France		12.26%	13.56%
USA		11.55%	11.36%
Luxembourg		11.05%	13.79%
Germany		10.55%	8.50%
UK		3.96%	6.66%
Sweden		3.51%	3.64%
Other		19.31%	17.50%
Cash, derivatives etc		2.03%	2.99%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Bonds by industry</b>			
Consumer Staples		25.64%	25.95%
Consumer Discretionary		21.50%	25.66%
Financials		12.80%	10.54%
Raw Materials		12.34%	11.55%
Industrials		10.24%	8.36%
Communications		8.87%	9.25%
Energy		5.36%	3.46%
Utilities		1.22%	2.24%
Cash, derivatives etc		2.03%	2.99%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# Virksomhedsobligationer HY A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(49,035)	59,580	145,622	(112,721)	(67,432)
Investors' assets	695,273	1,033,531	1,791,738	2,312,861	2,924,368
Units in circulation nominal	894,958	1,253,792	2,279,168	3,187,528	3,662,621
Units in circulation quantity	8,949,578	12,537,914	22,791,677	31,875,273	36,626,207
<b>Financial ratios</b>					
NAV per unit	77.69	82.43	78.61	72.56	79.84
Dividend per unit	2.30	0.00	0.00	0.00	4.10
Return (%) <sup>1)</sup>	(5.76%)	4.86%	8.34%	(4.16%)	(2.06%)
Benchmark return (%)	(3.77%)	6.79%	8.81%	0.22%	-
Total expense ratio	1.19%	1.19%	1.21%	1.14%	1.10%
Annual percentage rate (APR) at 31 Dec	1.35%	1.40%	1.38%	1.58%	1.51%
Indirect transaction costs	0.13%	-	-	-	-
Sharpe Ratio (5 yrs)	0.06	0.59	0.91	0.43	0.94
Standard deviation (5 yrs)	4.41	4.54	5.24	6.77	7.56

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(38,750)	74,120
Other class-specific income	58	67
Class-specific costs <sup>1)</sup>	(10,343)	(14,607)
<b>Total net profit</b>	<b>(49,035)</b>	<b>59,580</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	5,216	7,441
Fees to custodian	619	959
Other costs relating to asset management	3,111	4,355
Other costs	117	60
Fixed management fee	1,280	1,792
<b>Total class-specific costs</b>	<b>10,343</b>	<b>14,607</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	20,584	0
Brought forward for distribution next year	567	(8,523)
Available for distribution	21,151	(8,523)
Brought forward to investors' assets	(70,186)	68,103
<b>Total distribution</b>	<b>(49,035)</b>	<b>59,580</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	(8,523)	(158,134)
Adjustment of brought forward for distribution from last year – demerger	0	27,875
Other income	58	67
Distribution adjustment in connection with issue/redemption concerning the above items	2,427	43,253
Share of joint income	35,695	78,416
Available for distribution before administrative costs <sup>2)</sup>	29,657	(8,523)
Set-off of administrative costs	(10,343)	0
Distribution adjustment in connection with issue/redemption	1,837	0
Total administrative costs	(8,506)	0
<b>Available for distribution</b>	<b>21,151</b>	<b>(8,523)</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Other class-specific debt</b>		
Payables	2,021	2,829
Payables – unsettled transactions	2,318	0
<b>Total other class-specific debt</b>	<b>4,339</b>	<b>2,829</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	894,958	1,253,792
Quantity	8,949,578	12,537,914
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	1,253,792	2,279,168
Correction in connection with demerger	0	(338,111)
Issues during the year	5,908	4,741
Redemptions during the year	(364,742)	(692,006)
<b>Total units in circulation</b>	<b>894,958</b>	<b>1,253,792</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	1,033,531	1,791,738
Correction in connection with demerger	0	(273,348)
Issues during the year	4,863	3,756
Redemptions during the year	(295,798)	(558,249)
Correction of profit in connection with demerger	0	8,281
Net issue surcharges and redemption deductions	1,712	1,773
Proposed distribution for the financial year	20,584	0
Brought forward from income statement	(70,186)	68,103
Brought forward for distribution next year	567	(8,523)
<b>Investors' assets at 31 Dec</b>	<b>695,273</b>	<b>1,033,531</b>

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

<sup>2)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.

# Virksomhedsobligationer HY W DKK d h – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(6,058)	13,781
Investors' assets	104,178	199,195
Units in circulation nominal	132,956	240,916
Units in circulation quantity	1,329,559	2,409,161
<b>Financial ratios</b>		
NAV per unit	78.36	82.68
Dividend per unit	2.70	0.00
Return (%) <sup>1) 2)</sup>	(5.23%)	5.18%
Benchmark return (%) <sup>2)</sup>	(3.77%)	6.79%
Total expense ratio <sup>2)</sup>	0.63%	0.89%
Annual percentage rate (APR) at 31 Dec	0.76%	0.72%
Indirect transaction costs	0.13%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Virksomhedsobligationer HY A DKK.

<sup>2)</sup> The year 2017: Net profit and financial ratios cover the period from 1 Jan to 31 Dec 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(5,276)	16,194
Other class-specific income	6	15
Class-specific costs <sup>1)</sup>	(788)	(2,428)
<b>Total net profit</b>	<b>(6,058)</b>	<b>13,781</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	0	805
Fees to custodian	188	325
Other costs relating to asset management	459	957
Other costs	17	15
Fixed management fee	124	326
<b>Total class-specific costs</b>	<b>788</b>	<b>2,428</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	3,590	0
Brought forward for distribution next year	95	(1,797)
Available for distribution	3,685	(1,797)
Brought forward to investors' assets	(9,743)	15,578
<b>Total distribution</b>	<b>(6,058)</b>	<b>13,781</b>
<b>b2. Available for distribution <sup>2)</sup></b>		
Brought forward for distribution from last year	(1,797)	0
Adjustment of brought forward for distribution from last year – demerger	0	(27,875)
Other income	6	15
Distribution adjustment in connection with issue/redemption concerning the above items	805	11,156
Share of joint income	5,339	14,907
Available for distribution before administrative costs <sup>3)</sup>	4,353	(1,797)
Set-off of administrative costs	(788)	0
Distribution adjustment in connection with issue/redemption	120	0
Total administrative costs	(668)	0
<b>Available for distribution</b>	<b>3,685</b>	<b>(1,797)</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Other class-specific debt</b>		
Payables	121	239
<b>Total other class-specific debt</b>	<b>121</b>	<b>239</b>
<b>d. Units in circulation</b>		
Nominal (DKK 1,000)	132,956	240,916
Quantity	1,329,559	2,409,161
<b>e. Investors' assets</b>		
<b>e1. Units in circulation</b>		
Units in circulation at 1 Jan	240,916	0
Correction in connection with demerger	0	338,111
Issues during the year	14,440	81,305
Redemptions during the year	(122,400)	(178,500)
<b>Total units in circulation</b>	<b>132,956</b>	<b>240,916</b>
<b>e2. Investors' assets</b>		
Investors' assets at 1 Jan	199,195	0
Correction in connection with demerger	0	273,348
Issues during the year	11,978	65,870
Redemptions during the year	(101,154)	(145,755)
Correction of profit in connection with demerger	0	(8,281)
Net issue surcharges and redemption deductions	217	232
Proposed distribution for the financial year	3,590	0
Brought forward from income statement	(9,743)	15,578
Brought forward for distribution next year	95	(1,797)
<b>Investors' assets at 31 Dec</b>	<b>104,178</b>	<b>199,195</b>

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Virksomhedsobligationer HY A DKK.

<sup>2)</sup> Incl proportional share of income for 1 Jan - 13 Jun 2017 from Virksomhedsobligationer HY A DKK.

<sup>3)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.

# Virksomhedsobligationer HY Akkumulerende KL

## Fund report

Fund data and unit class data	Virksomhedsobligationer HY A DKK Akk	Virksomhedsobligationer HY W DKK Acc h
ISIN	DK0060089415	DK0060646982
Date of establishment	6 July 2007	16 June 2015
Launch date	24 September 2007	25 August 2015
Listed	Yes	No
Currency	DKK	DKK
Income fund	No	No
Denomination	100	100
Risk category	3	3
Approved for marketing in Germany	No	No
Benchmark	BofA Merrill Lynch Euro HY Index hedged to DKK	
Secondary name	Corporate Bonds HY Acc KL	

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in bonds issued by companies with low credit ratings from all over the world. At times government bonds may constitute part of the portfolio. The majority of the fund's currency positions must be hedged to DKK or EUR.

The fund is divided into the unit classes Virksomhedsobligationer HY A DKK Akk and Virksomhedsobligationer HY W DKK Acc h. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund carries a somewhat higher risk than that of traditional bond funds. In the short term large fluctuations in return may occur. The objective is to achieve a higher average return in the long term. Fund return depends on interest rate movements and issuers' ability to service debt. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 3.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Virksomhedsobligationer HY A DKK Akk	(5.70%)	(3.77%)	4.87%	6.79%
Virksomhedsobligationer HY W DKK Acc h	(5.08%)	(3.77%)	5.60%	6.79%

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

In 2018 the market for HY corporate bonds was adversely affected by the trade dispute between USA and China, the slowdown in the global economy, and monetary tightening by major central banks. Other factors comprise the uncertainty surrounding the outcome of the vote in Great Britain concerning the exit agreement with the EU. Developments contributed to a considerable widening of credit spreads on HY corporate bonds which resulted in lower bond prices.

The fund produced a return below the change in its benchmark. This was due to the negative impact of the widening credit spread as well as a few company news items that triggered sharp price drops.

### Market outlook

We forecast that global economic growth will shift to a lower gear. The recovery in the US is in its 10th year and growth is expected to slow as a result of monetary tightening, less fiscal stimulus and a tight labour market. Moreover if an agreement is not reached in the trade dispute between USA and China, growth may lose further momentum. In Europe growth is projected to decline slightly but without bringing the economy to a halt.

Overall we expect slightly increasing government yields in Europe whereas we forecast that credit spreads may continue to widen compared to the present levels.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Virksomhedsobligationer HY Akkumulerende KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(28,217)	42,480	48,233	(14,733)	(12,492)
Investors' assets	442,518	653,817	747,821	537,329	494,692
<b>Financial ratios</b>					
Portfolio turnover rate (PTR)	0.32	0.28	0.48	0.73	0.25

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	27,806	44,062
	<b>Total interest and dividends</b>	<b>27,806</b>	<b>44,062</b>
<b>Capital gains and losses</b>			
2.	Bonds	(51,695)	5,250
	Currency accounts	(68)	(150)
	Other assets/liabilities	1	0
3.	Transaction costs, operating activities	(182)	(177)
	<b>Total capital gains and losses</b>	<b>(51,944)</b>	<b>4,923</b>
	Other income	44	24
	<b>Total income</b>	<b>(24,094)</b>	<b>49,009</b>
4.	Administrative costs	(4,123)	(6,529)
	<b>Net profit for the year</b>	<b>(28,217)</b>	<b>42,480</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total brought forward to investors' assets	(28,217)	42,480
	<b>Total distribution</b>	<b>(28,217)</b>	<b>42,480</b>
<b>Distribution of profit in the unit classes</b>			
<b>Brought forward to investors' assets</b>			
	Virksomhedsobligationer HY A DKK Akk	(11,257)	15,966
	Virksomhedsobligationer HY W DKK Acc h	(16,960)	26,514
	<b>Total</b>	<b>(28,217)</b>	<b>42,480</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	11,840	13,701
	<b>Total liquid funds</b>	<b>11,840</b>	<b>13,701</b>
6.	<b>Bonds</b>		
	Listed bonds from Danish issuers	5,555	4,535
	Listed bonds from foreign issuers	421,171	626,626
	Unlisted bonds from Danish issuers	2,461	2,280
	<b>Total bonds</b>	<b>429,187</b>	<b>633,441</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	11,406	10,767
	Receivables – unsettled transactions	0	268
	<b>Total other assets</b>	<b>11,406</b>	<b>11,035</b>
	<b>TOTAL ASSETS</b>	<b>452,433</b>	<b>658,177</b>
<b>LIABILITIES</b>			
5.	<b>Investors' assets <sup>1)</sup></b>	<b>442,518</b>	<b>653,817</b>
<b>Other debt</b>			
	Interest payable	1	1
	Payables	802	1,241
	Payables – unsettled transactions	9,112	3,118
	<b>Total other debt</b>	<b>9,915</b>	<b>4,360</b>
	<b>TOTAL LIABILITIES</b>	<b>452,433</b>	<b>658,177</b>
<sup>1)</sup> <b>Investors' assets by unit class</b>			
	Virksomhedsobligationer HY A DKK Akk	156,835	230,491
	Virksomhedsobligationer HY W DKK Acc h	285,683	423,326
	<b>Total</b>	<b>442,518</b>	<b>653,817</b>

# Virksomhedsobligationer HY Akkumulerende KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		1	1
Listed bonds from Danish issuers		312	271
Listed bonds from foreign issuers		27,444	43,861
Unlisted bonds from Danish issuers		122	14
Interest expense and negative interest with custodian		(73)	(85)
<b>Total interest</b>		<b>27,806</b>	<b>44,062</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from Danish issuers		11	426
Listed bonds from foreign issuers		(51,507)	4,764
Unlisted bonds from Danish issuers		(199)	60
<b>Total bonds</b>		<b>(51,695)</b>	<b>5,250</b>
<b>3. Transaction costs</b>			
All transaction costs		282	576
Covered by income from issue and redemption		(100)	(399)
<b>Transaction costs, operating activities</b>		<b>182</b>	<b>177</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		1,202	1,952
Fees to custodian		312	563
Other costs relating to asset management		1,917	2,996
Other costs		72	45
Fixed management fee <sup>1)</sup>		620	973
<b>Total class-specific costs</b>		<b>4,123</b>	<b>6,529</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>5. Investors' assets</b>			
Investors' assets at 1 Jan		653,817	747,821
Issues during the year		6,509	396,172
Redemptions during the year		(190,444)	(534,277)
Net issue surcharges and redemption deductions		853	1,621
Brought forward from income statement		(28,217)	42,480
<b>Investors' assets at 31 Dec</b>		<b>442,518</b>	<b>653,817</b>
<b>6. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		198,839	651,110
Market value of sale of securities		341,271	692,042
<b>Total market value</b>		<b>540,110</b>	<b>1,343,152</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		96.43%	96.53%
Financial instruments listed on other regulated market		0.56%	0.35%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
		96.99%	96.88%
Other assets/other debt		3.01%	3.12%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by country</b>			
Netherlands		13.28%	8.76%
Italy		12.29%	13.25%
France		12.05%	13.62%
USA		11.72%	11.54%
Luxembourg		11.10%	13.83%
Germany		10.30%	8.12%
UK		3.79%	6.53%
Sweden		3.50%	3.68%
Other		18.96%	17.55%
Cash, derivatives etc		3.01%	3.12%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Bonds by industry</b>			
Consumer Staples		25.11%	25.77%
Consumer Discretionary		21.45%	25.67%
Financials		12.82%	10.57%
Raw Materials		12.22%	11.41%
Industrials		10.13%	8.36%
Communications		8.83%	9.15%
Energy		5.37%	3.75%
Utilities		1.05%	2.20%
Cash, derivatives etc		3.01%	3.12%
<b>Total</b>		<b>99.99%</b>	<b>100.00%</b>

# Virksomhedsobligationer HY A DKK Akk – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(11,257)	15,966	30,574	(13,010)	(12,492)
Investors' assets	156,835	230,491	418,733	443,998	494,692
Units in circulation nominal	106,043	146,968	280,007	320,774	347,929
Units in circulation quantity	1,060,431	1,469,685	2,800,074	3,207,745	3,479,292
<b>Financial ratios</b>					
NAV per unit	147.90	156.83	149.54	138.41	142.18
Return (%) <sup>1)</sup>	(5.70%)	4.87%	8.04%	(2.65%)	(1.20%)
Benchmark return (%)	(3.77%)	6.79%	8.81%	0.22%	-
Total expense ratio	1.18%	1.23%	1.20%	1.13%	1.10%
Annual percentage rate (APR) at 31 Dec	1.34%	1.41%	1.39%	1.58%	1.50%
Indirect transaction costs	0.14%	-	-	-	-
Sharpe Ratio (5 yrs)	0.16	0.69	1.02	0.50	0.99
Standard deviation (5 yrs)	4.36	4.45	5.18	6.92	7.56

<sup>1)</sup> Past performance is no guarantee of future performance.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(8,918)	19,821
Other class-specific income	23	9
Class-specific costs <sup>1)</sup>	(2,362)	(3,864)
<b>Total net profit</b>	<b>(11,257)</b>	<b>15,966</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	1,202	1,952
Fees to custodian	130	289
Other costs relating to asset management	711	1,141
Other costs	27	13
Fixed management fee	292	469
<b>Total class-specific costs</b>	<b>2,362</b>	<b>3,864</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(11,257)	15,966
<b>Total distribution</b>	<b>(11,257)</b>	<b>15,966</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	106,043	146,968
Quantity	1,060,431	1,469,685
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	146,968	280,007
Issues during the year	3,395	41,877
Redemptions during the year	(44,320)	(174,916)
<b>Total units in circulation</b>	<b>106,043</b>	<b>146,968</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	230,491	418,733
Issues during the year	5,284	63,915
Redemptions during the year	(67,999)	(268,662)
Net issue surcharges and redemption deductions	316	539
Brought forward from income statement	(11,257)	15,966
<b>Investors' assets at 31 Dec</b>	<b>156,835</b>	<b>230,491</b>

# Virksomhedsobligationer HY W DKK Acc h – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	(16,960)	26,514	17,659	(1,723)
Investors' assets	285,683	423,326	329,088	93,331
Units in circulation nominal	265,174	372,985	306,199	94,467
Units in circulation quantity	2,651,739	3,729,848	3,061,985	944,665
<b>Financial ratios</b>				
NAV per unit	107.73	113.50	107.48	98.80
Return (%) <sup>1)</sup>	(5.08%)	5.60%	8.78%	(1.20%)
Benchmark return (%)	(3.77%)	6.79%	8.81%	(0.83%)
Total expense ratio	0.52%	0.49%	0.48%	0.16%
Annual percentage rate (APR) at 31 Dec	0.68%	0.72%	0.70%	0.76%
Indirect transaction costs	0.13%	-	-	-
Sharpe Ratio (3 yrs)	0.76	-	-	-
Standard deviation (3 yrs)	4.20	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 25 August 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(15,220)	29,164
Other class-specific income	21	15
Class-specific costs <sup>1)</sup>	(1,761)	(2,665)
<b>Total net profit</b>	<b>(16,960)</b>	<b>26,514</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	182	274
Other costs relating to asset management	1,206	1,855
Other costs	45	32
Fixed management fee	328	504
<b>Total class-specific costs</b>	<b>1,761</b>	<b>2,665</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(16,960)	26,514
<b>Total distribution</b>	<b>(16,960)</b>	<b>26,514</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	265,174	372,985
Quantity	2,651,739	3,729,848
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	372,985	306,199
Issues during the year	1,085	302,271
Redemptions during the year	(108,896)	(235,485)
<b>Total units in circulation</b>	<b>265,174</b>	<b>372,985</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	423,326	329,088
Issues during the year	1,225	332,257
Redemptions during the year	(122,445)	(265,615)
Net issue surcharges and redemption deductions	537	1,082
Brought forward from income statement	(16,960)	26,514
<b>Investors' assets at 31 Dec</b>	<b>285,683</b>	<b>423,326</b>



# Virksomhedsobligationer HY 2019

## Fund report

### Fund data

ISIN	DK0060681385
Date of establishment	23 November 2015
Launch date	1 February 2016
Listed	Yes
Currency	DKK
Income fund	Yes
Denomination	100
Risk category	3
Approved for marketing in Germany	No
Benchmark	No

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund has a fixed maturity on 31 December 2019 and the fund will be liquidated on this date. The fund invests globally in high-yield corporate bonds with short maturities. The majority of the fund's investments will be hedged to DKK or EUR. Danish mortgage bonds and government bonds may at times form part of the portfolio, in particular during the period up to liquidation of the fund when they may represent practically the entire portfolio.

### Risk profile

The fund's risks consist of credit risk and interest rate risk. The fund's overall risk will decline towards the scheduled date of maturity. The interest rate risk will decrease as the fund's investments approach maturity and the credit quality of the fund's investments will improve at the end of the fund's life. The fund is suitable for investments with an investment horizon matching the fund's date of maturity.

The fund is placed in risk category 3.

### Developments

The market disappointed expectations at the beginning of the year where a stable development in 2018 was forecast. The fund generated a return of minus 1.14%. The fund does not have a benchmark.

In 2018 the market for HY corporate bonds was adversely affected by the trade dispute between USA and China, the slowdown in the global economy, and monetary tightening by major central banks. Other factors comprise the uncertainty surrounding the outcome of the vote in Great Britain concerning the exit agreement with the EU. Developments contributed to a considerable widening of credit spreads on HY corporate bonds which resulted in lower bond prices.

The fund yielded a negative return. This was due to the negative impact of the widening credit spread as well as a few company news items that triggered sharp price drops.

### Market outlook

We forecast that global economic growth will shift to a lower gear. The recovery in the US is in its 10th year and growth is expected to slow as a result of monetary tightening, less fiscal stimulus and a tight labour market. Moreover if an agreement is not reached in the trade dispute between USA and China, growth may lose further momentum. In Europe growth is projected to decline slightly but without bringing the economy to a halt. Overall we expect slightly increasing government yields in Europe whereas we forecast that credit spreads may continue to widen compared to the present levels. The fund is expected to be discontinued at the end of the year.

# Virksomhedsobligationer HY 2019 – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2016-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>
<b>Financial highlights</b>			
Net profit for the year	(3,939)	7,371	29,883
Investors' assets	310,915	386,494	457,969
Units in circulation nominal	301,462	360,162	423,703
Units in circulation quantity	3,014,617	3,601,617	4,237,025
<b>Financial ratios</b>			
NAV per unit	103.14	107.31	108.09
Dividend per unit	3.00	3.00	2.65
Return (%) <sup>1)</sup>	(1.14%)	1.77%	8.09%
Total expense ratio	1.04%	1.05%	0.96%
Annual percentage rate (APR) at 31 Dec	1.22%	1.23%	1.27%
Indirect transaction costs	0.06%	-	-
Portfolio turnover rate (PTR)	0.16	0.18	0.08

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was launched on 1 February 2016.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	20,103	24,689
<b>Total interest and dividends</b>		<b>20,103</b>	<b>24,689</b>
<b>Capital gains and losses</b>			
2.	Bonds	(4,859)	(36,194)
2.	Derivatives	(15,616)	24,236
	Currency accounts	20	(803)
3.	Transaction costs, operating activities	(46)	(48)
<b>Total capital gains and losses</b>		<b>(20,501)</b>	<b>(12,809)</b>
	Other income	7	7
<b>Total income</b>		<b>(391)</b>	<b>11,887</b>
4.	Administrative costs	(3,548)	(4,516)
<b>Net profit for the year</b>		<b>(3,939)</b>	<b>7,371</b>
<b>Distribution of profit</b>			
<b>To be allocated</b>			
	Proposed distribution for the financial year	9,044	10,805
	Brought forward to investors' assets	(12,983)	(3,434)
<b>Total distribution</b>		<b>(3,939)</b>	<b>7,371</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	9,069	25,852
<b>Total liquid funds</b>		<b>9,069</b>	<b>25,852</b>
6.	<b>Bonds</b>		
	Listed bonds from foreign issuers	295,535	352,471
<b>Total bonds</b>		<b>295,535</b>	<b>352,471</b>
<b>Derivatives</b>			
	Unlisted derivatives	471	3,997
<b>Total derivatives</b>		<b>471</b>	<b>3,997</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	6,745	5,135
<b>Total other assets</b>		<b>6,745</b>	<b>5,135</b>
<b>TOTAL ASSETS</b>		<b>311,820</b>	<b>387,455</b>
<b>LIABILITIES</b>			
5.	<b>Investors' assets</b>	<b>310,915</b>	<b>386,494</b>
<b>Derivatives</b>			
	Unlisted derivatives	135	24
<b>Total derivatives</b>		<b>135</b>	<b>24</b>
<b>Other debt</b>			
	Interest payable	2	0
	Payables	768	937
<b>Total other debt</b>		<b>770</b>	<b>937</b>
<b>TOTAL LIABILITIES</b>		<b>311,820</b>	<b>387,455</b>

# Virksomhedsobligationer HY 2019 – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		55	90
Listed bonds from Danish issuers		0	180
Listed bonds from foreign issuers		20,079	24,373
Unlisted bonds from foreign issuers		0	71
Interest expense and negative interest with custodian		(31)	(25)
<b>Total interest</b>		<b>20,103</b>	<b>24,689</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from Danish issuers		0	60
Listed bonds from foreign issuers		(4,859)	(36,254)
<b>Total bonds</b>		<b>(4,859)</b>	<b>(36,194)</b>
<b>Derivatives</b>			
Forward exchange transactions/futures etc		(15,616)	24,236
<b>Total derivatives</b>		<b>(15,616)</b>	<b>24,236</b>
<b>3. Transaction costs</b>			
All transaction costs		71	71
Covered by income from issue and redemption		(25)	(23)
<b>Transaction costs, operating activities</b>		<b>46</b>	<b>48</b>
<b>4. Administrative costs</b>			
<b>Fund-specific costs</b>			
Marketing costs		1,960	2,570
Fees to custodian		179	222
Other costs relating to asset management		865	1,080
Other costs		46	22
Fixed management fee <sup>1)</sup>		498	622
<b>Total class-specific costs</b>		<b>3,548</b>	<b>4,516</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>5. Investors' assets</b>			
<b>Units in circulation</b>			
Units in circulation at 1 Jan		360,162	423,703
Issues during the year		0	1,459
Redemptions during the year		(58,700)	(65,000)
<b>Total units in circulation</b>		<b>301,462</b>	<b>360,162</b>
<b>Investors' assets</b>			
Investors' assets at 1 Jan		386,494	457,969
Issues during the year		0	1,545
Redemptions during the year		(61,165)	(69,588)
Net issue surcharges and redemption deductions		330	425
Distribution from last year concerning units in circulation at 31 Dec		(10,805)	(11,228)
Proposed distribution for the financial year		9,044	10,805
Brought forward from income statement		(12,983)	(3,434)
<b>Investors' assets at 31 Dec</b>		<b>310,915</b>	<b>386,494</b>
<b>6. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# Virksomhedsobligationer HY 2019 – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Units in circulation</b>			
Nominal (DKK 1,000)		301,462	360,162
Quantity		3,014,617	3,601,617
<b>b. Portfolio turnover</b>			
Market value of purchase of securities		83,870	110,005
Market value of sale of securities		92,641	112,770
<b>Total market value</b>		<b>176,511</b>	<b>222,775</b>
<b>c. Breakdown of financial instruments</b>			
Listed financial instruments		95.05%	91.20%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.11%	1.03%
		95.16%	92.23%
Other assets/other debt		4.84%	7.77%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Bonds by country</b>			
USA		25.25%	29.24%
UK		10.20%	12.29%
France		8.08%	5.20%
Turkey		6.29%	2.66%
Luxembourg		6.18%	4.38%
Norway		4.04%	4.54%
Italy		4.00%	4.64%
Bermuda		3.94%	2.44%
Other		27.07%	25.81%
Cash, derivatives etc		4.95%	8.80%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>e. Bonds by industry</b>			
Financials		37.98%	30.35%
Consumer Staples		17.24%	18.47%
Consumer Discretionary		12.16%	12.53%
Raw Materials		9.75%	9.46%
Communications		5.11%	5.04%
Energy		4.93%	4.81%
Industrials		4.27%	7.26%
Utilities		3.61%	3.28%
Cash, derivatives etc		4.95%	8.80%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>f. Underlying exposure – forward exchange transactions</b>			
<b>Currency</b>			
USD		(176,255)	(199,653)
GBP		(23,926)	(30,396)
DKK		203,905	239,550
NOK		(6,713)	(8,192)
SEK		(1,475)	(2,281)
<b>g. Net collateral position</b>			
Net calculation of collateral regarding derivatives			
<b>Collateral provided as</b>			
Liquid funds		0	(380)
<b>Total</b>		<b>0</b>	<b>(380)</b>
<b>Reuse of collateral</b>			
Collateral received which is reused		0	0
<b>Total</b>		<b>0</b>	<b>0</b>

# Virksomhedsobligationer HY ETIK KL

## Fund report

<b>Fund data and unit class data</b>	<b>Virksomhedsobligationer HY ETIK W DKK d h</b>
ISIN	DK0060783389
Date of establishment	10 February 2017
Launch date	24 February 2017
Listed	No
Currency	DKK
Income fund	Yes
Denomination	100
Risk category	3
Approved for marketing in Germany	No
Benchmark	BofA Merrill Lynch Euro HY Index hedged to DKK
Secondary name	Corporate Bonds HY Ethic KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests primarily in high-yield corporate bonds issued by European companies with low credit ratings. The currency risk is limited. The portfolio is actively managed where focus is on overall developments in the economy and their impact on businesses' ability to meet their payment obligations.

The fund has an ethical profile according to which the turnover of companies invested in may not exceed 5% within the following business areas: Tobacco, alcohol, gambling, adult entertainment, armaments & firearms, fossil fuels.

The fund is divided into the unit class Virksomhedsobligationer HY ETIK W DKK d h.

### Risk profile

Investors must be aware that developments within the high-yield corporate bond market vary greatly. This may be attributable to company-specific issues, eg credit risk and overall movements in interest rates due to changed economic, political, regulatory and market-related issues, eg liquidity risk and credit risk. Credit risk may arise in connection with the bankruptcy of a business or a downgrade by one of the recognised credit rating agencies. Liquidity risk reflects market situations under stress where it is difficult to sell, in whole or in part, a desired quantity of corporate bonds at market prices due to insufficient market participation by buyers. The fund's capital is predominantly placed in high-yield corporate bonds. Therefore the risk profile of these investments is medium, ie some price fluctuations in the fund can be expected.

The fund is placed in risk category 3.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Virksomhedsobligationer HY ETIK W DKK d h <sup>*)</sup>	(5.35%)	(3.77%)	3.44%	4.91%

<sup>\*)</sup> The unit class was launched on 24 February 2017.

The market fell short of expectations at the beginning of the year and the unit class of the fund underperformed compared to benchmark, see the table above.

In 2018 the market for HY corporate bonds was adversely affected by the trade dispute between USA and China, the slowdown in the global economy, and monetary tightening by major central banks. Other factors comprise the uncertainty surrounding the outcome of the vote in Great Britain concerning the exit agreement with the EU. Developments contributed to a considerable widening of credit spreads on HY corporate bonds which resulted in lower bond prices.

The fund produced a return below the change in its benchmark. This was due to the negative impact of the widening credit spread as well as a few company news items that triggered sharp price drops.

### Market outlook

We forecast that global economic growth will shift to a lower gear. The recovery in the US is in its 10th year and growth is expected to slow as a result of monetary tightening, less fiscal stimulus and a tight labour market. Moreover if an agreement is not reached in the trade dispute between USA and China, growth may lose further momentum. In Europe growth is projected to decline slightly but without bringing the economy to a halt.

Overall we expect slightly increasing government yields in Europe whereas we forecast that credit spreads may continue to widen compared to the present levels.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Virksomhedsobligationer HY ETIK KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(5,943)	2,956
Investors' assets	86,962	97,972
<b>Financial ratios</b>		
Portfolio turnover rate (PTR)	0.17	0.33

<sup>1)</sup> The fund was launched on 24 February 2017.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017 <sup>1)</sup>
	<b>Interest and dividends</b>		
1.	Interest	4,585	3,955
	<b>Total interest and dividends</b>	<b>4,585</b>	<b>3,955</b>
	<b>Capital gains and losses</b>		
2.	Bonds	(9,971)	(519)
	Currency accounts	(31)	(15)
3.	Transaction costs, operating activities	(17)	(19)
	<b>Total capital gains and losses</b>	<b>(10,019)</b>	<b>(553)</b>
	Other income	6	1
	<b>Total income</b>	<b>(5,428)</b>	<b>3,403</b>
4.	Administrative costs	(515)	(447)
	<b>Net profit for the year</b>	<b>(5,943)</b>	<b>2,956</b>
	<b>Distribution of profit from the unit classes</b>		
	<b>To be allocated</b>		
	Total proposed distribution for the financial year	3,094	2,368
	Total brought forward for distribution next year	66	81
	Total available for distribution	3,160	2,449
	Total brought forward to investors' assets	(9,103)	507
	<b>Total distribution</b>	<b>(5,943)</b>	<b>2,956</b>
	<b>Distribution of profit in the unit classes</b>		
	<b>Virksomhedsobligationer HY ETIK W DKK d h <sup>2)</sup></b>		
	Proposed distribution for the financial year	3,094	2,368
	Brought forward for distribution next year	66	81
	Brought forward to investors' assets	(9,103)	507

<sup>1)</sup> The fund was launched on 24 February 2017.

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	2,614	2,643
	<b>Total liquid funds</b>	<b>2,614</b>	<b>2,643</b>
7.	<b>Bonds</b>		
	Listed bonds from Danish issuers	1,111	751
	Listed bonds from foreign issuers	81,550	92,743
	Unlisted bonds from Danish issuers	351	380
	<b>Total bonds</b>	<b>83,012</b>	<b>93,874</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	1,442	1,490
	Receivables – unsettled transactions	0	76
	<b>Total other assets</b>	<b>1,442</b>	<b>1,566</b>
	<b>TOTAL ASSETS</b>	<b>87,068</b>	<b>98,083</b>
	<b>LIABILITIES</b>		
6.	<b>Investors' assets <sup>1)</sup></b>	<b>86,962</b>	<b>97,972</b>
	<b>Other debt</b>		
	Payables	106	111
	<b>Total other debt</b>	<b>106</b>	<b>111</b>
	<b>TOTAL LIABILITIES</b>	<b>87,068</b>	<b>98,083</b>
	<b><sup>1)</sup> Investors' assets by unit class</b>		
	Virksomhedsobligationer HY ETIK W DKK d h <sup>2)</sup>	86,962	97,972
	<b>Total</b>	<b>86,962</b>	<b>97,972</b>

<sup>2)</sup> The unit class was launched on 24 February 2017.

# Virksomhedsobligationer HY ETIK KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Listed bonds from Danish issuers		57	43
Listed bonds from foreign issuers		4,528	3,917
Unlisted bonds from foreign issuers		16	2
Interest expense and negative interest with custodian		(16)	(7)
<b>Total interest</b>		<b>4,585</b>	<b>3,955</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from Danish issuers		(8)	39
Listed bonds from foreign issuers		(9,935)	(566)
Unlisted bonds from foreign issuers		(28)	8
<b>Total bonds</b>		<b>(9,971)</b>	<b>(519)</b>
<b>3. Transaction costs</b>			
All transaction costs		84	63
Covered by income from issue and redemption		(67)	(44)
<b>Transaction costs, operating activities</b>		<b>17</b>	<b>19</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Fees to custodian		45	41
Other costs relating to asset management		332	286
Other costs		48	42
Fixed management fee <sup>1)</sup>		90	78
<b>Total class-specific costs</b>		<b>515</b>	<b>447</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>5. Joint income available for distribution in unit classes</b>			
Interest		4,601	3,963
Capital gains for distribution		(1,039)	(1,119)
Distribution adjustment in connection with issue/redemption concerning the above items		(3)	61
<b>Available for distribution in unit classes</b>		<b>3,559</b>	<b>2,905</b>
<b>Of which for distribution in:</b>			
Virksomhedsobligationer HY ETIK W DKK d h		3,559	2,905
<b>Total for distribution</b>		<b>3,559</b>	<b>2,905</b>
<b>6. Investors' assets</b>			
Investors' assets at 1 Jan		97,972	0
Issues during the year		63,161	117,859
Redemptions during the year		(66,331)	(23,057)
Net issue surcharges and redemption deductions		471	214
Distribution from last year concerning units in circulation at 31 Dec		(2,368)	0
Proposed distribution for the financial year		3,094	2,368
Brought forward from income statement		(9,103)	507
Brought forward for distribution next year		66	81
<b>Investors' assets at 31 Dec</b>		<b>86,962</b>	<b>97,972</b>

## NOTES (continued)

Note	(DKK 1,000)
<b>7. Financial instruments (securities)</b>	
A list of financial instruments (securities) is available free of charge from the investment management company.	

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		81,093	151,292
Market value of sale of securities		80,255	51,445
<b>Total market value</b>		<b>161,348</b>	<b>202,737</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		95.06%	95.43%
Financial instruments listed on other regulated market		0.40%	0.39%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
		95.46%	95.82%
Other assets/other debt		4.54%	4.18%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by country</b>			
Netherlands		12.78%	7.91%
France		12.44%	14.94%
USA		12.03%	12.94%
Italy		11.62%	13.72%
Germany		11.05%	9.26%
Luxembourg		10.90%	12.36%
UK		3.64%	4.82%
Spain		3.24%	3.65%
Other		17.76%	16.22%
Cash, derivatives etc		4.54%	4.18%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Bonds by industry</b>			
Consumer Staples		29.80%	27.97%
Consumer Discretionary		21.58%	20.62%
Raw Materials		12.59%	12.83%
Financials		12.38%	11.93%
Industrials		10.55%	10.37%
Communications		8.16%	11.72%
Energy		0.40%	0.38%
Cash, derivatives etc		4.54%	4.18%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# Virksomhedsobligationer HY ETIK W DKK d h – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(5,943)	2,956
Investors' assets	86,962	97,972
Units in circulation nominal	91,011	94,716
Units in circulation quantity	910,107	947,159
<b>Financial ratios</b>		
NAV per unit	95.55	103.44
Dividend per unit	3.40	2.50
Return (%) <sup>1)</sup>	(5.35%)	3.44%
Benchmark return (%)	(3.77%)	4.91%
Total expense ratio	0.55%	0.47%
Annual percentage rate (APR) at 31 Dec	0.71%	0.72%
Indirect transaction costs	0.13%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 24 February 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(5,434)	3,402
Other class-specific income	6	1
Class-specific costs <sup>1)</sup>	(515)	(447)
<b>Total net profit</b>	<b>(5,943)</b>	<b>2,956</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	45	41
Other costs relating to asset management	332	286
Other costs	48	42
Fixed management fee	90	78
<b>Total class-specific costs</b>	<b>515</b>	<b>447</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	3,094	2,368
Brought forward for distribution next year	66	81
Available for distribution	3,160	2,449
Brought forward to investors' assets	(9,103)	507
<b>Total distribution</b>	<b>(5,943)</b>	<b>2,956</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	81	0
Other income	6	1
Distribution adjustment in connection with issue/redemption concerning the above items	11	0
Share of joint income	3,559	2,905
Available for distribution before administrative costs	3,657	2,906
Set-off of administrative costs	(515)	(447)
Distribution adjustment in connection with issue/redemption	18	(10)
Total administrative costs	(497)	(457)
<b>Available for distribution</b>	<b>3,160</b>	<b>2,449</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	91,011	94,716
Quantity	910,107	947,159
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	94,716	0
Issues during the year	62,649	117,099
Redemptions during the year	(66,354)	(22,383)
<b>Total units in circulation</b>	<b>91,011</b>	<b>94,716</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	97,972	0
Issues during the year	63,161	117,859
Redemptions during the year	(66,331)	(23,057)
Net issue surcharges and redemption deductions	471	214
Distribution from last year concerning units in circulation at 31 Dec	(2,368)	0
Proposed distribution for the financial year	3,094	2,368
Brought forward from income statement	(9,103)	507
Brought forward for distribution next year	66	81
<b>Investors' assets at 31 Dec</b>	<b>86,962</b>	<b>97,972</b>

<sup>1)</sup> The unit class was launched on 24 February 2017.



# Virksomhedsobligationer IG KL

## Fund report

Fund data and unit class data	Virksomhedsobligationer IG A DKK	Virksomhedsobligationer IG W DKK d h
ISIN	DK0060409266	DK0060751501
Date of establishment	23 January 2012	29 August 2016
Launch date	5 March 2012	5 October 2016
Listed	Yes	No
Currency	DKK	DKK
Income fund	Yes	Yes
Denomination	100	100
Risk category	3	3
Approved for marketing in Germany	No	No
Benchmark	Bank of America Merrill Lynch Global Corporate Index hedged to DKK	
Secondary name	Corporate Bonds IG KL	

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in corporate bonds from the whole world. The bonds have a high rating corresponding to investment grade, ie they are issued by sound and strong companies with a satisfactory ability to service debt. The fund's currency risk is limited and focus is on stable returns.

The fund is divided into the unit classes Virksomhedsobligationer IG A DKK and Virksomhedsobligationer IG W DKK d h. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

Investors must be aware that developments within the high-rated corporate bond market vary greatly. This may be attributable to company-specific issues, eg credit risk and overall movements in interest rates due to changed economic, political, regulatory and market-related issues, eg liquidity risk and credit risk. Credit risk may arise in connection with the bankruptcy of a business or a downgrade by one of the recognised credit rating agencies. Liquidity risk reflects market situations under stress where it is difficult to sell, in whole or in part, a desired quantity of corporate bonds at market prices due to insufficient market participation by buyers. The fund's capital is placed in investment grade corporate bonds. Therefore the risk profile of these investments is medium, ie some price fluctuations in the fund can be expected.

The fund is placed in risk category 3.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Virksomhedsobligationer IG A DKK	(5.38%)	(3.77%)	3.90%	3.81%
Virksomhedsobligationer IG W DKK d h	(4.85%)	(3.77%)	4.47%	3.81%

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

In 2018 the market for IG corporate bonds was adversely affected by the trade dispute between USA and China, the slowdown in the global economy, and monetary tightening by major central banks. Other factors comprise the uncertainty surrounding the outcome of the vote in Great Britain concerning the exit agreement with the EU. The development was not favourable for the credit spreads of BBB-rated corporate bonds. The underlying 10-year government yields in USA rose sharply in 1H driven by strong economic growth. But fear of the consequences of an escalation of the trade dispute led to a steep drop in the 10-year government yields at the end of the year so that they ended the year at a slightly higher level than at the beginning of the year. In the euro area the low inflationary pressure and a deceleration in the growth outlook have pushed the 10-year government yield to a lower level at year-end.

The fund produced a return below the change in its benchmark. This is due to the fact that the fund had an overweight of BBB-rated corporate bonds and a lower interest rate sensitivity than that of its benchmark.

### Market outlook

We forecast that global economic growth will shift to a lower gear. The recovery in the US is in its 10th year and growth is expected to slow as a result of monetary tightening, less fiscal stimulus and a tight labour market. Moreover if an agreement is not reached in the trade dispute between USA and China, growth may lose further momentum. In Europe growth is projected to decline slightly but without bringing the economy to a halt.

Overall we expect slightly increasing government yields in USA and Europe whereas we forecast that credit spreads may continue to widen compared to the present levels.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Virksomhedsobligationer IG KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(36,415)	34,327	45,137	(16,050)	47,280
Investors' assets	497,144	832,690	928,094	1,046,083	1,118,512
<b>Financial ratios</b>					
Portfolio turnover rate (PTR)	0.57	0.80	0.69	0.47	0.64

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
	<b>Interest and dividends</b>		
1.	Interest	23,563	33,923
	<b>Total interest and dividends</b>	<b>23,563</b>	<b>33,923</b>
	<b>Capital gains and losses</b>		
2.	Bonds	(22,794)	(47,493)
2.	Derivatives	(30,615)	58,747
	Currency accounts	(558)	(1,693)
	Other assets/liabilities	0	1
3.	Transaction costs, operating activities	(435)	(784)
	<b>Total capital gains and losses</b>	<b>(54,402)</b>	<b>8,778</b>
	Other income	37	67
	<b>Total income</b>	<b>(30,802)</b>	<b>42,768</b>
4.	Administrative costs	(5,551)	(8,342)
	<b>Profit before tax</b>	<b>(36,353)</b>	<b>34,426</b>
5.	Tax	(62)	(99)
	<b>Net profit for the year</b>	<b>(36,415)</b>	<b>34,327</b>
	<b>Distribution of profit from the unit classes</b>		
	<b>To be allocated</b>		
	Total proposed distribution for the financial year	0	93,601
	Total brought forward for distribution next year	(4,162)	497
	Total available for distribution	(4,162)	94,098
	Total brought forward to investors' assets	(32,253)	(59,771)
	<b>Total distribution</b>	<b>(36,415)</b>	<b>34,327</b>
	<b>Distribution of profit in the unit classes</b>		
	<b>Virksomhedsobligationer IG A DKK</b>		
	Proposed distribution for the financial year	0	86,860
	Brought forward for distribution next year	(3,664)	482
	Brought forward to investors' assets	(29,416)	(54,052)
	<b>Virksomhedsobligationer IG W DKK d h</b>		
	Proposed distribution for the financial year	0	6,741
	Brought forward for distribution next year	(498)	15
	Brought forward to investors' assets	(2,837)	(5,719)

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	18,463	43,860
	<b>Total liquid funds</b>	<b>18,463</b>	<b>43,860</b>
8.	<b>Bonds</b>		
	Listed bonds from Danish issuers	8,183	14,700
	Listed bonds from foreign issuers	468,494	762,209
	<b>Total bonds</b>	<b>476,677</b>	<b>776,909</b>
	<b>Derivatives</b>		
	Unlisted derivatives	817	7,768
	<b>Total derivatives</b>	<b>817</b>	<b>7,768</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	5,340	9,817
	Receivables – unsettled transactions	0	1,066
	<b>Total other assets</b>	<b>5,340</b>	<b>10,883</b>
	<b>TOTAL ASSETS</b>	<b>501,297</b>	<b>839,420</b>
	<b>LIABILITIES</b>		
7.	<b>Investors' assets <sup>1)</sup></b>	<b>497,144</b>	<b>832,690</b>
	<b>Loans with custodians</b>		
	Loans with custodians	0	3,940
	<b>Total loans</b>	<b>0</b>	<b>3,940</b>
	<b>Derivatives</b>		
	Unlisted derivatives	244	14
	<b>Total derivatives</b>	<b>244</b>	<b>14</b>
	<b>Other debt</b>		
	Interest payable	3	1
	Payables	1,070	1,721
	Payables – unsettled transactions	2,836	1,054
	<b>Total other debt</b>	<b>3,909</b>	<b>2,776</b>
	<b>TOTAL LIABILITIES</b>	<b>501,297</b>	<b>839,420</b>
	<b><sup>1)</sup> Investors' assets by unit class</b>		
	Virksomhedsobligationer IG A DKK	438,858	768,798
	Virksomhedsobligationer IG W DKK d h	58,286	63,892
	<b>Total</b>	<b>497,144</b>	<b>832,690</b>

# Virksomhedsobligationer IG KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		111	111
Listed bonds from Danish issuers		191	586
Listed bonds from foreign issuers		23,328	33,296
Interest expense and negative interest with custodian		(67)	(70)
<b>Total interest</b>		<b>23,563</b>	<b>33,923</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from Danish issuers		(234)	148
Listed bonds from foreign issuers		(22,560)	(47,768)
Unlisted bonds from foreign issuers		0	127
<b>Total bonds</b>		<b>(22,794)</b>	<b>(47,493)</b>
<b>Derivatives</b>			
Forward exchange transactions/futures etc		(1,501)	58,874
Forward interest transactions/futures etc		(29,114)	(127)
<b>Total derivatives</b>		<b>(30,615)</b>	<b>58,747</b>
<b>3. Transaction costs</b>			
All transaction costs		592	985
Covered by income from issue and redemption		(157)	(201)
<b>Transaction costs, operating activities</b>		<b>435</b>	<b>784</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		2,702	4,291
Fees to custodian		364	501
Other costs relating to asset management		1,562	2,234
Other costs		80	46
Fixed management fee <sup>1)</sup>		843	1,270
<b>Total class-specific costs</b>		<b>5,551</b>	<b>8,342</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>5. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – tax on coupons etc		62	99
<b>Total tax</b>		<b>62</b>	<b>99</b>
<b>6. Joint income available for distribution in unit classes</b>			
Interest		23,630	33,993
Non-refundable tax on coupons		(62)	(99)
Capital gains for distribution		(26,175)	86,605
Distribution adjustment in connection with issue/redemption concerning the above items		(1,820)	(10,134)
<b>Available for distribution in unit classes</b>		<b>(4,427)</b>	<b>110,365</b>
<b>Of which for distribution in:</b>			
Virksomhedsobligationer IG A DKK		(3,909)	101,710
Virksomhedsobligationer IG W DKK d h		(518)	8,655
<b>Total for distribution</b>		<b>(4,427)</b>	<b>110,365</b>
<b>7. Investors' assets</b>			
Investors' assets at 1 Jan		832,690	928,094
Issues during the year		41,413	87,239
Redemptions during the year		(248,245)	(217,389)
Net issue surcharges and redemption deductions		829	419
Distribution from last year concerning units in circulation at 31 Dec		(93,601)	0
Changes in dividend distribution due to issues/redemptions		473	0
Proposed distribution for the financial year		0	93,601
Brought forward from income statement		(32,253)	(59,771)
Brought forward for distribution next year		(4,162)	497
<b>Investors' assets at 31 Dec</b>		<b>497,144</b>	<b>832,690</b>
<b>8. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# Virksomhedsobligationer IG KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		352,205	843,552
Market value of sale of securities		615,894	888,515
<b>Total market value</b>		<b>968,099</b>	<b>1,732,067</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		95.88%	93.30%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.12%	0.93%
		96.00%	94.23%
Other assets/other debt		4.00%	5.77%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by country</b>			
USA		36.21%	36.44%
UK		10.03%	9.67%
France		8.57%	7.51%
Netherlands		6.70%	6.68%
Mexico		4.18%	3.40%
China		3.17%	3.21%
Australia		2.94%	2.88%
Germany		2.81%	2.21%
Other		21.27%	21.30%
Cash, derivatives etc		4.12%	6.70%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Bonds by industry</b>			
Financials		31.92%	36.03%
Consumer Staples		10.87%	8.72%
Raw Materials		9.85%	7.14%
Consumer Discretionary		9.55%	9.48%
Energy		9.34%	9.48%
Communications		8.82%	6.85%
Utilities		8.54%	6.93%
Industrials		6.99%	8.67%
Cash, derivatives etc		4.12%	6.70%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>e. Currency futures sold</b>			
USD		(9,641)	(15,515)
EUR		(19,165)	(25,754)
<b>Total</b>		<b>(28,806)</b>	<b>(41,269)</b>
<b>f. Underlying exposure – forward exchange transactions</b>			
<b>Currency</b>			
USD		(319,870)	(495,722)
GBP		(24,935)	(54,885)
DKK		344,966	546,251
<b>g. Net collateral position</b>			
Collateral concerning derivatives			
No collateral has been provided			

# Virksomhedsobligationer IG A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(33,080)	33,290	45,442	(16,050)	47,280
Investors' assets	438,858	768,798	914,866	1,046,083	1,118,512
Units in circulation nominal	461,773	678,593	839,010	1,003,321	1,058,631
Units in circulation quantity	4,617,733	6,785,933	8,390,100	10,033,213	10,586,313
<b>Financial ratios</b>					
NAV per unit	95.04	113.29	109.04	104.26	105.66
Dividend per unit	0.00	12.80	0.00	0.00	0.00
Return (%) <sup>1)</sup>	(5.38%)	3.90%	4.58%	(1.32%)	4.14%
Benchmark return (%)	(3.77%)	3.81%	4.14%	(1.17%)	7.83%
Total expense ratio	1.00%	0.96%	1.04%	1.06%	1.05%
Annual percentage rate (APR) at 31 Dec	1.16%	1.18%	1.17%	1.37%	1.41%
Indirect transaction costs	0.08%	-	-	-	-
Sharpe Ratio (5 yrs)	0.45	0.75	0.78	0.29	-
Standard deviation (5 yrs)	2.85	3.06	3.17	2.98	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 5 October 2016.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(27,835)	41,420
Other class-specific income	34	65
Class-specific costs <sup>1)</sup>	(5,279)	(8,195)
<b>Total net profit</b>	<b>(33,080)</b>	<b>33,290</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	2,702	4,291
Fees to custodian	332	480
Other costs relating to asset management	1,394	2,145
Other costs	71	43
Fixed management fee	780	1,236
<b>Total class-specific costs</b>	<b>5,279</b>	<b>8,195</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	86,860
Brought forward for distribution next year	(3,664)	482
Available for distribution	(3,664)	87,342
Brought forward to investors' assets	(29,416)	(54,052)
<b>Total distribution</b>	<b>(33,080)</b>	<b>33,290</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	482	(8,879)
Other income	34	65
Distribution adjustment in connection with issue/redemption concerning the above items	(271)	1,689
Share of joint income	(3,909)	101,710
Available for distribution before administrative costs <sup>1)</sup>	(3,664)	94,585
Set-off of administrative costs	0	(8,195)
Distribution adjustment in connection with issue/redemption	0	952
Total administrative costs	0	(7,243)
<b>Available for distribution</b>	<b>(3,664)</b>	<b>87,342</b>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	461,773	678,593
Quantity	4,617,733	6,785,933
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	678,593	839,010
Issues during the year	12,231	31,085
Redemptions during the year	(229,051)	(191,502)
<b>Total units in circulation</b>	<b>461,773</b>	<b>678,593</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	768,798	914,866
Issues during the year	12,256	34,904
Redemptions during the year	(223,648)	(214,667)
Net issue surcharges and redemption deductions	752	405
Distribution from last year concerning units in circulation at 31 Dec	(86,860)	0
Changes in dividend distribution due to issues/redemptions	640	0
Proposed distribution for the financial year	0	86,860
Brought forward from income statement	(29,416)	(54,052)
Brought forward for distribution next year	(3,664)	482
<b>Investors' assets at 31 Dec</b>	<b>438,858</b>	<b>768,798</b>

# Virksomhedsobligationer IG W DKK d h – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2016-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>
<b>Financial highlights</b>			
Net profit for the year	(3,335)	1,037	(305)
Investors' assets	58,286	63,892	13,228
Units in circulation nominal	66,931	62,419	13,500
Units in circulation quantity	669,312	624,185	135,000
<b>Financial ratios</b>			
NAV per unit	87.08	102.36	97.98
Dividend per unit	0.00	10.80	0.00
Return (%) <sup>1)</sup>	(4.85%)	4.47%	(2.02%)
Benchmark return (%)	(3.77%)	3.81%	(2.81%)
Total expense ratio	0.42%	0.38%	0.11%
Annual percentage rate (APR) at 31 Dec	0.60%	0.62%	0.62%
Indirect transaction costs	0.08%	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 5 October 2016.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(3,066)	1,182
Other class-specific income	3	2
Class-specific costs <sup>1)</sup>	(272)	(147)
<b>Total net profit</b>	<b>(3,335)</b>	<b>1,037</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	33	21
Other costs relating to asset management	168	89
Other costs	9	3
Fixed management fee	62	34
<b>Total class-specific costs</b>	<b>272</b>	<b>147</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	6,741
Brought forward for distribution next year	(498)	15
Available for distribution	(498)	6,756
Brought forward to investors' assets	(2,837)	(5,719)
<b>Total distribution</b>	<b>(3,335)</b>	<b>1,037</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	15	(356)
Other income	3	2
Distribution adjustment in connection with issue/redemption concerning the above items	2	(1,287)
Share of joint income	(518)	8,655
Available for distribution before administrative costs <sup>1)</sup>	(498)	7,014
Set-off of administrative costs	0	(147)
Distribution adjustment in connection with issue/redemption	0	(111)
Total administrative costs	0	(258)
<b>Available for distribution</b>	<b>(498)</b>	<b>6,756</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	66,931	62,419
Quantity	669,312	624,185
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	62,419	13,500
Issues during the year	32,608	51,580
Redemptions during the year	(28,096)	(2,661)
<b>Total units in circulation</b>	<b>66,931</b>	<b>62,419</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	63,892	13,228
Issues during the year	29,157	52,335
Redemptions during the year	(24,597)	(2,722)
Net issue surcharges and redemption deductions	77	14
Distribution from last year concerning units in circulation at 31 Dec	(6,741)	0
Changes in dividend distribution due to issues/redemptions	(167)	0
Proposed distribution for the financial year	0	6,741
Brought forward from income statement	(2,837)	(5,719)
Brought forward for distribution next year	(498)	15
<b>Investors' assets at 31 Dec</b>	<b>58,286</b>	<b>63,892</b>

<sup>1)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.

# Virksomhedsobligationer IG Etik KL

## Fund report

<b>Fund data and unit class data</b>	<b>Virksomhedsobligationer IG Etik W DKK d h</b>
ISIN	DK0060853422
Date of establishment	24 February 2017
Launch date	5 July 2017
Listed	No
Currency	DKK
Income fund	Yes
Denomination	100
Risk category	3
Approved for marketing in Germany	No
Benchmark	Bank of America Merrill Lynch Global Corporate Index hedged to DKK
Secondary name	Corporate Bonds IG Ethic KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in corporate bonds from the whole world. The bonds have a high rating corresponding to investment grade, ie they are issued by sound and strong companies with a satisfactory ability to service debt. The fund's currency risk is limited and focus is on stable returns.

The fund has an ethical profile according to which the turnover of companies invested in may not exceed 5% within the following business areas: Tobacco, alcohol, gambling, adult entertainment, armaments & firearms, fossil fuels.

The fund is divided into the unit class Virksomhedsobligationer IG Etik W DKK d h.

### Risk profile

Investors must be aware that developments within the high-rated corporate bond market vary greatly. This may be attributable to company-specific issues, eg credit risk and overall movements in interest rates due to changed economic, political, regulatory and market-related issues, eg liquidity risk and credit risk. Credit risk may arise in connection with the bankruptcy of a business or a downgrade by one of the recognised credit rating agencies. Liquidity risk reflects market situations under stress where it is difficult to sell, in whole or in part, a desired quantity of corporate bonds at market prices due to insufficient market participation by buyers. The fund's capital is placed in investment grade corporate bonds. Therefore the risk profile of these investments is medium, ie some price fluctuations in the fund can be expected.

The fund is placed in risk category 3.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Virksomhedsobligationer IG Etik W DKK d h	(4.88%)	(3.77%)	1.68%	1.34%

The market fell short of expectations at the beginning of the year and the unit class of the fund underperformed compared to benchmark, see the table above.

In 2018 the market for IG corporate bonds was adversely affected by the trade dispute between USA and China, the slowdown in the global economy, and monetary tightening by major central banks. Other factors comprise the uncertainty surrounding the outcome of the vote in Great Britain concerning the exit agreement with the EU. The development was not favourable for the credit spreads of BBB-rated corporate bonds. The underlying 10-year government yields in USA rose sharply in 1H driven by strong economic growth. But fear of the consequences of an escalation of the trade dispute led to a steep drop in the 10-year government yields at the end of the year so that they ended the year at a slightly higher level than at the beginning of the year. In the euro area the low inflationary pressure and a deceleration in the growth outlook have pushed the 10-year government yield to a lower level at year-end.

The fund produced a return below the change in its benchmark. This is due to the fact that the fund had an overweight of BBB-rated corporate bonds and a lower interest rate sensitivity than that of its benchmark.

### Market outlook

We forecast that global economic growth will shift to a lower gear. The recovery in the US is in its 10th year and growth is expected to slow as a result of monetary tightening, less fiscal stimulus and a tight labour market. Moreover if an agreement is not reached in the trade dispute between USA and China, growth may lose further momentum. In Europe growth is projected to decline slightly but without bringing the economy to a halt.

Overall we expect slightly increasing government yields in USA and Europe whereas we forecast that credit spreads may continue to widen compared to the present levels.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Virksomhedsobligationer IG Etik KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(7,708)	1,322
Investors' assets	157,226	122,993
<b>Financial ratios</b>		
Portfolio turnover rate (PTR)	0.63	0.15

<sup>1)</sup> The fund was launched on 5 July 2017.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017 <sup>1)</sup>
	<b>Interest and dividends</b>		
1.	Interest	5,359	1,538
	<b>Total interest and dividends</b>	<b>5,359</b>	<b>1,538</b>
	<b>Capital gains and losses</b>		
2.	Bonds	(4,464)	(2,217)
2.	Derivatives	(7,864)	2,317
	Currency accounts	73	(74)
3.	Transaction costs, operating activities	(151)	(13)
	<b>Total capital gains and losses</b>	<b>(12,406)</b>	<b>13</b>
	Other income	3	0
	<b>Total income</b>	<b>(7,044)</b>	<b>1,551</b>
4.	Administrative costs	(653)	(225)
	<b>Profit before tax</b>	<b>(7,697)</b>	<b>1,326</b>
5.	Tax	(11)	(4)
	<b>Net profit for the year</b>	<b>(7,708)</b>	<b>1,322</b>
	<b>Distribution of profit from the unit classes</b>		
	<b>To be allocated</b>		
	Total proposed distribution for the financial year	0	4,476
	Total brought forward for distribution next year	(4,864)	110
	Total available for distribution	(4,864)	4,586
	Total brought forward to investors' assets	(2,844)	(3,264)
	<b>Total distribution</b>	<b>(7,708)</b>	<b>1,322</b>
	<b>Distribution of profit in the unit classes</b>		
	<b>Virksomhedsobligationer IG Etik W DKK d h</b>		
	Proposed distribution for the financial year	0	4,476
	Brought forward for distribution next year	(4,864)	110
	Brought forward to investors' assets	(2,844)	(3,264)

<sup>1)</sup> The fund was launched on 5 July 2017.

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	5,217	15,492
	<b>Total liquid funds</b>	<b>5,217</b>	<b>15,492</b>
8.	<b>Bonds</b>		
	Listed bonds from Danish issuers	2,398	2,899
	Listed bonds from foreign issuers	147,897	102,585
	Unlisted bonds from Danish issuers	0	887
	<b>Total bonds</b>	<b>150,295</b>	<b>106,371</b>
	<b>Derivatives</b>		
	Unlisted derivatives	262	0
	<b>Total derivatives</b>	<b>262</b>	<b>0</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	1,710	1,215
	Receivables – unsettled transactions	0	2
	<b>Total other assets</b>	<b>1,710</b>	<b>1,217</b>
	<b>TOTAL ASSETS</b>	<b>157,484</b>	<b>123,080</b>
	<b>LIABILITIES</b>		
7.	<b>Investors' assets <sup>1)</sup></b>	<b>157,226</b>	<b>122,993</b>
	<b>Derivatives</b>		
	Unlisted derivatives	109	0
	<b>Total derivatives</b>	<b>109</b>	<b>0</b>
	<b>Other debt</b>		
	Payables	149	87
	<b>Total other debt</b>	<b>149</b>	<b>87</b>
	<b>TOTAL LIABILITIES</b>	<b>157,484</b>	<b>123,080</b>
	<b><sup>1)</sup> Investors' assets by unit class</b>		
	Virksomhedsobligationer IG Etik W DKK d h	157,226	122,993
	<b>Total</b>	<b>157,226</b>	<b>122,993</b>



# Virksomhedsobligationer IG Etik KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		14	0
Listed bonds from Danish issuers		46	24
Listed bonds from foreign issuers		5,333	1,528
Interest expense and negative interest with custodian		(34)	(14)
<b>Total interest</b>		<b>5,359</b>	<b>1,538</b>
<b>2. Capital gains and losses</b>			
<b>Bonds</b>			
Listed bonds from Danish issuers		(58)	0
Listed bonds from foreign issuers		(4,406)	(2,217)
<b>Total bonds</b>		<b>(4,464)</b>	<b>(2,217)</b>
<b>Derivatives</b>			
Forward exchange transactions/futures etc		(568)	2,323
Forward interest transactions/futures etc		(7,296)	(6)
<b>Total derivatives</b>		<b>(7,864)</b>	<b>2,317</b>
<b>3. Transaction costs</b>			
All transaction costs		208	47
Covered by income from issue and redemption		(57)	(34)
<b>Transaction costs, operating activities</b>		<b>151</b>	<b>13</b>
<b>4. Administrative costs</b>			
<b>Class-specific costs</b>			
Fees to custodian		69	30
Other costs relating to asset management		387	118
Other costs		55	32
Fixed management fee <sup>1)</sup>		142	45
<b>Total class-specific costs</b>		<b>653</b>	<b>225</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>5. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – tax on coupons etc		11	4
<b>Total tax</b>		<b>11</b>	<b>4</b>
<b>6. Joint income available for distribution in unit classes</b>			
Interest		5,393	1,552
Non-refundable tax on coupons		(11)	(4)
Capital gains for distribution		(10,094)	2,076
Distribution adjustment in connection with issue/redemption concerning the above items		(351)	1,245
<b>Available for distribution in unit classes</b>		<b>(5,063)</b>	<b>4,869</b>
<b>Of which for distribution in:</b>			
Virksomhedsobligationer IG Etik W DKK d h		(5,063)	4,869
<b>Total for distribution</b>		<b>(5,063)</b>	<b>4,869</b>
<b>7. Investors' assets</b>			
Investors' assets at 1 Jan		122,993	0
Issues during the year		62,924	122,566
Redemptions during the year		(16,039)	(1,118)
Net issue surcharges and redemption deductions		256	223
Distribution from last year concerning units in circulation at 31 Dec		(4,476)	0
Changes in dividend distribution due to issues/redemptions		(724)	0
Proposed distribution for the financial year		0	4,476
Brought forward from income statement		(2,844)	(3,264)
Brought forward for distribution next year		(4,864)	110
<b>Investors' assets at 31 Dec</b>		<b>157,226</b>	<b>122,993</b>
<b>8. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# Virksomhedsobligationer IG Etik KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		161,356	130,894
Market value of sale of securities		105,717	22,510
<b>Total market value</b>		<b>267,073</b>	<b>153,404</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		95.59%	85.77%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.10%	0.72%
		95.69%	86.49%
Other assets/other debt		4.31%	13.51%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Bonds by country</b>			
USA		39.33%	37.96%
UK		11.28%	8.76%
France		10.07%	7.63%
Netherlands		4.75%	6.58%
Germany		3.60%	2.60%
Mexico		3.23%	2.42%
Mexico		3.23%	2.40%
Hong Kong		2.96%	1.60%
Other		17.14%	15.82%
Cash, derivatives etc		4.41%	14.23%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>d. Bonds by industry</b>			
Financials		38.38%	38.41%
Consumer Discretionary		10.42%	10.61%
Communications		10.42%	6.88%
Industrials		9.37%	8.83%
Consumer Staples		9.14%	8.20%
Raw Materials		9.11%	6.77%
Utilities		6.20%	3.77%
Energy		2.55%	2.30%
Cash, derivatives etc		4.41%	14.23%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>e. Currency futures sold</b>			
USD		(3,214)	0
EUR		(6,899)	(2,207)
<b>Total</b>		<b>(10,113)</b>	<b>(2,207)</b>
<b>f. Underlying exposure – forward exchange transactions</b>			
<b>Currency</b>			
USD		(96,614)	(63,244)
GBP		(7,065)	(5,913)
DKK		103,710	68,498
<b>g. Net collateral position</b>			
Collateral concerning derivatives			
No collateral has been provided			

# Virksomhedsobligationer IG Etik W DKK d h – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(7,708)	1,322
Investors' assets	157,226	122,993
Units in circulation nominal	168,717	120,962
Units in circulation quantity	1,687,174	1,209,615
<b>Financial ratios</b>		
NAV per unit	93.19	101.68
Dividend per unit	0.00	3.70
Return (%) <sup>1)</sup>	(4.88%)	1.68%
Benchmark return (%)	(3.77%)	1.34%
Total expense ratio	0.43%	0.23%
Annual percentage rate (APR) at 31 Dec	0.61%	0.62%
Indirect transaction costs	0.08%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 5 July 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(7,058)	1,547
Other class-specific income	3	0
Class-specific costs <sup>1)</sup>	(653)	(225)
<b>Total net profit</b>	<b>(7,708)</b>	<b>1,322</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	69	30
Other costs relating to asset management	387	118
Other costs	55	32
Fixed management fee	142	45
<b>Total class-specific costs</b>	<b>653</b>	<b>225</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	4,476
Brought forward for distribution next year	(4,864)	110
Available for distribution	(4,864)	4,586
Brought forward to investors' assets	(2,844)	(3,264)
<b>Total distribution</b>	<b>(7,708)</b>	<b>1,322</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	110	0
Other income	3	0
Distribution adjustment in connection with issue/redemption concerning the above items	86	0
Share of joint income	(5,063)	4,869
Available for distribution before administrative costs <sup>2)</sup>	(4,864)	4,869
Set-off of administrative costs	0	(225)
Distribution adjustment in connection with issue/redemption	0	(58)
Total administrative costs	0	(283)
<b>Available for distribution</b>	<b>(4,864)</b>	<b>4,586</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	168,717	120,962
Quantity	1,687,174	1,209,615
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	120,962	0
Issues during the year	64,905	122,062
Redemptions during the year	(17,150)	(1,100)
<b>Total units in circulation</b>	<b>168,717</b>	<b>120,962</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	122,993	0
Issues during the year	62,924	122,566
Redemptions during the year	(16,039)	(1,118)
Net issue surcharges and redemption deductions	256	223
Distribution from last year concerning units in circulation at 31 Dec	(4,476)	0
Changes in dividend distribution due to issues/redemptions	(724)	0
Proposed distribution for the financial year	0	4,476
Brought forward from income statement	(2,844)	(3,264)
Brought forward for distribution next year	(4,864)	110
<b>Investors' assets at 31 Dec</b>	<b>157,226</b>	<b>122,993</b>

<sup>1)</sup> The unit class was launched on 5 July 2017.

<sup>2)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.

# BRIK KL

## Fund report

### Fund data

ISIN	DK0010303882
Date of establishment	13 April 2004
Launch date	30 April 2004
Listed	Yes
Currency	DKK
Income fund	Yes
Denomination	100
Risk category	6
Approved for marketing in Germany	No
Benchmark	25% in each MSCI index: BR, RU, IN, CN
Secondary name	BRIC Equities KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests broadly in shares from Brazil, Russia, India and China. Companies in Hong Kong with their main activities in China are regarded as Chinese. Investments are diversified across a large number of businesses in different industries.

### Risk profile

The fund invests in a limited number of markets that are characterised by large fluctuations in the economy. As a result short-term investments in the fund are associated with a high degree of risk. Fund return depends on movements in share prices and exchange rates. The fund is suitable for investments with a time horizon of at least five years.

The fund is placed in risk category 6.

### Developments

The fund yielded a return of minus 0.28% while its benchmark dropped by 0.37%. The market fell short of expectations at the beginning of the year and the fund performed slightly better than its benchmark.

As in most other equity markets the trade war between USA and China impacted the fund's return. China had a difficult year where President Xi and his government attempted to boost the domestic economy through tax cuts and easier terms for banks but so far this has not had the desired effect. Brazil pulled in the opposite direction following the election of the new president, Mr Jair Bolsonaro. The equity market was enthusiastic about his reform visions and privatisation plan for the country. In India the governing party, BJP, lost several states in the assembly election and towards the end of the year a new central bank governor was appointed after the former governor chose to resign. Both of these events were positively received by the equity markets. In Russia focus shifted back and forth between oil and the risk of sanctions but the fund ended up generating a good relative return.

The fund has produced a return that is on a par with its benchmark. Relative return was driven by the fund's share allocations in Brazil and Russia whereas the fund's exposures to China and India detracted slightly from performance.

### Market outlook

The development in the trade war between USA and China as well as political instability in several Latin American countries will have a great impact on the BRIC shares in 2019. Other risk elements comprise the global growth slowdown, the development in US Treasuries and a possible strengthening of USD. Moreover we expect that Mr Bolsonaro will implement a pension reform in Brazil and that the country will see declining unemployment and growing consumption. Consequently we see potential in Brazil. We forecast increased volatility in 2019. In China the valuation is attractive. We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# BRIK KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	631	107,089	123,794	6,052	39,105
Investors' assets	498,866	583,331	561,635	586,695	903,951
Units in circulation nominal	276,070	297,215	344,578	422,466	631,117
Units in circulation quantity	2,760,697	2,972,149	3,445,782	4,224,660	6,311,165
<b>Financial ratios</b>					
NAV per unit	180.70	196.27	162.99	138.87	143.23
Dividend per unit	14.60	16.00	0.00	10.40	0.00
Return (%) <sup>1)</sup>	(0.28%)	20.41%	26.57%	(3.04%)	4.01%
Benchmark return (%)	(0.37%)	14.45%	31.92%	(3.11%)	2.45%
Total expense ratio	1.66%	1.69%	1.67%	1.60%	1.65%
Annual percentage rate (APR) at 31 Dec	2.25%	2.36%	2.57%	2.78%	2.73%
Indirect transaction costs	0.31%	-	-	-	-
Sharpe Ratio (5 yrs)	0.57	0.41	0.30	(0.34)	(0.09)
Standard deviation (5 yrs)	15.30	15.23	16.85	17.67	16.27
Tracking error	2.51	3.15	3.57	3.45	5.40
Active share	42.49	46.70	45.98	29.80	54.03
Portfolio turnover rate (PTR)	1.00	1.59	1.18	1.24	1.21

<sup>1)</sup> Past performance is no guarantee of future performance.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	41	(24)
2.	Dividends	18,094	15,241
<b>Total interest and dividends</b>		<b>18,135</b>	<b>15,217</b>
<b>Capital gains and losses</b>			
3.	Shares	(3,613)	109,743
	Currency accounts	(1,342)	(1,966)
	Other assets/liabilities	(17)	22
4.	Transaction costs, operating activities	(2,152)	(4,978)
<b>Total capital gains and losses</b>		<b>(7,124)</b>	<b>102,821</b>
	Other income	61	70
<b>Total income</b>		<b>11,072</b>	<b>118,108</b>
5.	Administrative costs	(9,016)	(9,694)
<b>Profit before tax</b>		<b>2,056</b>	<b>108,414</b>
6.	Tax	(1,425)	(1,325)
<b>Net profit for the year</b>		<b>631</b>	<b>107,089</b>
<b>7. Distribution of profit</b>			
<b>To be allocated</b>			
	Proposed distribution for the financial year	40,306	47,554
	Brought forward for distribution next year	142	117
	Available for distribution	40,448	47,671
	Brought forward to investors' assets	(39,817)	59,418
<b>Total distribution</b>		<b>631</b>	<b>107,089</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	8,701	14,814
<b>Total liquid funds</b>		<b>8,701</b>	<b>14,814</b>
9.	<b>Holdings</b>		
	Listed shares in foreign companies	490,442	578,015
<b>Total holdings</b>		<b>490,442</b>	<b>578,015</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	1,335	1,171
	Receivables – unsettled transactions	448	10,078
<b>Total other assets</b>		<b>1,783</b>	<b>11,249</b>
<b>TOTAL ASSETS</b>		<b>500,926</b>	<b>604,078</b>
<b>LIABILITIES</b>			
8.	<b>Investors' assets</b>	<b>498,866</b>	<b>583,331</b>
<b>Other debt</b>			
	Payables	2,060	2,242
	Payables – unsettled transactions	0	18,505
<b>Total other debt</b>		<b>2,060</b>	<b>20,747</b>
<b>TOTAL LIABILITIES</b>		<b>500,926</b>	<b>604,078</b>

# BRIK KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		61	1
Interest expense and negative interest with custodian		(20)	(25)
<b>Total interest</b>		<b>41</b>	<b>(24)</b>
<b>2. Dividends</b>			
Listed shares in foreign companies		18,094	15,241
<b>Total dividends</b>		<b>18,094</b>	<b>15,241</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in foreign companies		(3,614)	109,743
Unlisted shares in foreign companies		1	0
<b>Total shares</b>		<b>(3,613)</b>	<b>109,743</b>
<b>4. Transaction costs</b>			
All transaction costs		2,298	5,228
Covered by income from issue and redemption		(146)	(250)
<b>Transaction costs, operating activities</b>		<b>2,152</b>	<b>4,978</b>
<b>5. Administrative costs</b>			
<b>Fund-specific costs</b>			
Marketing costs		3,984	4,743
Fees to custodian		661	705
Other costs relating to asset management		3,079	3,176
Other costs		367	88
Fixed management fee <sup>1)</sup>		925	982
<b>Total class-specific costs</b>		<b>9,016</b>	<b>9,694</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		1,425	1,325
<b>Total tax</b>		<b>1,425</b>	<b>1,325</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>7. Available for distribution</b>			
Brought forward for distribution from last year		117	(22,248)
Interest		61	2
Dividends		18,094	15,241
Other income		61	70
Non-refundable dividend tax		(1,425)	(1,325)
Capital gains for distribution		36,149	67,885
Distribution adjustment in connection with issue/redemption concerning the above items		(4,120)	(2,935)
<b>Available for distribution before administrative costs</b>		<b>48,937</b>	<b>56,690</b>
Set-off of administrative costs		(9,016)	(9,694)
Distribution adjustment in connection with issue/redemption		527	675
<b>Total administrative costs</b>		<b>(8,489)</b>	<b>(9,019)</b>
<b>Available for distribution</b>		<b>40,448</b>	<b>47,671</b>
<b>8. Investors' assets</b>			
<b>Units in circulation</b>			
Units in circulation at 1 Jan		297,215	344,578
Issues during the year		9,503	1,640
Redemptions during the year		(30,648)	(49,003)
<b>Total units in circulation</b>		<b>276,070</b>	<b>297,215</b>
<b>Investors' assets</b>			
Investors' assets at 1 Jan		583,331	561,635
Issues during the year		18,336	3,083
Redemptions during the year		(55,980)	(88,596)
Net issue surcharges and redemption deductions		82	120
Distribution from last year concerning units in circulation at 31 Dec		(47,554)	0
Changes in dividend distribution due to issues/redemptions		20	0
Proposed distribution for the financial year		40,306	47,554
Brought forward from income statement		(39,817)	59,418
Brought forward for distribution next year		142	117
<b>Investors' assets at year-end</b>		<b>498,866</b>	<b>583,331</b>
<b>9. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# BRIK KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Units in circulation</b>			
Nominal (DKK 1,000)		276,070	297,215
Quantity		2,760,697	2,972,149
<b>b. Portfolio turnover</b>			
Market value of purchase of securities		538,386	911,492
Market value of sale of securities		623,378	1,000,502
<b>Total market value</b>		<b>1,161,764</b>	<b>1,911,994</b>
<b>c. Breakdown of financial instruments</b>			
Listed financial instruments		98.31%	99.09%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
		98.31%	99.09%
Other assets/other debt		1.69%	0.91%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>d. Shares by country</b>			
Russia		28.76%	26.70%
India		23.72%	24.57%
China		22.47%	24.30%
Brazil		20.95%	22.42%
Other		2.41%	1.10%
Cash, derivatives etc		1.69%	0.91%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>e. Shares by industry</b>			
Financials		27.94%	28.63%
Energy		24.26%	15.74%
Consumer Discretionary		10.37%	9.69%
Materials		9.82%	11.15%
Consumer Staples		6.33%	5.31%
Information Technology		5.95%	15.80%
Industrials		3.09%	5.18%
Health Care		3.03%	2.95%
Utilities		2.60%	2.91%
Telecommunications Services		2.53%	0.00%
REIT		2.39%	1.73%
Cash, derivatives etc		1.69%	0.91%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# BRIK Akkumulerende KL

## Fund report

Fund data and unit class data	BRIK A DKK Akk	BRIK W DKK Acc
ISIN	DK0060013001	DK0060854073
Date of establishment	6 October 2005	16 May 2017
Launch date	18 November 2005	13 June 2017
Listed	Yes	No
Currency	DKK	DKK
Income fund	No	No
Denomination	100	100
Risk category	6	6
Approved for marketing in Germany	No	No
Benchmark	25% in each MSCI index: BR, RU, IN, CN	
Secondary name	BRIC Equities Acc KL	

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests broadly in shares from Brazil, Russia, India and China. Companies in Hong Kong with their main activities in China are regarded as Chinese. Investments are diversified across a large number of businesses in different industries.

The fund is divided into the unit classes BRIK A DKK Akk and BRIK W DKK Acc. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund invests in a limited number of markets that are characterised by large fluctuations in the economy. As a result short-term investments in the fund are associated with a high degree of risk. Fund return depends on movements in share prices and exchange rates. The fund is suitable for investments with a time horizon of at least five years.

The fund is placed in risk category 6.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
BRIK A DKK Akk	(0.08%)	(0.37%)	20.30%	14.45%
BRIK W DKK Acc <sup>1)</sup>	0.73%	(0.37%)	15.82%	13.49%

<sup>1)</sup> The unit class was launched on 13 June 2017.

The market fell short of expectations at the beginning of the year and the unit classes of the fund outperformed compared to benchmark, see the table above.

As in most other equity markets the trade war between USA and China impacted the fund's return. China had a difficult year where President Xi and his government attempted to boost the domestic economy through tax cuts and easier terms for banks but so far this has not had the desired effect. Brazil pulled in the opposite direction following the election of the new president, Mr Jair Bolsonaro. The equity market was enthusiastic about his reform visions and privatisation plan for the country. In India the governing party, BJP, lost several states in the assembly election and towards the end of the year a new central bank governor was appointed after the former governor chose to resign. Both of these events were positively received by the equity markets. In Russia focus shifted back and forth between oil and the risk of sanctions but the fund ended up generating a good relative return.

The fund has produced a return that is on a par with its benchmark. Relative return was driven by the fund's share allocations in Brazil and Russia whereas the fund's exposures to China and India detracted slightly from performance.

### Market outlook

The development in the trade war between USA and China as well as political instability in several Latin American countries will have a great impact on the BRIC shares in 2019. Other risk elements comprise the global growth slowdown, the development in US Treasuries and a possible strengthening of USD. Moreover we expect that Mr Bolsonaro will implement a pension reform in Brazil and that the country will see declining unemployment and growing consumption. Consequently we see potential in Brazil. We forecast increased volatility in 2019. In China the valuation is attractive. We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.



# BRIK Akkumulerende KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(417)	57,348	64,903	489	16,381
Investors' assets	295,433	316,786	297,162	262,173	338,104
<b>Financial ratios</b>					
Tracking error	2.48	3.13	3.56	3.44	5.01
Active share	42.14	49.64	45.98	30.37	54.10
Portfolio turnover rate (PTR)	0.90	1.56	1.19	1.31	1.23

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	21	(18)
2.	Dividends	10,592	8,421
<b>Total interest and dividends</b>		<b>10,613</b>	<b>8,403</b>
<b>Capital gains and losses</b>			
3.	Shares	(3,220)	58,666
	Currency accounts	(720)	(1,106)
	Other assets/liabilities	(8)	11
4.	Transaction costs, operating activities	(1,150)	(2,718)
<b>Total capital gains and losses</b>		<b>(5,098)</b>	<b>54,853</b>
	Other income	34	36
<b>Total income</b>		<b>5,549</b>	<b>63,292</b>
5.	Administrative costs	(5,138)	(5,207)
<b>Profit before tax</b>		<b>411</b>	<b>58,085</b>
6.	Tax	(828)	(737)
<b>Net profit for the year</b>		<b>(417)</b>	<b>57,348</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total brought forward to investors' assets	(417)	57,348
<b>Total distribution</b>		<b>(417)</b>	<b>57,348</b>
<b>Distribution of profit in the unit classes</b>			
<b>Brought forward to investors' assets</b>			
	BRIK A DKK Akk	(480)	56,354
	BRIK W DKK Acc	63	994
<b>Total</b>		<b>(417)</b>	<b>57,348</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	5,308	8,349
<b>Total liquid funds</b>		<b>5,308</b>	<b>8,349</b>
8.	<b>Holdings</b>		
	Listed shares in foreign companies	290,530	314,868
<b>Total holdings</b>		<b>290,530</b>	<b>314,868</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	787	640
	Receivables – unsettled transactions	0	5,606
<b>Total other assets</b>		<b>787</b>	<b>6,246</b>
<b>TOTAL ASSETS</b>		<b>296,625</b>	<b>329,463</b>
<b>LIABILITIES</b>			
7.	<b>Investors' assets <sup>1)</sup></b>	<b>295,433</b>	<b>316,786</b>
<b>Other debt</b>			
	Payables	1,192	1,205
	Payables – unsettled transactions	0	11,472
<b>Total other debt</b>		<b>1,192</b>	<b>12,677</b>
<b>TOTAL LIABILITIES</b>		<b>296,625</b>	<b>329,463</b>
<sup>1)</sup> Investors' assets by unit class			
	BRIK A DKK Akk	287,783	309,828
	BRIK W DKK Acc	7,650	6,958
<b>Total</b>		<b>295,433</b>	<b>316,786</b>

# BRIK Akkumulerende KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		33	1
Interest expense and negative interest with custodian		(12)	(19)
<b>Total interest</b>		<b>21</b>	<b>(18)</b>
<b>2. Dividends</b>			
Listed shares in foreign companies		10,592	8,421
<b>Total dividends</b>		<b>10,592</b>	<b>8,421</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in foreign companies		(3,220)	58,666
<b>Total shares</b>		<b>(3,220)</b>	<b>58,666</b>
<b>4. Transaction costs</b>			
All transaction costs		1,237	2,913
Covered by income from issue and redemption		(87)	(195)
<b>Transaction costs, operating activities</b>		<b>1,150</b>	<b>2,718</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		2,321	2,586
Fees to custodian		278	296
Other costs relating to asset management		1,791	1,741
Other costs		214	48
Fixed management fee <sup>1)</sup>		534	536
<b>Total class-specific costs</b>		<b>5,138</b>	<b>5,207</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		828	737
<b>Total tax</b>		<b>828</b>	<b>737</b>
<b>7. Investors' assets</b>			
Investors' assets at 1 Jan		316,786	297,162
Issues during the year		11,249	20,395
Redemptions during the year		(32,228)	(58,168)
Net issue surcharges and redemption deductions		43	49
Brought forward from income statement		(417)	57,348
<b>Investors' assets at 31 Dec</b>		<b>295,433</b>	<b>316,786</b>
<b>8. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		298,106	515,291
Market value of sale of securities		319,834	553,635
<b>Total market value</b>		<b>617,940</b>	<b>1,068,926</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		98.34%	99.39%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
		98.34%	99.39%
Other assets/other debt		1.66%	0.61%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>			
Russia		29.08%	26.84%
India		23.66%	24.69%
China		22.35%	24.35%
Brazil		20.87%	22.37%
Other		2.38%	1.14%
Cash, derivatives etc		1.66%	0.61%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>e. Shares by industry</b>			
Financials		28.63%	28.78%
Energy		25.17%	15.77%
Consumer Discretionary		10.59%	9.67%
Materials		10.01%	11.17%
Consumer Staples		6.42%	5.33%
Information Technology		6.05%	15.91%
Industrials		3.13%	5.18%
Health Care		3.11%	2.93%
Utilities		2.66%	2.91%
Telecommunications Services		2.57%	0.00%
REIT		0.00%	1.74%
Cash, derivatives etc		1.66%	0.61%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# BRIK Akkumulerende A DKK Akk – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(480)	56,354	64,903	489	16,381
Investors' assets	287,783	309,828	297,162	262,173	338,104
Units in circulation nominal	110,336	118,697	136,956	153,015	192,368
Units in circulation quantity	1,103,356	1,186,964	1,369,556	1,530,143	1,923,674
<b>Financial ratios</b>					
NAV per unit	260.82	261.03	216.98	171.34	175.76
Return (%) <sup>1)</sup>	(0.08%)	20.30%	24.64%	(2.52%)	4.37%
Benchmark return (%)	(0.37%)	14.45%	31.92%	(3.11%)	2.45%
Total expense ratio	1.64%	1.67%	1.61%	1.55%	1.62%
Annual percentage rate (APR) at 31 Dec	2.22%	2.32%	2.52%	2.79%	2.71%
Indirect transaction costs	0.31%	-	-	-	-
Sharpe Ratio (5 yrs)	0.59	0.43	0.32	(0.32)	(0.08)
Standard deviation (5 yrs)	15.17	15.10	16.70	17.49	16.11

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	4,561	61,494
Other class-specific income	34	36
Class-specific costs <sup>1)</sup>	(5,075)	(5,176)
<b>Total net profit</b>	<b>(480)</b>	<b>56,354</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	2,321	2,586
Fees to custodian	271	290
Other costs relating to asset management	1,749	1,721
Other costs	208	47
Fixed management fee	526	532
<b>Total class-specific costs</b>	<b>5,075</b>	<b>5,176</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(480)	56,354
<b>Total distribution</b>	<b>(480)</b>	<b>56,354</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	110,336	118,697
Quantity	1,103,356	1,186,964
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	118,697	136,956
Issues during the year	3,843	5,811
Redemptions during the year	(12,204)	(24,070)
<b>Total units in circulation</b>	<b>110,336</b>	<b>118,697</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	309,828	297,162
Issues during the year	10,436	13,822
Redemptions during the year	(32,042)	(57,557)
Net issue surcharges and redemption deductions	41	47
Brought forward from income statement	(480)	56,354
<b>Investors' assets at 31 Dec</b>	<b>287,783</b>	<b>309,828</b>

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

# BRIK W DKK Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	63	994
Investors' assets	7,650	6,958
Units in circulation nominal	6,557	6,007
Units in circulation quantity	65,570	60,073
<b>Financial ratios</b>		
NAV per unit	116.66	115.82
Return (%) <sup>1)</sup>	0.73%	15.82%
Benchmark return (%)	(0.37%)	13.49%
Total expense ratio	0.84%	0.47%
Annual percentage rate (APR) at 31 Dec	1.32%	1.38%
Indirect transaction costs	0.31%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	125	1,026
Other class-specific income	1	0
Class-specific costs <sup>1)</sup>	(63)	(32)
<b>Total net profit</b>	<b>63</b>	<b>994</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	7	6
Other costs relating to asset management	42	21
Other costs	5	1
Fixed management fee	9	4
<b>Total class-specific costs</b>	<b>63</b>	<b>32</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	63	994
<b>Total distribution</b>	<b>63</b>	<b>994</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	6,557	6,007
Quantity	65,570	60,073
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	6,007	0
Issues during the year	700	6,547
Redemptions during the year	(150)	(540)
<b>Total units in circulation</b>	<b>6,557</b>	<b>6,007</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	6,958	0
Issues during the year	813	6,573
Redemptions during the year	(186)	(611)
Net issue surcharges and redemption deductions	2	2
Brought forward from income statement	63	994
<b>Investors' assets at 31 Dec</b>	<b>7,650</b>	<b>6,958</b>

<sup>1)</sup> The unit class was launched on 13 June 2017.

# Danmark KL

## Fund report

Fund and unit class data	Danmark A DKK	Danish Equities B DKK d	Danmark W DKK d
ISIN	DK0015298384	DK0060711208	DK0061032786
Date of establishment	21 August 1985	4 March 2016	15 May 2018
Launch date	1 October 1985	2 May 2016	12 June 2018
Listed	Yes	No	No
Currency	DKK	DKK	DKK
Income fund	Yes	Yes	Yes
Denomination	100	10	100
Risk category	6	6	6
Approved for marketing in Germany	No	Yes	No
Benchmark	OMXC ALL CAP GI		
Secondary name	Danish Equities KL		

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in Danish shares. The fund invests in companies spread across different industries, however predominantly in large companies.

The fund is divided into the unit classes Danmark A DKK, Danish Equities B DKK d and Danmark W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund invests in a limited market and therefore there is a risk of substantial price fluctuations in the short term. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 6.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Danmark A DKK	(13.93%)	(7.50%)	11.44%	16.82%
Danish Equities B DKK d	(13.65%)	(7.50%)	11.78%	16.82%
Danmark W DKK d <sup>*)</sup>	(17.08%)	(11.74%)	-	-

<sup>\*)</sup> The unit class was launched on 12 June 2018. Return covers the period from 12 June to 31 December 2018.

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

Cyclical securities had a difficult year in 2018, most pronounced among the largest banks, industrials and consumer discretionary. IT and the defensive sectors such as health care and utilities showed the best performance, notably Ørsted which made the largest positive contribution to the index thanks to several upward revisions, the company's green profile and market liquidity.

Developments in the financial sector were more heterogeneous than usual. Among general insurance companies investors preferred Topdanmark and Tryg whereas Alm. Brand was deselected due to the company's banking activities. The money laundering and dividend scandals affected mainly the large Danish banks. The trend was exacerbated by declining interest rates and a foreign shareholder base.

Within health care especially Coloplast and ALK drove up return and since late November Coloplast has replaced Danske Bank as the fourth largest paper in the KAX Cap index. As a consequence the weighting is no longer limited to 4.5% but to 9% as a starting point.

The fund produced a return below the change in its benchmark. This is mainly due to the fund's underweight in the utilities sector and its allocations in industrials and the finance sector. The fund's overweight in IT and its selections within health care made a positive contribution.

### Market outlook

The uncertainty surrounding global growth, high valuations, Brexit and trade restrictions may put a damper on price developments. On the other hand high earnings quality, a strong banking sector, no housing bubble and low public debt should support Danish equities especially when price fluctuations subside.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Danmark KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(75,528)	51,217	(8,296)	139,801	71,638
Investors' assets	444,603	469,943	500,244	572,048	466,259
<b>Financial ratios</b>					
Tracking error	2.35	2.30	2.57	2.13	1.90
Active share	37.14	32.89	33.08	24.92	50.00
Portfolio turnover rate (PTR)	0.54	0.21	0.22	0.17	0.15

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	(76)	(36)
2.	Dividends	8,549	10,120
	<b>Total interest and dividends</b>	<b>8,473</b>	<b>10,084</b>
<b>Capital gains and losses</b>			
3.	Shares	(77,312)	47,589
4.	Transaction costs, operating activities	(596)	(211)
	<b>Total capital gains and losses</b>	<b>(77,908)</b>	<b>47,378</b>
	<b>Total income</b>	<b>(69,435)</b>	<b>57,462</b>
5.	Administrative costs	(6,093)	(6,245)
	<b>Net profit for the year</b>	<b>(75,528)</b>	<b>51,217</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total proposed distribution for the financial year	63,583	52,110
	Total brought forward for distribution next year	126	106
	Total available for distribution	63,709	52,216
	Total brought forward to investors' assets	(139,237)	(999)
	<b>Total distribution</b>	<b>(75,528)</b>	<b>51,217</b>
<b>Distribution of profit in the unit classes</b>			
<b>Danmark A DKK</b>			
	Proposed distribution for the financial year	43,747	42,979
	Brought forward for distribution next year	5	65
	Brought forward to investors' assets	(94,136)	2,184
<b>Danish Equities B DKK d</b>			
	Proposed distribution for the financial year	9,540	9,131
	Brought forward for distribution next year	43	41
	Brought forward to investors' assets	(20,206)	(3,183)
<b>Danmark W DKK d</b>			
	Proposed distribution for the financial year	10,296	-
	Brought forward for distribution next year	78	-
	Brought forward to investors' assets	(24,895)	-

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	11,882	2,485
	<b>Total liquid funds</b>	<b>11,882</b>	<b>2,485</b>
8.	<b>Holdings</b>		
	Listed shares in Danish companies	428,616	468,843
	Listed shares in foreign companies	5,936	0
	<b>Total holdings</b>	<b>434,552</b>	<b>468,843</b>
	<b>TOTAL ASSETS</b>	<b>446,434</b>	<b>471,328</b>
<b>LIABILITIES</b>			
7.	<b>Investors' assets <sup>1)</sup></b>	<b>444,603</b>	<b>469,943</b>
<b>Other debt</b>			
	Interest payable	2	0
	Payables	1,278	1,385
	Payables – unsettled transactions	551	0
	<b>Total other debt</b>	<b>1,831</b>	<b>1,385</b>
	<b>TOTAL LIABILITIES</b>	<b>446,434</b>	<b>471,328</b>
<sup>1) Investors' assets by unit class</sup>			
	Danmark A DKK	310,076	390,489
	Danish Equities B DKK d	66,229	79,454
	Danmark W DKK d	68,298	-
	<b>Total</b>	<b>444,603</b>	<b>469,943</b>

# Danmark KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		0	3
Interest expense and negative interest with custodian		(76)	(39)
<b>Total interest</b>		<b>(76)</b>	<b>(36)</b>
<b>2. Dividends</b>			
Listed shares in Danish companies		8,405	10,120
Listed shares in foreign companies		144	0
<b>Total dividends</b>		<b>8,549</b>	<b>10,120</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in foreign companies		(76,330)	47,589
Listed shares in foreign companies		(982)	0
<b>Total shares</b>		<b>(77,312)</b>	<b>47,589</b>
<b>4. Transaction costs</b>			
All transaction costs		709	314
Covered by income from issue and redemption		(113)	(103)
<b>Transaction costs, operating activities</b>		<b>596</b>	<b>211</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		3,043	3,452
Fees to custodian		326	259
Other costs relating to asset management		1,735	1,696
Other costs		201	26
Fixed management fee <sup>1)</sup>		788	812
<b>Total class-specific costs</b>		<b>6,093</b>	<b>6,245</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>6. Joint income available for distribution in unit classes</b>			
Interest		0	4
Dividends		8,548	10,120
Capital gains for distribution		50,877	49,061
Distribution adjustment in connection with issue/redemption concerning the above items		10,227	(845)
<b>Available for distribution in unit classes</b>		<b>69,652</b>	<b>58,340</b>
<b>Of which for distribution in:</b>			
Danmark A DKK		48,597	48,339
Danish Equities B DKK d		10,373	10,001
Danmark W DKK d		10,682	-
<b>Total for distribution</b>		<b>69,652</b>	<b>58,340</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>7. Investors' assets</b>			
Investors' assets at 1 Jan		469,943	500,244
Issues during the year		137,331	59,582
Redemptions during the year		(35,593)	(60,925)
Net issue surcharges and redemption deductions		159	68
Distribution from last year concerning units in circulation at 31 Dec		(52,110)	(80,799)
Changes in dividend distribution due to issues/redemptions		401	556
Proposed distribution for the financial year		63,583	52,110
Brought forward from income statement		(139,237)	(999)
Brought forward for distribution next year		126	106
<b>Investors' assets at 31 Dec</b>		<b>444,603</b>	<b>469,943</b>
<b>8. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		390,997	122,694
Market value of sale of securities		340,386	196,375
<b>Total market value</b>		<b>731,383</b>	<b>319,069</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		97.74%	99.77%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
		97.74%	99.77%
Other assets/other debt		2.26%	0.23%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>			
Denmark		97.74%	99.77%
Cash, derivatives etc		2.26%	0.23%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Shares by industry</b>			
Health Care		34.56%	28.25%
Industrials		25.14%	30.81%
Financials		16.83%	18.09%
Consumer Staples		8.44%	7.97%
Materials		6.64%	4.24%
Information Technology		3.16%	3.87%
Consumer Discretionary		1.63%	4.92%
Energy		1.34%	0.21%
Utilities		0.00%	1.41%
Cash, derivatives etc		2.26%	0.23%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# Danmark A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(50,384)	45,228	(9,095)	139,801	71,638
Investors' assets	310,076	390,489	444,759	572,048	466,259
Units in circulation nominal	145,824	140,916	148,259	161,259	157,426
Units in circulation quantity	1,458,243	1,409,160	1,482,586	1,612,580	1,574,256
<b>Financial ratios</b>					
NAV per unit	212.64	277.11	299.99	354.74	296.18
Dividend per unit	30.00	30.50	52.30	49.80	30.60
Return (%) <sup>1)</sup>	(13.93%)	11.44%	(0.87%)	31.04%	17.68%
Benchmark return (%)	(7.50%)	16.82%	3.22%	30.83%	17.21%
Total expense ratio	1.37%	1.34%	1.34%	1.32%	1.34%
Annual percentage rate (APR) at 31 Dec	1.53%	1.54%	1.48%	1.60%	1.58%
Indirect transaction costs	0.02%	-	-	-	-
Sharpe Ratio (5 yrs)	0.64	1.51	1.58	1.00	0.94
Standard deviation (5 yrs)	12.22	11.33	11.98	13.97	14.02

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 4 March 2016.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(45,438)	50,718
Class-specific costs <sup>1)</sup>	(4,946)	(5,490)
<b>Total net profit</b>	<b>(50,384)</b>	<b>45,228</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	2,671	3,097
Fees to custodian	216	230
Other costs relating to asset management	1,298	1,447
Other costs	151	22
Fixed management fee	610	694
<b>Total class-specific costs</b>	<b>4,946</b>	<b>5,490</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	43,747	42,979
Brought forward for distribution next year	5	65
Available for distribution	43,752	43,044
Brought forward to investors' assets	(94,136)	2,184
<b>Total distribution</b>	<b>(50,384)</b>	<b>45,228</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	65	29
Distribution adjustment in connection with issue/redemption concerning the above items	6	7
Share of joint income	48,597	48,339
Available for distribution before administrative costs	48,668	48,375
Set-off of administrative costs	(4,946)	(5,490)
Distribution adjustment in connection with issue/redemption	30	166
Total administrative costs	(4,916)	(5,324)
<b>Available for distribution</b>	<b>43,752</b>	<b>43,051</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	145,824	140,916
Quantity	1,458,243	1,409,160
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	140,916	148,259
Issues during the year	14,156	13,057
Redemptions during the year	(9,248)	(20,400)
<b>Total units in circulation</b>	<b>145,824</b>	<b>140,916</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	390,489	444,759
Issues during the year	35,343	34,862
Redemptions during the year	(23,116)	(57,548)
Net issue surcharges and redemption deductions	134	52
Distribution from last year concerning units in circulation at 31 Dec	(42,979)	(77,539)
Changes in dividend distribution due to issues/redemptions	589	675
Proposed distribution for the financial year	43,747	42,979
Brought forward from income statement	(94,136)	2,184
Brought forward for distribution next year	5	65
<b>Investors' assets at 31 Dec</b>	<b>310,076</b>	<b>390,489</b>



# Danish Equities B DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2016-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>
<b>Financial highlights</b>			
Net profit for the year	(10,623)	5,989	799
Investors' assets	66,229	79,454	55,485
Units in circulation nominal	80,169	73,641	54,322
Units in circulation quantity	8,016,876	7,364,103	5,432,239
<b>Financial ratios</b>			
NAV per unit	8.26	10.79	10.21
Dividend per unit	1.19	1.24	0.60
Return (%) <sup>1)</sup>	(13.65%)	11.78%	2.14%
Benchmark return (%)	(7.50%)	16.82%	5.96%
Total expense ratio	1.10%	1.05%	0.71%
Annual percentage rate (APR) at 31 Dec	1.71%	1.71%	1.64%
Indirect transaction costs	0.02%	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 4 March 2016.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(9,797)	6,744
Class-specific costs <sup>1)</sup>	(826)	(755)
<b>Total net profit</b>	<b>(10,623)</b>	<b>5,989</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	373	355
Fees to custodian	25	29
Other costs relating to asset management	271	249
Other costs	32	4
Fixed management fee	125	118
<b>Total class-specific costs</b>	<b>826</b>	<b>755</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	9,540	9,131
Brought forward for distribution next year	43	41
Available for distribution	9,583	9,172
Brought forward to investors' assets	(20,206)	(3,183)
<b>Total distribution</b>	<b>(10,623)</b>	<b>5,989</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	41	22
Distribution adjustment in connection with issue/redemption concerning the above items	7	8
Share of joint income	10,373	10,001
Available for distribution before administrative costs	10,421	10,031
Set-off of administrative costs	(826)	(755)
Distribution adjustment in connection with issue/redemption	(12)	(103)
Total administrative costs	(838)	(858)
<b>Available for distribution</b>	<b>9,583</b>	<b>9,173</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	80,169	73,641
Quantity	8,016,876	7,364,103
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	73,641	54,322
Issues during the year	11,272	22,381
Redemptions during the year	(4,744)	(3,062)
<b>Total units in circulation</b>	<b>80,169</b>	<b>73,641</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	79,454	55,485
Issues during the year	11,086	24,720
Redemptions during the year	(4,394)	(3,377)
Net issue surcharges and redemption deductions	25	16
Distribution from last year concerning units in circulation at 31 Dec	(9,131)	(3,260)
Changes in dividend distribution due to issues/redemptions	(188)	(119)
Proposed distribution for the financial year	9,540	9,131
Brought forward from income statement	(20,206)	(3,183)
Brought forward for distribution next year	43	41
<b>Investors' assets at 31 Dec</b>	<b>66,229</b>	<b>79,454</b>

# Danmark W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEAR 2018

(DKK 1,000)	2018 <sup>1)</sup>
<b>Financial highlights</b>	
Net profit for the year	(14,521)
Investors' assets	68,298
Units in circulation nominal	82,369
Units in circulation quantity	823,693
<b>Financial ratios</b>	
NAV per unit	82.92
Dividend per unit	12.50
Return (%) <sup>1)</sup>	(17.08%)
Benchmark return (%)	(11.74%)
Total expense ratio	0.40%

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 12 June 2018.

## NOTES

Note	(DKK 1,000)	2018 <sup>1) 2)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit		(14,200)
Class-specific costs <sup>1)</sup>		(321)
<b>Total net profit</b>		<b>(14,521)</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian		85
Other costs relating to asset management		165
Other costs		19
Fixed management fee		52
<b>Total class-specific costs</b>		<b>321</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year		10,296
Brought forward for distribution next year		78
Available for distribution		10,374
Brought forward to investors' assets		(24,895)
<b>Total distribution</b>		<b>(14,521)</b>
<b>b2. Available for distribution <sup>2)</sup></b>		
Share of joint income		10,682
Available for distribution before administrative costs		10,682
Set-off of administrative costs		(321)
Distribution adjustment in connection with issue/redemption		13
Total administrative costs		(308)
<b>Available for distribution</b>		<b>10,374</b>

## NOTES (continued)

Note	(DKK 1,000)	2018 <sup>1) 2)</sup>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)		82,369
Quantity		823,693
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Issues during the year		90,950
Redemptions during the year		(8,581)
<b>Total units in circulation</b>		<b>82,369</b>
<b>d2. Investors' assets</b>		
Issues during the year		90,902
Redemptions during the year		(8,083)
Proposed distribution for the financial year		10,296
Brought forward from income statement		(24,895)
Brought forward for distribution next year		78
<b>Investors' assets at 31 Dec</b>		<b>68,298</b>

<sup>1)</sup> The unit class was launched on 12 June 2018.

<sup>2)</sup> Profit covers the period from 12 June to 31 December 2018.

# Europa Ligevægt & Value KL

## Fund report

Fund data and unit class data	Europa Ligevægt & Value A DKK	Europa Ligevægt & Value W DKK d
ISIN	DK0015323406	DK0060815686
Date of establishment	20 March 1986	16 May 2017
Launch date	1 May 1986	13 June 2017
Listed	Yes	No
Currency	DKK	DKK
Income fund	Yes	Yes
Denomination	100	100
Risk category	6	6
Approved for marketing in Germany	No	No
Benchmark	MSCI Europa unhedged to DKK	
Secondary name	European Value Equities KL	

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in European shares. Investments are diversified across different industries and companies. The fund pursues an equal weight value strategy. The idea behind equal weight is that all equity investments represent roughly the same share in the fund. For instance if the fund has invested in 100 shares, each share will constitute around 1.0% of the fund. When investing according to a value strategy, we select companies that are inexpensively priced based on a number of financial ratios relative to the share price of the companies.

The fund is divided into the unit classes Europa Ligevægt & Value A DKK and Europa Ligevægt & Value W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund invests broadly in shares from Europe. By investing broadly throughout Europe national cyclical fluctuations are taken into account and risk is spread. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 6.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Europa Ligevægt & Value A DKK	(12.47%)	(10.37%)	9.45%	10.39%
Europa Ligevægt & Value W DKK <sup>1)</sup>	(11.75%)	(10.37%)	10.02%	10.39%

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Europa Ligevægt & Value A DKK. Return covers the period from 1 January to 31 December 2017.

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

The European equity markets had a difficult year with substantial price declines which primarily occurred in the last quarter of the year. The weak development is ascribable to a generally sluggish trend in European growth figures, political turmoil in several countries in the euro area and an escalation of the global trade war. As an open region with much trade, Europe is among the most sensitive regions in terms of the global growth slowdown and trade disputes.

The fund produced a return below the change in its benchmark. This was due to the fund's focus on small and medium-size value shares. Value shares were unable to keep up with growth shares. Correspondingly small and medium-size shares could not keep up with the large shares.

### Market outlook

We believe that the current economic cycle has reached its peak. Consequently we forecast no more than a modest return on equities in 2019 with growing price fluctuations. One positive aspect in Europe is the valuation which is far more reasonable than in the US. The most significant risks comprise a global growth slowdown, monetary tightenings, an escalation of the trade war and increased political turmoil in Europe.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Europa Ligevægt & Value KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(105,568)	62,526	31,815	63,463	15,233
Investors' assets	723,104	999,575	671,961	942,261	771,697
<b>Financial ratios</b>					
Tracking error	2.19	2.37	2.45	2.35	1.34
Active share	69.40	71.39	72.67	71.95	69.29
Portfolio turnover rate (PTR)	0.49	0.09	0.42	0.69	0.61

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	(94)	(47)
2.	Dividends	39,877	25,129
	<b>Total interest and dividends</b>	<b>39,783</b>	<b>25,082</b>
<b>Capital gains and losses</b>			
3.	Shares	(132,082)	48,825
	Currency accounts	39	74
	Other assets/liabilities	(5)	(5)
4.	Transaction costs, operating activities	(1,384)	(789)
	<b>Total capital gains and losses</b>	<b>(133,432)</b>	<b>48,105</b>
	Other income	2	117
	<b>Total income</b>	<b>(93,647)</b>	<b>73,304</b>
5.	Administrative costs	(10,070)	(9,360)
	<b>Profit before tax</b>	<b>(103,717)</b>	<b>63,944</b>
6.	Tax	(1,851)	(1,418)
	<b>Net profit for the year</b>	<b>(105,568)</b>	<b>62,526</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total proposed distribution for the financial year	56,109	54,792
	Total brought forward for distribution next year	152	914
	Total available for distribution	56,261	55,706
	Total brought forward to investors' assets	(161,829)	6,820
	<b>Total distribution</b>	<b>(105,568)</b>	<b>62,526</b>
<b>Distribution of profit in the unit classes</b>			
<b>Europa Ligevægt &amp; Value A DKK</b>			
	Proposed distribution for the financial year	27,276	22,938
	Brought forward for distribution next year	25	349
	Brought forward to investors' assets	(79,719)	28,156
<b>Europa Ligevægt &amp; Value W DKK d</b>			
	Proposed distribution for the financial year	28,833	31,854
	Brought forward for distribution next year	127	565
	Brought forward to investors' assets	(82,110)	(21,336)

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	29,723	23,326
	<b>Total liquid funds</b>	<b>29,723</b>	<b>23,326</b>
9.	<b>Holdings</b>		
	Listed shares in Danish companies	21,556	19,994
	Listed shares in foreign companies	672,632	957,150
	<b>Total holdings</b>	<b>694,188</b>	<b>977,144</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	1,132	966
	<b>Total other assets</b>	<b>1,132</b>	<b>966</b>
	<b>TOTAL ASSETS</b>	<b>725,043</b>	<b>1,001,436</b>
<b>LIABILITIES</b>			
8.	<b>Investors' assets <sup>1)</sup></b>	<b>723,104</b>	<b>999,575</b>
<b>Other debt</b>			
	Interest payable	1	3
	Payables	1,938	1,858
	<b>Total other debt</b>	<b>1,939</b>	<b>1,861</b>
	<b>TOTAL LIABILITIES</b>	<b>725,043</b>	<b>1,001,436</b>
<b><sup>1)</sup> Investors' assets by unit class</b>			
	Europa Ligevægt & Value A DKK	371,284	439,970
	Europa Ligevægt & Value W DKK d	351,820	559,605
	<b>Total</b>	<b>723,104</b>	<b>999,575</b>

# Europa Ligevægt & Value KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		0	8
Interest expense and negative interest with custodian		(94)	(55)
<b>Total interest</b>		<b>(94)</b>	<b>(47)</b>
<b>2. Dividends</b>			
Listed shares in Danish companies		820	192
Listed shares in foreign companies		39,057	24,937
<b>Total dividends</b>		<b>39,877</b>	<b>25,129</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in Danish companies		(6,774)	1,874
Listed shares in foreign companies		(125,308)	46,739
Unlisted shares in foreign companies		0	212
<b>Total shares</b>		<b>(132,082)</b>	<b>48,825</b>
<b>4. Transaction costs</b>			
All transaction costs		1,683	2,481
Covered by income from issue and redemption		(299)	(1,692)
<b>Transaction costs, operating activities</b>		<b>1,384</b>	<b>789</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		3,474	4,655
Fees to custodian		1,219	869
Other costs relating to asset management		3,725	2,722
Other costs		378	39
Fixed management fee <sup>1)</sup>		1,274	1,075
<b>Total class-specific costs</b>		<b>10,070</b>	<b>9,360</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		1,851	1,418
<b>Total tax</b>		<b>1,851</b>	<b>1,418</b>
<b>Joint income available for distribution in unit classes</b>			
Interest		0	9
Dividends		39,877	25,130
Non-refundable dividend tax		(1,851)	(1,419)
Capital gains for distribution		37,138	23,063
Distribution adjustment in connection with issue/redemption concerning the above items		(10,377)	21,289
<b>Available for distribution in unit classes</b>		<b>64,787</b>	<b>68,072</b>
<b>Of which for distribution in:</b>			
Europa Ligevægt & Value A DKK		33,311	30,095
Europa Ligevægt & Value W DKK d		31,499	37,977
<b>Total for distribution</b>		<b>64,810</b>	<b>68,072</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>8. Investors' assets</b>			
Investors' assets at 1 Jan		999,575	671,961
Issues during the year		87,975	503,591
Redemptions during the year		(204,059)	(238,503)
Net issue surcharges and redemption deductions		126	0
Distribution from last year concerning units in circulation at 31 Dec		(54,792)	0
Changes in dividend distribution due to issues/redemptions		(153)	0
Proposed distribution for the financial year		56,109	54,792
Brought forward from income statement		(161,829)	6,820
Brought forward for distribution next year		152	914
<b>Investors' assets at 31 Dec</b>		<b>723,104</b>	<b>999,575</b>
<b>9. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		511,042	706,555
Market value of sale of securities		662,567	447,883
<b>Total market value</b>		<b>1,173,609</b>	<b>1,154,438</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		96.00%	97.76%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
Other assets/other debt		4.00%	2.24%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>			
UK		30.92%	25.03%
France		17.04%	21.89%
Germany		12.18%	14.60%
Netherlands		6.88%	6.93%
Spain		5.94%	3.66%
Switzerland		5.10%	5.65%
Italy		4.05%	6.57%
Sweden		3.13%	1.81%
Other		10.76%	11.62%
Cash, derivatives etc		4.00%	2.24%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Shares by industry</b>			
Financials		19.36%	19.53%
Industrials		13.81%	13.10%
Consumer Staples		13.18%	13.77%
Health Care		12.03%	12.11%
Materials		8.44%	8.04%
Consumer Discretionary		8.39%	10.84%
Energy		8.18%	7.05%
Information Technology		5.44%	4.98%
Telecommunications Services		3.97%	3.98%
Utilities		3.20%	3.63%
REIT		0.00%	0.73%
Cash, derivatives etc		4.00%	2.24%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# Europa Ligevægt & Value A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(52,418)	51,443	31,815	63,463	15,233
Investors' assets	371,284	439,970	671,961	942,261	771,697
Units in circulation nominal	568,254	559,452	935,172	1,389,761	1,233,115
Units in circulation quantity	5,682,544	5,594,524	9,351,720	13,897,609	12,331,147
<b>Financial ratios</b>					
NAV per unit	65.34	78.64	71.85	67.80	62.58
Dividend per unit	4.80	4.10	0.00	0.00	0.00
Return (%) <sup>1)</sup>	(12.47%)	9.45%	5.98%	8.34%	2.96%
Benchmark return (%)	(10.37%)	10.39%	2.20%	8.46%	6.64%
Total expense ratio	1.54%	1.57%	1.48%	1.36%	1.34%
Annual percentage rate (APR) at 31 Dec	1.81%	1.81%	1.77%	2.01%	1.89%
Indirect transaction costs	0.03%	-	-	-	-
Sharpe Ratio (5 yrs)	0.23	0.76	0.80	0.50	0.53
Standard deviation (5 yrs)	11.59	11.03	11.47	12.39	11.25

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(45,969)	59,097
Other class-specific income	1	56
Class-specific costs <sup>1)</sup>	(6,450)	(7,710)
<b>Total net profit</b>	<b>(52,418)</b>	<b>51,443</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	3,473	4,237
Fees to custodian	383	602
Other costs relating to asset management	1,714	2,005
Other costs	174	24
Fixed management fee	706	842
<b>Total class-specific costs</b>	<b>6,450</b>	<b>7,710</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	27,276	22,938
Brought forward for distribution next year	25	349
Available for distribution	27,301	23,287
Brought forward to investors' assets	(79,719)	28,156
<b>Total distribution</b>	<b>(52,418)</b>	<b>51,443</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	349	1
Other income	1	56
Distribution adjustment in connection with issue/redemption concerning the above items	10	(2)
Share of joint income	33,311	30,095
Available for distribution before administrative costs	33,671	30,150
Set-off of administrative costs	(6,450)	(7,710)
Distribution adjustment in connection with issue/redemption	80	847
Total administrative costs	(6,370)	(6,863)
<b>Available for distribution</b>	<b>27,301</b>	<b>23,287</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	568,254	559,452
Quantity	5,682,544	5,594,524
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	559,452	935,172
Correction in connection with demerger	0	(136,656)
Issues during the year	44,734	43,665
Redemptions during the year	(35,932)	(282,729)
<b>Total units in circulation</b>	<b>568,254</b>	<b>559,452</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	439,970	671,961
Correction in connection with demerger	0	(107,828)
Issues during the year	32,816	43,887
Redemptions during the year	(26,154)	(219,493)
Net issue surcharges and redemption deductions	126	0
Distribution from last year concerning units in circulation at 31 Dec	(22,938)	0
Changes in dividend distribution due to issues/redemptions	(118)	0
Proposed distribution for the financial year	27,276	22,938
Brought forward from income statement	(79,719)	28,156
Brought forward for distribution next year	25	349
<b>Investors' assets at 31 Dec</b>	<b>371,284</b>	<b>439,970</b>

# Europa Ligevægt & Value W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(53,150)	11,083
Investors' assets	351,820	559,605
Units in circulation nominal	533,941	707,872
Units in circulation quantity	5,339,406	7,078,717
<b>Financial ratios</b>		
NAV per unit	65.89	79.05
Dividend per unit	5.40	4.50
Return (%) <sup>1) 2)</sup>	(11.75%)	10.02%
Benchmark return (%) <sup>2)</sup>	(10.37%)	10.39%
Total expense ratio <sup>2)</sup>	0.74%	0.84%
Annual percentage rate (APR) at 31 Dec	0.96%	0.85%
Indirect transaction costs	0.03%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Europa Ligevægt & Value A DKK.

<sup>2)</sup> The year 2017: Net profit and financial ratios cover the period from 1 Jan to 31 Dec 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(49,531)	12,672
Other class-specific income	1	61
Class-specific costs <sup>1)</sup>	(3,620)	(1,650)
<b>Total net profit</b>	<b>(53,150)</b>	<b>11,083</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	0	418
Fees to custodian	837	267
Other costs relating to asset management	2,011	718
Other costs	204	15
Fixed management fee	568	232
<b>Total class-specific costs</b>	<b>3,620</b>	<b>1,650</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	28,833	31,854
Brought forward for distribution next year	127	565
Available for distribution	28,960	32,419
Brought forward to investors' assets	(82,110)	(21,336)
<b>Total distribution</b>	<b>(53,150)</b>	<b>11,083</b>
<b>b2. Available for distribution <sup>2)</sup></b>		
Brought forward for distribution from last year	565	0
Other income	1	61
Distribution adjustment in connection with issue/redemption concerning the above items	(174)	9
Share of joint income	31,499	37,977
Available for distribution before administrative costs	31,891	38,047
Set-off of administrative costs	(3,620)	(1,650)
Distribution adjustment in connection with issue/redemption	689	(3,978)
Total administrative costs	(2,931)	(5,628)
<b>Available for distribution</b>	<b>28,960</b>	<b>32,419</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	533,941	707,872
Quantity	5,339,406	7,078,717
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	707,872	0
Correction in connection with demerger	0	136,656
Issues during the year	75,110	595,419
Redemptions during the year	(249,041)	(24,203)
<b>Total units in circulation</b>	<b>533,941</b>	<b>707,872</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	559,605	0
Correction in connection with demerger	0	107,828
Issues during the year	55,159	459,704
Redemptions during the year	(177,905)	(19,010)
Distribution from last year concerning units in circulation at 31 Dec	(31,854)	0
Changes in dividend distribution due to issues/redemptions	(35)	0
Proposed distribution for the financial year	28,833	31,854
Brought forward from income statement	(82,110)	(21,336)
Brought forward for distribution next year	127	565
<b>Investors' assets at 31 Dec</b>	<b>351,820</b>	<b>559,605</b>

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Europa Ligevægt & Value A DKK.

<sup>2)</sup> Incl proportional share of income for 1 Jan - 13 Jun 2017 from Europa Ligevægt & Value A DKK.

# Europa Ligevægt & Value Akkumulerende KL

## Fund report

<b>Fund data and unit class data</b>	<b>Europa Ligevægt &amp; Value W DKK Acc</b>
ISIN	DK0060751345
Date of establishment	29 August 2016
Launch date	5 October 2016
Listed	No
Currency	DKK
Income fund	No
Denomination	100
Risk category	6
Approved for marketing in Germany	No
Benchmark	MSCI Europa unhedged to DKK
Secondary name	European Value Equities Acc KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in European shares. Investments are diversified across different industries and companies. The fund pursues an equal weight value strategy. The idea behind equal weight is that all equity investments represent roughly the same share in the fund. For instance if the fund has invested in 100 shares, each share will constitute around 1.0% of the fund. When investing according to a value strategy, we select companies that are inexpensively priced based on a number of financial ratios relative to the share price of the companies.

The fund is divided into the unit class Europa Ligevægt & Value W DKK Acc.

### Risk profile

The fund invests broadly in shares from Europe. By investing broadly throughout Europe national cyclical fluctuations are taken into account and risk is spread. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 6.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Europa Ligevægt & Value W DKK Acc <sup>*)</sup>	(11.59%)	(10.37%)	16.85%	16.52%

<sup>\*)</sup> The unit class was launched on 5 October 2016.

The market fell short of expectations at the beginning of the year and the unit class of the fund underperformed compared to benchmark, see the table above.

The European equity markets had a difficult year with substantial price declines which primarily occurred in the last quarter of the year. The weak development is ascribable to a generally sluggish trend in European growth figures, political turmoil in several countries in the euro area and an escalation of the global trade war. As an open region with much trade, Europe is among the most sensitive regions in terms of the global growth slowdown and trade disputes.

The fund produced a return below the change in its benchmark. This was due to the fund's focus on small and medium-size value shares. Value shares were unable to keep up with growth shares. Correspondingly small and medium-size shares could not keep up with the large shares.

### Market outlook

We believe that the current economic cycle has reached its peak. Consequently we forecast no more than a modest return on equities in 2019 with growing price fluctuations. One positive aspect in Europe is the valuation which is far more reasonable than in the US. The most significant risks comprise a global growth slowdown, monetary tightenings, an escalation of the trade war and increased political turmoil in Europe.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.



# Europa Ligevægt & Value Akkumulerende KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(13,354)	8,493
Investors' assets	75,314	175,029
<b>Financial ratios</b>		
Active share	69.50	72.80
Portfolio turnover rate (PTR)	0.60	0.39

<sup>1)</sup> The fund was launched on 5 October 2016 – first financial year: 5 October 2016 – 31 December 2017.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017 <sup>1)</sup>
		<b>Interest and dividends</b>	
1.	Interest	(15)	(13)
2.	Dividends	5,657	3,787
	<b>Total interest and dividends</b>	<b>5,642</b>	<b>3,774</b>
	<b>Capital gains and losses</b>		
3.	Shares	(17,483)	5,979
	Currency accounts	(43)	(52)
	Other assets/liabilities	(1)	1
4.	Transaction costs, operating activities	(202)	(221)
	<b>Total capital gains and losses</b>	<b>(17,729)</b>	<b>5,707</b>
	Other income	1	19
	<b>Total income</b>	<b>(12,086)</b>	<b>9,500</b>
5.	Administrative costs	(815)	(739)
	<b>Profit before tax</b>	<b>(12,901)</b>	<b>8,761</b>
6.	Tax	(453)	(268)
	<b>Net profit for the year</b>	<b>(13,354)</b>	<b>8,493</b>
	<b>Distribution of profit from the unit classes</b>		
	<b>To be allocated</b>		
	Total brought forward to investors' assets	(13,354)	8,493
	<b>Total distribution</b>	<b>(13,354)</b>	<b>8,493</b>
	<b>Distribution of profit in the unit classes</b>		
	<b>Brought forward to investors' assets</b>		
	Europa Ligevægt & Value W DKK Acc	(13,354)	8,493
	<b>Total</b>	<b>(13,354)</b>	<b>8,493</b>

<sup>1)</sup> The fund was launched on 5 October 2016 - first financial year 5 Oct 2016 - 31 Dec 2017

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017 <sup>1)</sup>
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	3,376	6,543
	<b>Total liquid funds</b>	<b>3,376</b>	<b>6,543</b>
8.	<b>Holdings</b>		
	Listed shares in Danish companies	2,208	2,033
	Listed shares in foreign companies	69,727	166,443
	<b>Total holdings</b>	<b>71,935</b>	<b>168,476</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	129	221
	<b>Total other assets</b>	<b>129</b>	<b>221</b>
	<b>TOTAL ASSETS</b>	<b>75,440</b>	<b>175,240</b>
	<b>LIABILITIES</b>		
7.	<b>Investors' assets <sup>1)</sup></b>		
	<b>Other debt</b>		
	Interest payable	0	1
	Payables	126	210
	<b>Total other debt</b>	<b>126</b>	<b>211</b>
	<b>TOTAL LIABILITIES</b>	<b>75,440</b>	<b>175,240</b>
	<b><sup>1)</sup> Investors' assets by unit class</b>		
	Europa Ligevægt & Value W DKK Acc	75,314	175,029
	<b>Total</b>	<b>75,314</b>	<b>175,029</b>

# Europa Ligevægt & Value Akkumulerende KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>1. Interest</b>			
Deposits with custodian		0	1
Interest expense and negative interest with custodian		(15)	(13)
<b>Total interest</b>		<b>(15)</b>	<b>(12)</b>
<b>2. Dividends</b>			
Listed shares in Danish companies		143	27
Listed shares in foreign companies		5,514	3,760
<b>Total dividends</b>		<b>5,657</b>	<b>3,787</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in Danish companies		(949)	455
Listed shares in foreign companies		(16,534)	5,509
Unlisted shares in foreign companies		0	15
<b>Total shares</b>		<b>(17,483)</b>	<b>5,979</b>
<b>4. Transaction costs</b>			
All transaction costs		395	543
Covered by income from issue and redemption		(193)	(322)
<b>Transaction costs, operating activities</b>		<b>202</b>	<b>221</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Fees to custodian		94	96
Other costs relating to asset management		520	492
Other costs		53	9
Fixed management fee <sup>2)</sup>		148	142
<b>Total class-specific costs</b>		<b>815</b>	<b>739</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		453	268
<b>Total tax</b>		<b>453</b>	<b>268</b>
<b>7. Investors' assets</b>			
Investors' assets at 1 Jan		175,029	0
Issues during the year		28,138	168,339
Redemptions during the year		(114,548)	(1,898)
Net issue surcharges and redemption deductions		49	95
Brought forward from income statement		(13,354)	8,493
<b>Investors' assets at 31 Dec</b>		<b>75,314</b>	<b>175,029</b>
<b>8. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		106,547	188,469
Market value of sale of securities		185,685	52,948
<b>Total market value</b>		<b>292,232</b>	<b>241,417</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		95.51%	96.26%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
Other assets/other debt		4.49%	3.74%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>			
UK		30.91%	22.58%
France		16.76%	22.78%
Germany		12.58%	14.97%
Netherlands		6.77%	6.07%
Spain		5.84%	4.17%
Switzerland		5.01%	5.97%
Italy		4.00%	6.93%
Sweden		3.03%	1.91%
Other		10.61%	10.88%
Cash, derivatives etc		4.49%	3.74%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Shares by industry</b>			
Financials		19.24%	19.16%
Industrials		13.60%	13.09%
Consumer Staples		13.12%	14.13%
Health Care		12.18%	11.90%
Materials		8.54%	7.24%
Consumer Discretionary		8.29%	10.96%
Energy		8.11%	6.65%
Information Technology		5.28%	5.02%
Telecommunications Services		3.99%	2.80%
Utilities		3.16%	4.21%
REIT		0.00%	1.10%
Cash, derivatives etc		4.49%	3.74%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# Europa Ligevægt & Value W DKK Akk – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(13,354)	8,493
Investors' assets	75,314	175,029
Units in circulation nominal	72,904	149,792
Units in circulation quantity	729,044	1,497,920
<b>Financial ratios</b>		
NAV per unit	103.31	116.85
Return (%) <sup>1)</sup>	(11.59%)	16.85%
Benchmark return (%)	(10.37%)	16.52%
Total expense ratio	0.65%	0.59%
Annual percentage rate (APR) at 31 Dec	0.89%	0.85%
Indirect transaction costs	0.03%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 5 October 2016 – first financial year: 5 October 2016 – 31 December 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(12,540)	9,213
Other class-specific income	1	19
Class-specific costs <sup>1)</sup>	(815)	(739)
<b>Total net profit</b>	<b>(13,354)</b>	<b>8,493</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	94	96
Other costs relating to asset management	520	492
Other costs	53	9
Fixed management fee	148	142
<b>Total class-specific costs</b>	<b>815</b>	<b>739</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(13,354)	8,493
<b>Total distribution</b>	<b>(13,354)</b>	<b>8,493</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	72,904	149,792
Quantity	729,044	1,497,920
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	149,792	0
Issues during the year	24,138	151,492
Redemptions during the year	(101,026)	(1,700)
<b>Total units in circulation</b>	<b>72,904</b>	<b>149,792</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	175,029	0
Issues during the year	28,138	168,339
Redemptions during the year	(114,548)	(1,898)
Net issue surcharges and redemption deductions	49	95
Brought forward from income statement	(13,354)	8,493
<b>Investors' assets at 31 Dec</b>	<b>75,314</b>	<b>175,029</b>

<sup>1)</sup> The unit class was launched on 5 October 2016.

# Fjernøsten KL

## Fund report

Fund data and unit class data	Fjernøsten A DKK	Fjernøsten W DKK d
ISIN	DK0010169549	DK0060815769
Date of establishment	14 March 1991	16 May 2017
Launch date	13 May 1991	13 June 2017
Listed	Yes	No
Currency	DKK	DKK
Income fund	Yes	Yes
Denomination	100	100
Risk category	6	6
Approved for marketing in Germany	No	No
Benchmark	MSCI AC ASIA ex Japan unhedged to DKK	
Secondary name	Far East Equities KL	

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in Far Eastern shares (however not including Japanese). Investments are diversified across different countries and industries.

The fund is divided into the unit classes Fjernøsten A DKK and Fjernøsten W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund invests in a limited number of markets that are characterised by large fluctuations in the economy. As a result short-term investments in the fund are associated with a high degree of risk. Fund return depends on movements in share prices and exchange rates. The fund is suitable for investments with a time horizon of at least five years.

The fund is placed in risk category 6.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Fjernøsten A DKK	(17.53%)	(9.85%)	25.01%	24.65%
Fjernøsten W DKK <sup>*)</sup>	(16.74%)	(9.85%)	25.65%	24.65%

<sup>\*)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Fjernøsten A DKK. Return covers the period from 1 January to 31 December 2017.

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

Several factors made 2018 a challenging year for the Far East – headed by China. The trade war between USA and China increased global growth fears and caused investors to turn their backs on Far Eastern equities. The Fed hiked its rates, which also increased the pressure on Far Eastern equities. China stimulated its economy through tax cuts and easier lending terms among other measures but this proved inadequate. In terms of return India was among the top performers in the region although India saw substantial price declines in September and October due to uncertainty surrounding the financial sector where a credit institution went into administration. Indian shares were supported at the end of the year on the back of falling oil prices, a new central bank governor and prospects of a more favourable policy ahead of the Indian election in spring 2019.

The fund produced a return below that of its benchmark. The fund's focus on growth shares had a negative impact on return. The IT sector in particular made a negative contribution to return due to a disappointing trend in the sale of smartphones and memory chips. The fund's exposure to the casino segment in Macao also encountered headwinds. By contrast the fund's overweight in the Chinese housing sector made a positive contribution to return compared to benchmark.

### Market outlook

The development in the trade war between USA and China will be of great importance to the Far Eastern shares in 2019. Other risk elements comprise the global growth slowdown, the development in US Treasuries and a possible strengthening of USD. We therefore forecast increased volatility in 2019. It is our assessment that the equities in the region are attractively priced and we are also positive on the growth prospects for the region.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Fjernøsten KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(364,184)	582,269	49,990	86,109	533,808
Investors' assets	1,570,894	2,680,758	2,698,397	2,764,799	2,775,001
<b>Financial ratios</b>					
Tracking error	3.57	3.84	4.38	5.13	7.07
Active share	62.34	63.19	55.89	62.47	73.53
Portfolio turnover rate (PTR)	1.65	1.83	1.80	1.83	1.42

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	159	225
2.	Dividends	53,599	55,389
<b>Total interest and dividends</b>		<b>53,758</b>	<b>55,614</b>
<b>Capital gains and losses</b>			
3.	Shares	(358,023)	623,290
3.	Derivatives	(31)	(93)
	Currency accounts	(4,444)	(17,021)
	Other assets/liabilities	155	(789)
4.	Transaction costs, operating activities	(16,440)	(31,455)
<b>Total capital gains and losses</b>		<b>(378,783)</b>	<b>573,932</b>
	Other income	381	450
<b>Total income</b>		<b>(324,644)</b>	<b>629,996</b>
5.	Administrative costs	(35,735)	(43,417)
<b>Profit before tax</b>		<b>(360,379)</b>	<b>586,579</b>
6.	Tax	(3,805)	(4,310)
<b>Net profit for the year</b>		<b>(364,184)</b>	<b>582,269</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total proposed distribution for the financial year	0	323,719
	Total brought forward for distribution next year	0	1,106
	Total available for distribution	0	324,825
	Total brought forward to investors' assets	(364,184)	257,444
<b>Total distribution</b>		<b>(364,184)</b>	<b>582,269</b>
<b>Distribution of profit in the unit classes</b>			
<b>Fjernøsten A DKK</b>			
	Proposed distribution for the financial year	0	307,038
	Brought forward for distribution next year	1,084	1,084
	Brought forward to investors' assets	(1,084)	260,608
<b>Fjernøsten W DKK d</b>			
	Proposed distribution for the financial year	0	16,681
	Brought forward for distribution next year	22	22
	Brought forward to investors' assets	(22)	(3,164)

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	29,219	8,991
<b>Total liquid funds</b>		<b>29,219</b>	<b>8,991</b>
<b>9. Holdings</b>			
	Listed shares in foreign companies	1,549,314	2,676,098
	Unlisted shares in foreign companies	7	6
<b>Total holdings</b>		<b>1,549,321</b>	<b>2,676,104</b>
<b>Derivatives</b>			
	Listed derivatives	0	38
<b>Total derivatives</b>		<b>0</b>	<b>38</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	92	424
	Receivables – unsettled transactions	219	29,018
<b>Total other assets</b>		<b>311</b>	<b>29,442</b>
<b>TOTAL ASSETS</b>		<b>1,578,851</b>	<b>2,714,575</b>
<b>LIABILITIES</b>			
<b>8. Investors' assets <sup>1)</sup></b>			
<b>Other debt</b>			
	Interest payable	0	3
	Payables	6,570	10,129
	Payables – unsettled transactions	1,387	23,685
<b>Total other debt</b>		<b>7,957</b>	<b>33,817</b>
<b>TOTAL LIABILITIES</b>		<b>1,578,851</b>	<b>2,714,575</b>
<sup>1)</sup> Investors' assets by unit class			
	Fjernøsten A DKK	1,508,781	2,548,409
	Fjernøsten W DKK d	62,113	132,349
<b>Total</b>		<b>1,570,894</b>	<b>2,680,758</b>

# Fjernøsten KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		204	238
Interest expense and negative interest with custodian		(45)	(13)
<b>Total interest</b>		<b>159</b>	<b>225</b>
<b>2. Dividends</b>			
Listed shares in foreign companies		53,592	55,389
Unlisted shares in foreign companies		7	0
<b>Total dividends</b>		<b>53,599</b>	<b>55,389</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in foreign companies		(358,023)	623,280
Unlisted shares in foreign companies		0	10
<b>Total shares</b>		<b>(358,023)</b>	<b>623,290</b>
<b>Derivatives</b>			
Options etc		(31)	(93)
<b>Total derivatives</b>		<b>(31)</b>	<b>(93)</b>
<b>4. Transaction costs</b>			
All transaction costs		17,610	33,401
Covered by income from issue and redemption		(1,170)	(1,946)
<b>Transaction costs, operating activities</b>		<b>16,440</b>	<b>31,455</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		16,889	21,687
Fees to custodian		1,975	2,464
Other costs relating to asset management		11,826	14,414
Other costs		1,525	432
Fixed management fee <sup>1)</sup>		3,520	4,420
<b>Total class-specific costs</b>		<b>35,735</b>	<b>43,417</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		3,805	4,310
<b>Total tax</b>		<b>3,805</b>	<b>4,310</b>
<b>7. Joint income available for distribution in unit classes</b>			
Interest		204	238
Dividends		53,599	55,389
Non-refundable dividend tax		(3,805)	(4,310)
Capital gains for distribution		(21,067)	333,325
Distribution adjustment in connection with issue/redemption concerning the above items		(18,801)	(20,469)
<b>Available for distribution in unit classes</b>		<b>10,130</b>	<b>364,173</b>
<b>Of which for distribution in:</b>			
Fjernøsten A DKK		9,730	346,135
Fjernøsten W DKK d		400	18,038
<b>Total for distribution</b>		<b>10,130</b>	<b>364,173</b>
<b>8. Investors' assets</b>			
Investors' assets at 1 Jan		2,680,758	2,698,397
Issues during the year		59,699	158,451
Redemptions during the year		(484,325)	(630,932)
Net issue surcharges and redemption deductions		662	725
Distribution from last year concerning units in circulation at 31 Dec		(323,719)	(132,850)
Changes in dividend distribution due to issues/redemptions		2,003	4,698
Proposed distribution for the financial year		0	323,719
Brought forward from income statement		(364,184)	257,444
Brought forward for distribution next year		0	1,106
<b>Investors' assets at 31 Dec</b>		<b>1,570,894</b>	<b>2,680,758</b>
<b>9. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# Fjernøsten KL – Financial Statements

## SUPPLEMENTARY NOTES

Note (DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>		
Market value of purchase of securities	3,287,349	5,782,170
Market value of sale of securities	4,059,153	6,196,411
<b>Total market value</b>	<b>7,346,502</b>	<b>11,978,581</b>
<b>b. Breakdown of financial instruments</b>		
Listed financial instruments	98.63%	99.83%
Financial instruments listed on other regulated market	0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
Other financial instruments	0.00%	0.00%
	98.63%	99.83%
Other assets/other debt	1.37%	0.17%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Shares by country</b>		
China	36.95%	33.66%
India	13.63%	17.44%
South Korea	13.49%	12.82%
Taiwan	10.30%	12.14%
Hong Kong	9.61%	6.88%
Singapore	5.32%	3.87%
Thailand	3.94%	5.13%
Indonesia	3.34%	3.44%
Other	2.05%	4.45%
Cash, derivatives etc	1.37%	0.17%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>d. Shares by industry</b>		
Financials	27.69%	26.89%
Information Technology	16.43%	35.17%
Consumer Discretionary	12.27%	12.85%
REIT	6.89%	3.91%
Energy	6.77%	1.79%
Consumer Staples	6.28%	4.09%
Industrials	5.81%	7.05%
Telecommunications Services	5.24%	0.00%
Materials	4.19%	4.80%
Health Care	4.07%	1.40%
Utilities	2.99%	1.88%
Cash, derivatives etc	1.37%	0.17%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

# Fjernøsten A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(350,315)	568,730	49,990	86,109	533,808
Investors' assets	1,508,781	2,548,409	2,698,397	2,764,799	2,775,001
Units in circulation nominal	1,071,523	1,317,760	1,660,625	1,550,395	1,535,115
Units in circulation quantity	10,715,226	13,177,597	16,606,248	15,503,953	15,351,148
<b>Financial ratios</b>					
NAV per unit	140.81	193.39	162.49	178.33	180.77
Dividend per unit	0.00	23.30	8.00	19.60	9.40
Return (%) <sup>1)</sup>	(17.53%)	25.01%	3.04%	3.25%	23.57%
Benchmark return (%)	(9.85%)	24.65%	8.20%	1.40%	17.70%
Total expense ratio	1.77%	1.70%	1.62%	1.51%	1.52%
Annual percentage rate (APR) at 31 Dec	2.42%	2.48%	3.05%	3.19%	2.79%
Indirect transaction costs	0.36%	-	-	-	-
Sharpe Ratio (5 yrs)	0.43	0.76	0.69	0.35	0.72
Standard deviation (5 yrs)	14.43	13.55	14.07	14.81	12.85

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(315,706)	611,086
Other class-specific income	363	442
Class-specific costs <sup>1)</sup>	(34,972)	(42,798)
<b>Total net profit</b>	<b>(350,315)</b>	<b>568,730</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	16,889	21,632
Fees to custodian	1,897	2,394
Other costs relating to asset management	11,310	14,021
Other costs	1,461	417
Fixed management fee	3,415	4,334
<b>Total class-specific costs</b>	<b>34,972</b>	<b>42,798</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	307,038
Brought forward for distribution next year	0	1,084
Available for distribution	0	308,122
Brought forward to investors' assets	(350,315)	260,608
<b>Total distribution</b>	<b>(350,315)</b>	<b>568,730</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	1,084	979
Adjustment of brought forward for distribution from last year – demerger	0	(5)
Other income	363	442
Distribution adjustment in connection with issue/redemption concerning the above items	(412)	(236)
Share of joint income	9,730	346,135
Available for distribution before administrative costs <sup>2)</sup>	10,765	347,315
Set-off of administrative costs	(10,765)	(42,798)
Distribution adjustment in connection with issue/redemption	0	3,605
Total administrative costs	(10,765)	(39,193)
<b>Available for distribution</b>	<b>0</b>	<b>308,122</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	1,071,523	1,317,760
Quantity	10,715,226	13,177,597
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	1,317,760	1,660,625
Correction in connection with demerger	0	(7,892)
Issues during the year	22,565	23,970
Redemptions during the year	(268,802)	(358,943)
<b>Total units in circulation</b>	<b>1,071,523</b>	<b>1,317,760</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	2,548,409	2,698,397
Correction in connection with demerger	0	(14,026)
Issues during the year	38,767	42,825
Redemptions during the year	(422,518)	(622,049)
Correction of profit in connection with demerger	0	1,959
Net issue surcharges and redemption deductions	662	725
Distribution from last year concerning units in circulation at 31 Dec	(307,038)	(132,850)
Changes in dividend distribution due to issues/redemptions	814	4,698
Proposed distribution for the financial year	0	307,038
Brought forward from income statement	(350,315)	260,608
Brought forward for distribution next year	0	1,084
<b>Investors' assets at 31 Dec</b>	<b>1,508,781</b>	<b>2,548,409</b>

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

<sup>2)</sup> Maximum deduction for administrative costs equivalent to total income before administrative costs.



# Fjernøsten W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(13,869)	13,539
Investors' assets	62,113	132,349
Units in circulation nominal	43,736	68,087
Units in circulation quantity	439,469	680,866
<b>Financial ratios</b>		
NAV per unit	142.02	194.38
Dividend per unit	0.00	24.50
Return (%) <sup>1) 2)</sup>	(16.74%)	25.65%
Benchmark return (%) <sup>2)</sup>	(9.85%)	24.65%
Total expense ratio <sup>2)</sup>	0.86%	0.79%
Annual percentage rate (APR) at 31 Dec	1.49%	1.55%
Indirect transaction costs	0.36%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Fjernøsten A DKK.

<sup>2)</sup> The year 2017: Net profit and financial ratios cover the period from 1 Jan to 31 Dec 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(13,124)	14,150
Other class-specific income	18	8
Class-specific costs <sup>1)</sup>	(763)	(619)
<b>Total net profit</b>	<b>(13,869)</b>	<b>13,539</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	0	55
Fees to custodian	77	70
Other costs relating to asset management	516	393
Other costs	64	15
Fixed management fee	106	86
<b>Total class-specific costs</b>	<b>763</b>	<b>619</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	0	16,681
Brought forward for distribution next year	0	22
Available for distribution	0	16,703
Brought forward to investors' assets	(13,869)	(3,164)
<b>Total distribution</b>	<b>(13,869)</b>	<b>13,539</b>
<b>b2. Available for distribution <sup>2)</sup></b>		
Brought forward for distribution from last year	22	0
Adjustment of brought forward for distribution from last year – demerger	0	5
Other income	18	8
Distribution adjustment in connection with issue/redemption concerning the above items	(15)	48
Share of joint income	400	18,038
Available for distribution before administrative costs <sup>3)</sup>	425	18,099
Set-off of administrative costs	(425)	(619)
Distribution adjustment in connection with issue/redemption	0	(777)
Total administrative costs	(425)	(1,396)
<b>Available for distribution</b>	<b>0</b>	<b>16,703</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	43,736	68,087
Quantity	439,469	680,866
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	68,087	0
Correction in connection with demerger	0	7,892
Issues during the year	12,553	64,887
Redemptions during the year	(36,904)	(4,692)
<b>Total units in circulation</b>	<b>43,736</b>	<b>68,087</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	132,349	0
Correction in connection with demerger	0	14,026
Issues during the year	20,932	115,626
Redemptions during the year	(61,807)	(8,883)
Correction of profit in connection with demerger	0	(1,959)
Distribution from last year concerning units in circulation at 31 Dec	(16,681)	0
Changes in dividend distribution due to issues/redemptions	1,189	0
Proposed distribution for the financial year	0	16,681
Brought forward from income statement	(13,869)	(3,164)
Brought forward for distribution next year	0	22
<b>Investors' assets at 31 Dec</b>	<b>62,113</b>	<b>132,349</b>

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Fjernøsten A DKK.

<sup>2)</sup> Incl proportional share of income for 1 Jan - 13 Jun 2017 from Fjernøsten A DKK.

<sup>3)</sup> Maximum deduction for administrative costs equivalent to total income before administrative costs.

# Fjernøsten Akkumulerende KL

## Fund report

<b>Fund data and unit class data</b>	<b>Fjernøsten A DKK Akk</b>	<b>Far East Equities B EUR Acc</b>	<b>Fjernøsten W DKK Acc</b>
ISIN	DK0060036994	DK0060647287	DK0060647360
Date of establishment	27 March 2006	16 June 2015	16 June 2015
Launch date	24 May 2006	18 September 2015	25 August 2015
Listed	Yes	No	No
Currency	DKK	EUR	DKK
Income fund	No	No	No
Denomination	100	10	100
Risk category	6	6	6
Approved for marketing in Germany	No	Yes	No
Benchmark	MSCI AC ASIA ex Japan unhedged to fund currency		
Secondary name	Far East Equities Acc KL		

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in Far Eastern shares (however not including Japanese). Investments are diversified across different countries and industries.

The fund is divided into the unit classes Fjernøsten A DKK Akk, Far East Equities B EUR Acc and Fjernøsten W DKK Acc. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund invests in a limited number of markets that are characterised by large fluctuations in the economy. As a result short-term investments in the fund are associated with a high degree of risk. Fund return depends on movements in share prices and exchange rates. The fund is suitable for investments with a time horizon of at least five years.

The fund is placed in risk category 6.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes and the fact that fund currency varies in the individual unit classes. The different currencies also explain the difference in the development of the benchmark.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Fjernøsten A DKK Akk	(17.66%)	(9.85%)	24.41%	24.65%
Far East Equities B EUR Acc	(17.72%)	(10.05%)	24.56%	24.48%
Fjernøsten W DKK Acc	(16.91%)	(9.85%)	25.55%	24.65%

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

Several factors made 2018 a challenging year for the Far East – headed by China. The trade war between USA and China increased global growth fears and caused investors to turn their backs on Far Eastern equities. The Fed hiked its rates, which also increased the pressure on Far Eastern equities. China stimulated its economy through tax cuts and easier lending terms among other measures but this proved inadequate. In terms of return India was among the top performers in the region although India saw substantial price declines in September and October due to uncertainty surrounding the financial sector where a credit institution went into administration. Indian shares were supported at the end of the year on the back of falling oil prices, a new central bank governor and prospects of a more favourable policy ahead of the Indian election in spring 2019.

The fund produced a return below that of its benchmark. The fund's focus on growth shares had a negative impact on return. The IT sector in particular made a negative contribution to return due to a disappointing trend in the sale of smartphones and memory chips. The fund's exposure to the casino segment in Macao also encountered headwinds. By contrast the fund's overweight in the Chinese housing sector made a positive contribution to return compared to benchmark.

### Market outlook

The development in the trade war between USA and China will be of great importance to the Far Eastern shares in 2019. Other risk elements comprise the global growth slowdown, the development in US Treasuries and a possible strengthening of USD. We therefore forecast increased volatility in 2019. It is our assessment that the equities in the region are attractively priced and we are also positive on the growth prospects for the region.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Fjernøsten Akkumulerende KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(171,686)	182,203	18,886	17,393	58,467
Investors' assets	804,453	1,031,862	707,830	687,301	301,725
<b>Financial ratios</b>					
Tracking error	3.56	3.85	4.34	5.18	7.15
Active share	62.18	63.21	55.76	62.55	73.41
Portfolio turnover rate (PTR)	1.50	2.13	1.72	1.06	1.33

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	19	41
2.	Dividends	24,165	17,447
	<b>Total interest and dividends</b>	<b>24,184</b>	<b>17,488</b>
<b>Capital gains and losses</b>			
3.	Shares	(172,585)	193,682
3.	Derivatives	(9)	(21)
	Currency accounts	(1,771)	(5,454)
	Other assets/liabilities	(110)	(61)
4.	Transaction costs, operating activities	(7,024)	(10,414)
	<b>Total capital gains and losses</b>	<b>(181,499)</b>	<b>177,732</b>
	Other income	142	121
	<b>Total income</b>	<b>(157,173)</b>	<b>195,341</b>
5.	Administrative costs	(12,830)	(11,806)
	<b>Profit before tax</b>	<b>(170,003)</b>	<b>183,535</b>
6.	Tax	(1,683)	(1,332)
	<b>Net profit for the year</b>	<b>(171,686)</b>	<b>182,203</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total brought forward to investors' assets	(171,686)	182,203
	<b>Total distribution</b>	<b>(171,686)</b>	<b>182,203</b>
<b>Distribution of profit in the unit classes</b>			
<b>Brought forward to investors' assets</b>			
	Fjernøsten A DKK Akk	(63,486)	71,241
	Far East Equities B EUR Acc	(50,479)	73,770
	Fjernøsten W DKK Acc	(57,721)	37,192
	<b>Total</b>	<b>(171,686)</b>	<b>182,203</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	18,265	17,354
	<b>Total liquid funds</b>	<b>18,265</b>	<b>17,354</b>
8.	<b>Holdings</b>		
	Listed shares in foreign companies	789,447	1,021,031
	Unlisted shares in foreign companies	2	1
	<b>Total holdings</b>	<b>789,449</b>	<b>1,021,032</b>
<b>Derivatives</b>			
	Listed derivatives	0	10
	<b>Total derivatives</b>	<b>0</b>	<b>10</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	48	149
	Receivables – unsettled transactions	0	16,009
	<b>Total other assets</b>	<b>48</b>	<b>16,158</b>
	<b>TOTAL ASSETS</b>	<b>807,762</b>	<b>1,054,554</b>
<b>LIABILITIES</b>			
7.	<b>Investors' assets <sup>1)</sup></b>	<b>804,453</b>	<b>1,031,862</b>
<b>Other debt</b>			
	Interest payable	0	1
	Payables	2,580	2,953
	Payables – unsettled transactions	729	19,738
	<b>Total other debt</b>	<b>3,309</b>	<b>22,692</b>
	<b>TOTAL LIABILITIES</b>	<b>807,762</b>	<b>1,054,554</b>
<sup>1)</sup> <b>Investors' assets by unit class</b>			
	Fjernøsten A DKK Akk	282,914	348,376
	Far East Equities B EUR Acc	243,646	368,067
	Fjernøsten W DKK Acc	277,893	315,419
	<b>Total</b>	<b>804,453</b>	<b>1,031,862</b>

# Fjernøsten Akkumulerende KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		72	81
Interest expense and negative interest with custodian		(53)	(40)
<b>Total interest</b>		<b>19</b>	<b>41</b>
<b>2. Dividends</b>			
Listed shares in foreign companies		24,163	17,447
Unlisted shares in foreign companies		2	0
<b>Total interest</b>		<b>24,165</b>	<b>17,447</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in foreign companies		(172,585)	193,682
<b>Total shares</b>		<b>(172,585)</b>	<b>193,682</b>
<b>Derivatives</b>			
Options etc		(9)	(21)
<b>Total derivatives</b>		<b>(9)</b>	<b>(21)</b>
<b>4. Transaction costs</b>			
All transaction costs		7,657	10,838
Covered by income from issue and redemption		(633)	(424)
<b>Transaction costs, operating activities</b>		<b>7,024</b>	<b>10,414</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		4,518	4,956
Fees to custodian		704	667
Other costs relating to asset management		5,446	4,705
Other costs		712	142
Fixed management fee <sup>1)</sup>		1,450	1,336
<b>Total class-specific costs</b>		<b>12,830</b>	<b>11,806</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		1,683	1,332
<b>Total tax</b>		<b>1,683</b>	<b>1,332</b>
<b>7. Investors' assets</b>			
Investors' assets at 1 Jan		1,031,862	707,830
Issues during the year		180,171	247,443
Redemptions during the year		(235,955)	(105,716)
Net issue surcharges and redemption deductions		61	102
Brought forward from income statement		(171,686)	182,203
<b>Investors' assets at 31 Dec</b>		<b>804,453</b>	<b>1,031,862</b>
<b>8. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		1,616,234	2,105,003
Market value of sale of securities		1,676,600	1,928,415
<b>Total market value</b>		<b>3,292,834</b>	<b>4,033,418</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		98.13%	98.95%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
		98.13%	98.95%
Other assets/other debt		1.87%	1.05%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>			
China		36.86%	33.43%
India		13.60%	17.24%
South Korea		13.21%	12.69%
Taiwan		10.14%	12.04%
Hong Kong		9.71%	6.81%
Singapore		5.35%	3.84%
Thailand		3.93%	5.11%
Indonesia		3.33%	3.40%
Other		2.00%	4.39%
Cash, derivatives etc		1.87%	1.05%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Shares by industry</b>			
Financials		27.20%	26.68%
Information Technology		16.41%	34.99%
Consumer Discretionary		12.26%	12.65%
REIT		6.98%	3.96%
Energy		6.77%	1.77%
Consumer Staples		6.25%	4.05%
Industrials		5.71%	6.85%
Telecommunications Services		5.31%	0.00%
Materials		4.15%	4.76%
Health Care		4.08%	1.39%
Utilities		3.01%	1.85%
Cash, derivatives etc		1.87%	1.05%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# Fjernøsten A DKK Akk – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014
<b>Financial highlights</b>					
Net profit for the year	(63,486)	71,241	7,283	5,756	58,467
Investors' assets	282,914	348,376	311,551	316,293	301,725
Units in circulation nominal	133,337	135,187	150,403	157,454	154,157
Units in circulation quantity	1,333,368	1,351,866	1,504,028	1,574,539	1,541,571
<b>Financial ratios</b>					
NAV per unit	212.18	257.70	207.14	200.88	195.73
Return (%) <sup>1)</sup>	(17.66%)	24.41%	3.11%	2.63%	23.58%
Benchmark return (%)	(9.85%)	24.65%	8.20%	1.40%	17.70%
Total expense ratio	1.71%	1.68%	1.62%	1.55%	1.54%
Annual percentage rate (APR) at 31 Dec	2.42%	2.48%	3.05%	3.19%	2.77%
Indirect transaction costs	0.35%	-	-	-	-
Sharpe Ratio (5 yrs)	0.42	0.74	0.67	0.32	0.69
Standard deviation (5 yrs)	14.36	13.52	14.04	14.79	12.87

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 25 August 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(57,761)	76,735
Other class-specific income	49	50
Class-specific costs <sup>1)</sup>	(5,774)	(5,544)
<b>Total net profit</b>	<b>(63,486)</b>	<b>71,241</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	2,733	2,776
Fees to custodian	291	322
Other costs relating to asset management	1,915	1,817
Other costs	258	68
Fixed management fee	577	561
<b>Total class-specific costs</b>	<b>5,774</b>	<b>5,544</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(63,486)	71,241
<b>Total distribution</b>	<b>(63,486)</b>	<b>71,241</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	133,337	135,187
Quantity	1,333,368	1,351,866
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	135,187	150,403
Issues during the year	16,346	19,317
Redemptions during the year	(18,196)	(34,533)
<b>Total units in circulation</b>	<b>133,337</b>	<b>135,187</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	348,376	311,551
Issues during the year	39,998	47,572
Redemptions during the year	(42,035)	(82,018)
Net issue surcharges and redemption deductions	61	30
Brought forward from income statement	(63,486)	71,241
<b>Investors' assets at 31 Dec</b>	<b>282,914</b>	<b>348,376</b>

# Far East Equities B EUR Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014 <sup>2)</sup>
<b>Financial highlights</b>					
Net profit for the year	(50,479)	73,770	7,148	9,829	69,388
Share of net profit for the year <sup>3)</sup>	(50,479)	73,770	7,148	8,466	69,388
Investors' assets	243,646	368,067	300,071	310,736	326,506
Units in circulation nominal	87,469	108,722	110,806	118,475	127,261
Units in circulation quantity (EUR)	1,172,104	1,460,254	1,484,838	1,587,749	1,705,334
<b>Financial ratios</b>					
NAV per unit (EUR)	27.86	33.85	27.18	26.23	25.66
Return in EUR (%) <sup>3)</sup>	(17.72%)	24.56%	3.64%	2.22%	24.13%
Benchmark return in EUR (%)	(10.05%)	24.48%	8.60%	1.18%	17.92%
Total expense ratio	1.47%	1.43%	1.45%	0.77%	1.41%
Total expense ratio <sup>3)</sup>	1.47%	1.43%	1.45%	1.49%	1.41%
Annual percentage rate (APR) at 31 Dec	2.82%	2.85%	3.36%	3.53%	-
Indirect transaction costs	0.35%	-	-	-	-
Sharpe Ratio (5 yrs)	0.43	0.73	0.66	0.31	0.67
Standard deviation (5 yrs)	14.39	13.62	14.14	14.92	13.00

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 21 September 2015.

<sup>2)</sup> Financial figures and financial ratios from ISI Far East Equities.

<sup>3)</sup> For the period 1 Jan – 18 Sep 2015 ISI Far East Equities is included.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(46,094)	78,604
Other class-specific income	48	50
Class-specific costs <sup>1)</sup>	(4,433)	(4,884)
<b>Total net profit</b>	<b>(50,479)</b>	<b>73,770</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	1,786	2,180
Fees to custodian	191	209
Other costs relating to asset management	1,730	1,884
Other costs	220	46
Fixed management fee	506	565
<b>Total class-specific costs</b>	<b>4,433</b>	<b>4,884</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(50,479)	73,770
<b>Total distribution</b>	<b>(50,479)</b>	<b>73,770</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	87,469	108,722
Quantity (EUR)	1,172,104	1,460,254
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	108,722	110,806
Exchange rate adjustment of units in circulation at 1 Jan	248	(254)
Issues during the year	3,844	4,843
Redemptions during the year	(25,345)	(6,673)
<b>Total units in circulation</b>	<b>87,469</b>	<b>108,722</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	368,067	300,071
Issues during the year	12,032	15,068
Redemptions during the year	(85,974)	(20,914)
Net issue surcharges and redemption deductions	0	72
Brought forward from income statement	(50,479)	73,770
<b>Investors' assets at 31 Dec</b>	<b>243,646</b>	<b>368,067</b>

# Fjernøsten W DKK Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	(57,721)	37,192	4,455	1,808
Investors' assets	277,893	315,419	96,208	60,272
Units in circulation nominal	236,895	223,428	85,563	55,699
Units in circulation quantity	2,368,947	2,234,277	855,627	556,988
<b>Financial ratios</b>				
NAV per unit	117.31	141.17	112.44	108.21
Return (%) <sup>1)</sup>	(16.91%)	25.55%	3.91%	8.21%
Benchmark return (%)	(9.85%)	24.65%	8.20%	10.84%
Total expense ratio	0.82%	0.72%	0.80%	0.09%
Annual percentage rate (APR) at 31 Dec	1.49%	1.55%	2.12%	2.15%
Indirect transaction costs	0.35%	-	-	-
Sharpe Ratio (3 yrs)	0.22	-	-	-
Standard deviation (3 yrs)	13.47	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 25 August 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(55,143)	38,548
Other class-specific income	45	21
Class-specific costs <sup>1)</sup>	(2,623)	(1,377)
<b>Total net profit</b>	<b>(57,721)</b>	<b>37,192</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	222	136
Other costs relating to asset management	1,801	1,003
Other costs	234	28
Fixed management fee	366	210
<b>Total class-specific costs</b>	<b>2,623</b>	<b>1,377</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(57,721)	37,192
<b>Total distribution</b>	<b>(57,721)</b>	<b>37,192</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	236,895	223,428
Quantity	2,368,947	2,234,277
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	223,428	85,563
Issues during the year	93,896	139,934
Redemptions during the year	(80,429)	(2,069)
<b>Total units in circulation</b>	<b>236,895</b>	<b>223,428</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	315,419	96,208
Issues during the year	128,141	184,803
Redemptions during the year	(107,946)	(2,784)
Brought forward from income statement	(57,721)	37,192
<b>Investors' assets at 31 Dec</b>	<b>277,893</b>	<b>315,419</b>

# Globale EM-aktier KL

## Fund report

Fund data and unit class data	Globale EM-aktier A DKK	Globale EM-aktier W DKK d
ISIN	DK0060499663	DK0060815843
Date of establishment	12 August 2013	16 May 2017
Launch date	30 September 2013	13 June 2017
Listed	Yes	No
Currency	DKK	DKK
Income fund	Yes	Yes
Denomination	100	100
Risk category	6	6
Approved for marketing in Germany	No	No
Benchmark	MSCI Emerging + Frontier Markets Index unhedged to DKK	
Secondary name	Global EM Equities KL	

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests globally in shares in companies from emerging markets. A small part is invested in frontier markets, ie countries with a significant growth potential. The foreign exchange risk relating to the currencies of individual countries is not usually hedged.

The fund is divided into the unit classes Globale EM-aktier A DKK and Globale EM-aktier W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund invests in markets that are characterised by large fluctuations in the economy. As a result short-term investments in the fund are associated with a high degree of risk. Fund return depends on movements in share prices and exchange rates. The fund is suitable for investments with a time horizon of at least five years.

The fund is placed in risk category 6.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Globale EM-aktier A DKK	(14.10%)	(10.11%)	26.35%	20.63%
Globale EM-aktier W DKK d <sup>1)</sup>	(13.40%)	(10.11%)	26.95%	20.63%

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Globale EM-aktier A DKK. Return covers the period from 1 January to 31 December 2017.

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

It was a challenging year for emerging markets. 2018 was characterised by uncertainty and many factors affected the new equity markets. The trade war between USA and China increased global growth fears and caused investors to turn their backs on Far Eastern equities. The Fed hiked its rates, which also put pressure on equities. USD strengthened throughout the entire year making it hard for countries with large USD debts. Moreover oil prices dropped sharply towards the end of the year, which benefited eg India but adversely impacted several South American countries. In general 2018 was a difficult year for exporting countries. The presidential elections in Mexico and Brazil triggered considerable uncertainty albeit the Brazilian president, Mr Bolsonaro, turned out to be much more market-friendly than first assumed.

The fund produced a return below that of its benchmark. The fund's focus on growth shares had a negative impact on return. The IT sector in particular made a negative contribution to return. The fund's exposure to the casino segment in Macao also encountered headwinds. By contrast the fund's equity allocations within the Chinese health sector and shares in Brazil, which stand to benefit from Mr Bolsonaro's privatisation plans, made positive contributions to the fund's relative return.

### Market outlook

The development in the trade war between USA and China as well as political instability in several Latin American countries will greatly impact global emerging market shares in 2019. Other risk elements comprise the global growth slowdown, the development in US Treasuries, and a possible strengthening of USD. We therefore forecast increased volatility in 2019. The outcome of the final approval of the trade deal between Mexico, USA and Canada will affect market sentiment. In a number of countries the valuation is attractive.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.



# Globale EM-aktier KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(76,797)	106,954	29,748	(15,026)	62,641
Investors' assets	386,854	552,541	389,413	471,026	541,252
<b>Financial ratios</b>					
Tracking error	3.00	3.11	2.99	-	-
Active share	63.84	66.36	64.74	53.60	-
Portfolio turnover rate (PTR)	1.20	1.83	1.49	1.11	1.13

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	274	70
2.	Dividends	14,588	9,362
<b>Total interest and dividends</b>		<b>14,862</b>	<b>9,432</b>
<b>Capital gains and losses</b>			
3.	Shares	(78,395)	115,017
3.	Units	20	0
	Currency accounts	(1,672)	(2,875)
	Other assets/liabilities	(1)	17
4.	Transaction costs, operating activities	(2,682)	(6,267)
<b>Total capital gains and losses</b>		<b>(82,730)</b>	<b>105,892</b>
	Other income	74	76
<b>Total income</b>		<b>(67,794)</b>	<b>115,400</b>
5.	Administrative costs	(7,734)	(7,634)
<b>Profit before tax</b>		<b>(75,528)</b>	<b>107,766</b>
6.	Tax	(1,269)	(812)
<b>Net profit for the year</b>		<b>(76,797)</b>	<b>106,954</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total proposed distribution for the financial year	3,498	56,150
	Total brought forward for distribution next year	182	99
	Total available for distribution	3,680	56,249
	Total brought forward to investors' assets	(80,477)	50,705
<b>Total distribution</b>		<b>(76,797)</b>	<b>106,954</b>
<b>Distribution of profit in the unit classes</b>			
<b>Globale EM-aktier A DKK</b>			
	Proposed distribution for the financial year	2,263	41,747
	Brought forward for distribution next year	157	27
	Brought forward to investors' assets	(55,849)	39,825
<b>Globale EM-aktier W DKK d</b>			
	Proposed distribution for the financial year	1,235	14,403
	Brought forward for distribution next year	25	72
	Brought forward to investors' assets	(24,628)	10,880

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	8,102	22,352
<b>Total liquid funds</b>		<b>8,102</b>	<b>22,352</b>
<b>9. Holdings</b>			
	Listed shares in foreign companies	378,301	532,458
<b>Total holdings</b>		<b>378,301</b>	<b>532,458</b>
<b>9. Units</b>			
	Listed units in foreign UCITS	1,699	0
<b>Total units</b>		<b>1,699</b>	<b>0</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	273	201
	Receivables – unsettled transactions	0	3,256
<b>Total other assets</b>		<b>273</b>	<b>3,457</b>
<b>TOTAL ASSETS</b>		<b>388,375</b>	<b>558,267</b>
<b>LIABILITIES</b>			
<b>8. Investors' assets <sup>1)</sup></b>			
<b>Other debt</b>			
	Payables	1,521	1,790
	Payables – unsettled transactions	0	3,936
<b>Total other debt</b>		<b>1,521</b>	<b>5,726</b>
<b>TOTAL LIABILITIES</b>		<b>388,375</b>	<b>558,267</b>
<sup>1) Investors' assets by unit class</sup>			
	Globale EM-aktier A DKK	314,272	417,990
	Globale EM-aktier W DKK d	72,582	134,551
<b>Total</b>		<b>386,854</b>	<b>552,541</b>

# Globale EM-aktier KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		285	149
Interest expense and negative interest with custodian		(11)	(79)
<b>Total interest</b>		<b>274</b>	<b>70</b>
<b>2. Dividends</b>			
Listed shares in foreign companies		14,505	9,362
Listed units in foreign UCITS		83	0
<b>Total dividends</b>		<b>14,588</b>	<b>9,362</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in foreign companies		(78,395)	115,017
<b>Total shares</b>		<b>(78,395)</b>	<b>115,017</b>
<b>Units</b>			
Listed units in foreign UCITS		20	0
<b>Total units</b>		<b>20</b>	<b>0</b>
<b>4. Transaction costs</b>			
All transaction costs		3,053	6,914
Covered by income from issue and redemption		(371)	(647)
<b>Transaction costs, operating activities</b>		<b>2,682</b>	<b>6,267</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		2,953	3,342
Fees to custodian		623	739
Other costs relating to asset management		2,954	2,582
Other costs		398	212
Fixed management fee <sup>1)</sup>		806	759
<b>Total class-specific costs</b>		<b>7,734</b>	<b>7,634</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

Adjustments have been made between administrative costs and the market value adjustment of units to reflect costs from underlying units.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		1,269	812
<b>Total tax</b>		<b>1,269</b>	<b>812</b>
<b>7. Joint income available for distribution in unit classes</b>			
Interest		285	149
Dividends		14,588	9,362
Non-refundable dividend tax		(1,269)	(812)
Capital gains for distribution		136	54,963
Distribution adjustment in connection with issue/redemption concerning the above items		(3,439)	4,954
<b>Available for distribution in unit classes</b>		<b>10,301</b>	<b>68,616</b>
<b>Of which for distribution in:</b>			
Globale EM-aktier A DKK		8,370	51,662
Globale EM-aktier W DKK d		1,931	16,954
<b>Total for distribution</b>		<b>10,301</b>	<b>68,616</b>
<b>8. Investors' assets</b>			
Investors' assets at 1 Jan		552,541	389,413
Adjustments in connection with merger during the year		0	84,514
Issues during the year		119,121	101,765
Redemptions during the year		(152,125)	(130,243)
Net issue surcharges and redemption deductions		384	138
Distribution from last year concerning units in circulation at 31 Dec		(56,150)	0
Changes in dividend distribution due to issues/redemptions		(120)	0
Proposed distribution for the financial year		3,498	56,150
Brought forward from income statement		(80,477)	50,705
Brought forward for distribution next year		182	99
<b>Investors' assets at 31 Dec</b>		<b>386,854</b>	<b>552,541</b>
<b>9. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# Globale EM-aktier KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
	Market value of purchase of securities	727,624	1,217,913
	Market value of sale of securities	801,961	1,193,234
	<b>Total market value</b>	<b>1,529,585</b>	<b>2,411,147</b>
<b>b. Breakdown of financial instruments</b>			
	Listed financial instruments	98.23%	96.37%
	Financial instruments listed on other regulated market	0.00%	0.00%
	Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
	Other financial instruments	0.00%	0.00%
		98.23%	96.37%
	Other assets/other debt	1.77%	3.63%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>			
	China	29.65%	26.67%
	India	13.76%	14.75%
	South Korea	12.69%	10.72%
	Brazil	8.63%	5.87%
	Taiwan	8.17%	10.01%
	South Africa	5.86%	7.55%
	Russia	3.60%	3.74%
	Thailand	3.30%	2.79%
	Other	12.57%	14.27%
	Cash, derivatives etc	1.77%	3.63%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>d. Shares by industry</b>			
	Financials	26.57%	22.90%
	Information Technology	14.67%	29.05%
	Energy	11.17%	5.59%
	Consumer Discretionary	10.70%	15.12%
	Materials	9.75%	6.83%
	Consumer Staples	6.35%	4.67%
	Telecommunications Services	4.81%	0.31%
	Industrials	4.75%	5.82%
	REIT	3.35%	3.05%
	Health Care	3.32%	1.74%
	Utilities	2.79%	1.29%
	Cash, derivatives etc	1.77%	3.63%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>e. Financial highlights from discontinued fund Afrika KL</b>			
			<b>1 Jan – 9 Jun 2017</b>
	<sup>1)</sup> Interest and dividends		1,292
	<sup>2)</sup> Capital gains and losses		268
	<sup>3)</sup> Other income		4
	<sup>4)</sup> Administrative costs		(785)
	<sup>5)</sup> Tax		(171)
	<sup>6)</sup> Redemptions during the period		(15,522)
	<sup>7)</sup> Net issue surcharges and redemption deductions		103
	<sup>8)</sup> Net profit for the period		608
	<sup>9)</sup> Investors' assets at 1 Jan		99,325
	<sup>10)</sup> Investors' assets at merger date		84,514

# Globale EM-aktier A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(53,429)	81,599	29,748	(15,026)	62,641
Investors' assets	314,272	417,990	389,413	471,026	541,252
Units in circulation nominal	282,817	291,938	343,641	419,536	451,616
Units in circulation quantity	2,828,172	2,919,382	3,436,406	4,195,365	4,516,165
<b>Financial ratios</b>					
NAV per unit	111.12	143.18	113.32	112.27	119.85
Dividend per unit	0.80	14.30	0.00	7.90	5.70
Return (%) <sup>1)</sup>	(14.10%)	26.35%	8.69%	(2.18%)	15.61%
Benchmark return (%)	(10.11%)	20.63%	13.88%	(5.00%)	11.64%
Total expense ratio	1.73%	1.76%	1.68%	1.55%	1.50%
Annual percentage rate (APR) at 31 Dec	2.33%	2.48%	2.90%	2.68%	2.57%
Indirect transaction costs	0.33%	-	-	-	-
Sharpe Ratio (5 yrs)	0.46	0.73	0.50	-	-
Standard deviation (5 yrs)	12.91	13.87	14.02	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(47,144)	87,926
Other class-specific income	54	60
Class-specific costs <sup>1)</sup>	(6,339)	(6,387)
<b>Total net profit</b>	<b>(53,429)</b>	<b>81,599</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	2,953	3,048
Fees to custodian	386	547
Other costs relating to asset management	2,085	1,996
Other costs	287	179
Fixed management fee	628	617
<b>Total class-specific costs</b>	<b>6,339</b>	<b>6,387</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	2,263	41,747
Brought forward for distribution next year	157	27
Available for distribution	2,420	41,774
Brought forward to investors' assets	(55,849)	39,825
<b>Total distribution</b>	<b>(53,429)</b>	<b>81,599</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	27	(3,609)
Adjustment of brought forward for distribution from last year – demerger	0	683
Other income	54	60
Distribution adjustment in connection with issue/redemption concerning the above items	(15)	(134)
Share of joint income	8,370	51,662
Available for distribution before administrative costs	8,436	48,662
Set-off of administrative costs	(6,329)	(6,387)
Distribution adjustment in connection with issue/redemption	313	(501)
Total administrative costs	(6,016)	(6,888)
<b>Available for distribution</b>	<b>2,420</b>	<b>41,774</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	282,817	291,938
Quantity	2,828,172	2,919,382
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	291,938	343,641
Adjustments in connection with merger during the year	0	65,289
Correction in connection with demerger	0	(69,930)
Issues during the year	31,905	41,180
Redemptions during the year	(41,026)	(88,242)
<b>Total units in circulation</b>	<b>282,817</b>	<b>291,938</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	417,990	389,413
Adjustments in connection with merger during the year	0	84,514
Correction in connection with demerger	0	(89,658)
Issues during the year	42,490	54,220
Redemptions during the year	(51,015)	(111,288)
Correction of profit in connection with demerger	0	9,052
Net issue surcharges and redemption deductions	384	138
Distribution from last year concerning units in circulation at 31 Dec	(41,747)	0
Changes in dividend distribution due to issues/redemptions	(401)	0
Proposed distribution for the financial year	2,263	41,747
Brought forward from income statement	(55,849)	39,825
Brought forward for distribution next year	157	27
<b>Investors' assets at 31 Dec</b>	<b>314,272</b>	<b>417,990</b>

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

# Globale EM-aktier W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2017-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>
<b>Financial highlights</b>		
Net profit for the year	(23,368)	25,355
Investors' assets	72,582	134,551
Units in circulation nominal	64,983	93,529
Units in circulation quantity	649,826	935,292
<b>Financial ratios</b>		
NAV per unit	111.69	143.86
Dividend per unit	1.90	15.40
Return in DKK (%) <sup>1 2)</sup>	(13.40%)	26.95%
Benchmark return in DKK (%) <sup>2)</sup>	(10.11%)	20.63%
Total expense ratio <sup>2)</sup>	0.89%	1.16%
Annual percentage rate (APR) at 31 Dec	1.47%	1.48%
Indirect transaction costs	0.33%	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Globale EM-aktier A DKK.

<sup>2)</sup> The year 2017: Net profit and financial ratios cover the period from 1 Jan to 31 Dec 2017.

## NOTES

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>a. Net profit</b>		
Share of joint portfolio profit	(21,993)	26,587
Other class-specific income	20	15
Class-specific costs <sup>1)</sup>	(1,395)	(1,247)
<b>Total net profit</b>	<b>(23,368)</b>	<b>25,355</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	0	294
Fees to custodian	237	192
Other costs relating to asset management	870	586
Other costs	110	33
Fixed management fee	178	142
<b>Total class-specific costs</b>	<b>1,395</b>	<b>1,247</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	1,235	14,403
Brought forward for distribution next year	25	72
Available for distribution	1,260	14,475
Brought forward to investors' assets	(24,628)	10,880
<b>Total distribution</b>	<b>(23,368)</b>	<b>25,355</b>
<b>b2. Available for distribution <sup>2)</sup></b>		
Brought forward for distribution from last year	72	0
Adjustment of brought forward for distribution from last year – demerger	0	(683)
Other income	20	15
Distribution adjustment in connection with issue/redemption concerning the above items	(7)	(295)
Share of joint income	1,931	16,954
Available for distribution before administrative costs	2,016	15,991
Set-off of administrative costs	(1,393)	(1,247)
Distribution adjustment in connection with issue/redemption	637	(269)
Total administrative costs	(756)	(1,516)
<b>Available for distribution</b>	<b>1,260</b>	<b>14,475</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017 <sup>1)</sup>
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	64,983	93,529
Quantity	649,826	935,292
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	93,529	0
Correction in connection with demerger	0	69,930
Issues during the year	56,736	37,229
Redemptions during the year	(85,282)	(13,630)
<b>Total units in circulation</b>	<b>64,983</b>	<b>93,529</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	134,551	0
Correction in connection with demerger	0	89,658
Issues during the year	76,631	47,545
Redemptions during the year	(101,110)	(18,955)
Correction of profit in connection with demerger	0	(9,052)
Distribution from last year concerning units in circulation at 31 Dec	(14,403)	0
Changes in dividend distribution due to issues/redemptions	281	0
Proposed distribution for the financial year	1,235	14,403
Brought forward from income statement	(24,628)	10,880
Brought forward for distribution next year	25	72
<b>Investors' assets at 31 Dec</b>	<b>72,582</b>	<b>134,551</b>

<sup>1)</sup> The unit class was launched on 13 June 2017 in connection with the demerger of Globale EM-aktier A DKK.

<sup>2)</sup> Incl proportional share of income for 1 Jan - 13 Jun 2017 from Globale EM-aktier A DKK.

# Globale EM-aktier Akkumulerende KL

## Fund report

Fund data and unit class data	Globale EM-aktier A DKK Akk	Global EM Equities B EUR Acc	Globale EM-aktier W DKK Acc
ISIN	DK0060499747	DK0060647444	DK0060647527
Date of establishment	12 August 2013	16 June 2015	16 June 2015
Launch date	30 September 2013	18 September 2015	25 August 2015
Listed	Yes	No	No
Currency	DKK	EUR	DKK
Income fund	No	No	No
Denomination	100	10	100
Risk category	6	6	6
Approved for marketing in Germany	No	Yes	No
Benchmark	MSCI Emerging + Frontier Markets Index unhedged to fund currency		
Secondary name	Global EM Equities Acc KL		

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests globally in shares in companies from emerging markets. A small part is invested in frontier markets, ie countries with a significant growth potential. The foreign exchange risk relating to the currencies of individual countries is not usually hedged.

The fund is divided into the unit classes Globale EM-aktier A DKK Akk, Global EM Equities B EUR Acc and Globale EM-aktier W DKK Acc. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund invests in markets that are characterised by large fluctuations in the economy. As a result short-term investments in the fund are associated with a high degree of risk. Fund return depends on movements in share prices and exchange rates. The fund is suitable for investments with a time horizon of at least five years.

The fund is placed in risk category 6.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes and the fact that fund currency varies in the individual unit classes. The different currencies also explain the difference in the development of the benchmark.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Globale EM-aktier A DKK Akk	(14.27%)	(10.11%)	25.89%	20.63%
Global EM Equities B EUR Acc	(14.22%)	(10.31%)	26.08%	20.47%
Globale EM-aktier W DKK Acc	(13.48%)	(10.11%)	27.07%	20.63%

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

It was a challenging year for emerging markets. 2018 was characterised by uncertainty and many factors affected the new equity markets. The trade war between USA and China increased global growth fears and caused investors to turn their backs on Far Eastern equities. The Fed hiked its rates, which also put pressure on equities. USD strengthened throughout the entire year making it hard for countries with large USD debts. Moreover oil prices dropped sharply towards the end of the year, which benefited eg India but adversely impacted several South American countries. In general 2018 was a difficult year for exporting countries. The presidential elections in Mexico and Brazil triggered considerable uncertainty albeit the Brazilian president, Mr Bolsonaro, turned out to be much more market-friendly than first assumed.

The fund produced a return below that of its benchmark. The fund's focus on growth shares had a negative impact on return. The IT sector in particular made a negative contribution to return. The fund's exposure to the casino segment in Macao also encountered headwinds. By contrast the fund's equity allocations within the Chinese health sector and shares in Brazil, which stand to benefit from Mr Bolsonaro's privatisation plans, made positive contributions to the fund's relative return.

### Market outlook

The development in the trade war between USA and China as well as political instability in several Latin American countries will greatly impact global emerging market shares in 2019. Other risk elements comprise the global growth slowdown, the development in US Treasuries, and a possible strengthening of USD. We therefore forecast increased volatility in 2019. The outcome of the final approval of the trade deal between Mexico, USA and Canada will affect market sentiment. In a number of countries the valuation is attractive.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Globale EM-aktier Akkumulerende KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(97,105)	109,368	22,306	(4,209)	25,028
Investors' assets	534,496	684,748	331,918	319,251	240,676
<b>Financial ratios</b>					
Tracking error	3.02	3.14	3.10	-	-
Active share	63.93	66.41	63.85	53.49	-
Portfolio turnover rate (PTR)	1.09	1.94	1.48	0.84	1.00

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	311	21
2.	Dividends	17,709	10,333
<b>Total interest and dividends</b>		<b>18,020</b>	<b>10,354</b>
<b>Capital gains and losses</b>			
3.	Shares	(101,332)	115,941
3.	Units	40	0
	Currency accounts	(1,753)	(3,515)
	Other assets/liabilities	(2)	15
4.	Transaction costs, operating activities	(2,916)	(6,177)
<b>Total capital gains and losses</b>		<b>(105,963)</b>	<b>106,264</b>
	Other income	85	53
<b>Total income</b>		<b>(87,858)</b>	<b>116,671</b>
5.	Administrative costs	(7,803)	(6,329)
<b>Profit before tax</b>		<b>(95,661)</b>	<b>110,342</b>
6.	Tax	(1,444)	(974)
<b>Net profit for the year</b>		<b>(97,105)</b>	<b>109,368</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total brought forward to investors' assets	(97,105)	109,368
<b>Total distribution</b>		<b>(97,105)</b>	<b>109,368</b>
<b>Distribution of profit in the unit classes</b>			
<b>Brought forward to investors' assets</b>			
	Globale EM-aktier A DKK Akk	(29,754)	41,791
	Global EM Equities B EUR Acc	(14,734)	24,321
	Globale EM-aktier W DKK Acc	(52,617)	43,256
<b>Total</b>		<b>(97,105)</b>	<b>109,368</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	16,128	33,285
<b>Total liquid funds</b>		<b>16,128</b>	<b>33,285</b>
7.	<b>Shares</b>		
	Listed shares in foreign companies	517,627	650,152
<b>Total shares</b>		<b>517,627</b>	<b>650,152</b>
7.	<b>Units</b>		
	Listed units in foreign UCITS	2,051	0
<b>Total units</b>		<b>2,051</b>	<b>0</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	381	541
	Receivables – unsettled transactions	0	6,932
<b>Total other assets</b>		<b>381</b>	<b>7,473</b>
<b>TOTAL ASSETS</b>		<b>536,187</b>	<b>690,910</b>
<b>LIABILITIES</b>			
6.	<b>Investors' assets <sup>1)</sup></b>	<b>534,496</b>	<b>684,748</b>
<b>Other debt</b>			
	Interest payable	0	1
	Payables	1,522	1,583
	Payables – unsettled transactions	169	4,578
<b>Total other debt</b>		<b>1,691</b>	<b>6,162</b>
<b>TOTAL LIABILITIES</b>		<b>536,187</b>	<b>690,910</b>
<sup>1)</sup> <b>Investors' assets by unit class</b>			
	Globale EM-aktier A DKK Akk	157,025	166,567
	Global EM Equities B EUR Acc	85,441	110,953
	Globale EM-aktier W DKK Acc	292,030	407,228
<b>Total</b>		<b>534,496</b>	<b>684,748</b>

# Globale EM-aktier Akkumulerende KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		343	57
Interest expense and negative interest with custodian		(32)	(36)
<b>Total interest</b>		<b>311</b>	<b>21</b>
<b>2. Dividends</b>			
Listed shares in foreign companies		17,606	10,333
Listed units in foreign UCITS		103	0
<b>Total dividends</b>		<b>17,709</b>	<b>10,333</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in foreign companies		(101,332)	115,941
<b>Total shares</b>		<b>(101,332)</b>	<b>115,941</b>
<b>Units</b>			
Listed units in foreign UCITS		40	0
<b>Total units</b>		<b>40</b>	<b>0</b>
<b>4. Transaction costs</b>			
All transaction costs		3,853	7,164
Covered by income from issue and redemption		(937)	(987)
<b>Transaction costs, operating activities</b>		<b>2,916</b>	<b>6,177</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		2,132	2,237
Fees to custodian		504	488
Other costs relating to asset management		3,747	2,785
Other costs		502	83
Fixed management fee <sup>1)</sup>		918	736
<b>Total class-specific costs</b>		<b>7,803</b>	<b>6,329</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
Adjustments have been made between administrative costs and the market value adjustment of units to reflect costs from underlying units.			
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		1,444	974
<b>Total tax</b>		<b>1,444</b>	<b>974</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>7. Investors' assets</b>			
Investors' assets at 1 Jan		684,748	331,918
Issues during the year		199,123	361,398
Redemptions during the year		(252,870)	(118,330)
Net issue surcharges and redemption deductions		600	394
Brought forward from income statement		(97,105)	109,368
<b>Investors' assets at 31 Dec</b>		<b>534,496</b>	<b>684,748</b>
<b>8. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		930,881	1,349,551
Market value of sale of securities		960,484	1,140,597
<b>Total market value</b>		<b>1,891,365</b>	<b>2,490,148</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		97.23%	94.95%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
		97.23%	94.95%
Other assets/other debt		2.77%	5.05%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>			
China		29.76%	26.30%
India		13.60%	14.72%
South Korea		12.84%	10.52%
Taiwan		8.39%	9.73%
Brazil		8.20%	5.79%
South Africa		5.74%	7.45%
Hong Kong		3.32%	1.98%
Russia		3.29%	3.70%
Other		12.09%	14.76%
Cash, derivatives etc		2.77%	5.05%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Shares by industry</b>			
Financials		26.84%	22.71%
Information Technology		14.90%	28.63%
Energy		11.30%	5.52%
Consumer Discretionary		10.51%	14.80%
Materials		9.15%	6.72%
Consumer Staples		5.78%	4.57%
Telecommunications Services		4.78%	0.31%
Industrials		4.66%	5.60%
REIT		3.40%	3.03%
Health Care		3.26%	1.72%
Utilities		2.65%	1.34%
Cash, derivatives etc		2.77%	5.05%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>



# Globale EM-aktier A DKK Akk – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014
<b>Financial highlights</b>					
Net profit for the year	(29,754)	41,791	14,436	(9,691)	25,028
Investors' assets	157,025	166,567	196,633	205,640	240,676
Units in circulation nominal	113,739	103,431	153,714	175,285	200,711
Units in circulation quantity	1,137,386	1,034,308	1,537,141	1,752,842	2,007,106
<b>Financial ratios</b>					
NAV per unit	138.06	161.04	127.92	117.32	119.91
Return (%) <sup>1)</sup>	(14.27%)	25.89%	9.04%	(2.16%)	15.75%
Benchmark return (%)	(10.11%)	20.63%	13.88%	(5.00%)	11.64%
Total expense ratio (TER)	1.72%	1.75%	1.67%	1.58%	1.52%
Annual percentage rate (APR) at 31 Dec	2.30%	2.47%	2.91%	2.64%	2.49%
Indirect transaction costs	0.33%	-	-	-	-
Sharpe Ratio (5 yrs)	0.46	0.72	0.50	-	-
Standard deviation (5 yrs)	12.97	13.99	14.14	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 25 August 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(26,532)	44,915
Other class-specific income	23	23
Class-specific costs <sup>1)</sup>	(3,245)	(3,147)
<b>Total net profit</b>	<b>(29,754)</b>	<b>41,791</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	1,551	1,556
Fees to custodian	161	235
Other costs relating to asset management	1,062	1,011
Other costs	151	33
Fixed management fee	320	312
<b>Total class-specific costs</b>	<b>3,245</b>	<b>3,147</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(29,754)	41,791
<b>Total distribution</b>	<b>(29,754)</b>	<b>41,791</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	113,739	103,431
Quantity	1,137,386	1,034,308
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	103,431	153,714
Issues during the year	35,069	21,646
Redemptions during the year	(24,761)	(71,929)
<b>Total units in circulation</b>	<b>113,739</b>	<b>103,431</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	166,567	196,633
Issues during the year	58,220	31,862
Redemptions during the year	(38,253)	(103,925)
Net issue surcharges and redemption deductions	245	206
Brought forward from income statement	(29,754)	41,791
<b>Investors' assets at 31 Dec</b>	<b>157,025</b>	<b>166,567</b>

# Global EM Equities B EUR Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014 <sup>2)</sup>
<b>Financial highlights</b>					
Net profit for the year	(14,734)	24,321	8,146	4,863	17,261
Share of net profit for the year <sup>3)</sup>	(14,734)	24,321	8,146	1,136	17,261
Investors' assets	85,441	110,953	96,696	102,978	133,395
Units in circulation nominal	28,307	31,529	34,781	40,403	50,671
Units in circulation quantity (EUR)	379,285	423,461	465,925	541,468	678,977
<b>Financial ratios</b>					
NAV per unit (EUR)	30.19	35.19	27.91	25.48	26.33
Return in EUR (%) <sup>3)</sup>	(14.22%)	26.08%	9.52%	(3.20%)	13.78%
Benchmark return in EUR (%)	(10.31%)	20.47%	14.30%	(5.21%)	11.20%
Total expense ratio (TER)	1.46%	1.43%	1.59%	0.20%	1.49%
Total expense ratio <sup>3)</sup>	1.46%	1.99%	1.59%	1.45%	1.49%
Annual percentage rate (APR) at 31 Dec	2.71%	2.78%	3.17%	3.12%	-
Indirect transaction costs	0.33%	2.78%	3.17%	3.12%	-
Sharpe Ratio (5 yrs)	0.40	0.43	0.23	(0.26)	(0.01)
Standard deviation (5 yrs)	13.91	13.84	15.76	17.21	15.99

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 21 September 2015.

<sup>2)</sup> Financial highlights from ISI Global EM Equities.

<sup>3)</sup> For the period 1 Jan – 18 Sep 2015 ISI Global EM Equities is included.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(13,294)	25,835
Other class-specific income	13	13
Class-specific costs <sup>1)</sup>	(1,453)	(1,527)
<b>Total net profit</b>	<b>(14,734)</b>	<b>24,321</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	581	681
Fees to custodian	65	69
Other costs relating to asset management	566	587
Other costs	76	14
Fixed management fee	165	176
<b>Total class-specific costs</b>	<b>1,453</b>	<b>1,527</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(14,734)	24,321
<b>Total distribution</b>	<b>(14,734)</b>	<b>24,321</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	28,307	31,529
Quantity (EUR)	379,285	423,461
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	31,529	34,781
Exchange rate adjustment of units in circulation at 1 Jan	71	(91)
Issues during the year	179	1,095
Redemptions during the year	(3,472)	(4,256)
<b>Total units in circulation</b>	<b>28,307</b>	<b>31,529</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	110,953	96,696
Issues during the year	618	3,418
Redemptions during the year	(11,603)	(13,670)
Net issue surcharges and redemption deductions	207	188
Brought forward from income statement	(14,734)	24,321
<b>Investors' assets at 31 Dec</b>	<b>85,441</b>	<b>110,953</b>

# Globale EM-aktier W DKK Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	(52,617)	43,256	(276)	619
Investors' assets	292,030	407,228	38,589	10,633
Units in circulation nominal	224,334	270,663	32,590	9,850
Units in circulation quantity	2,243,340	2,706,638	325,903	98,500
<b>Financial ratios</b>				
NAV per unit	130.18	150.46	118.41	107.95
Return (%) <sup>1)</sup>	(13.48%)	27.07%	9.69%	7.95%
Benchmark return (%)	(10.11%)	20.63%	13.88%	6.40%
Total expense ratio (TER)	0.83%	0.72%	0.80%	0.13%
Annual percentage rate (APR) at 31 Dec	1.40%	1.48%	1.92%	1.59%
Indirect transaction costs	0.33%	-	-	-
Sharpe Ratio (3 yrs)	0.55	-	-	-
Standard deviation (3 yrs)	11.89	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 25 August 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(49,561)	44,895
Other class-specific income	49	17
Class-specific costs <sup>1)</sup>	(3,105)	(1,656)
<b>Total net profit</b>	<b>(52,617)</b>	<b>43,256</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	278	184
Other costs relating to asset management	2,118	1,188
Other costs	277	36
Fixed management fee	432	248
<b>Total class-specific costs</b>	<b>3,105</b>	<b>1,656</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(52,617)	43,256
<b>Total distribution</b>	<b>(52,617)</b>	<b>43,256</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	224,334	270,663
Quantity	2,243,340	2,706,638
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	270,663	32,590
Issues during the year	93,922	238,591
Redemptions during the year	(140,251)	(518)
<b>Total units in circulation</b>	<b>224,334</b>	<b>270,663</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	407,228	38,589
Issues during the year	140,285	326,118
Redemptions during the year	(203,014)	(735)
Net issue surcharges and redemption deductions	148	0
Brought forward from income statement	(52,617)	43,256
<b>Investors' assets at 31 Dec</b>	<b>292,030</b>	<b>407,228</b>

# Latinamerika KL

## Fund report

### Fund data

ISIN	DK0010169465
Date of establishment	14 March 1991
Launch date	13 May 1991
Listed	Yes
Currency	DKK
Income fund	Yes
Denomination	100
Risk category	6
Approved for marketing in Germany	No
Benchmark	MSCI Latin America Index
Secondary name	Latin America Equities KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in Latin American shares. Investments are diversified across different countries and industries. The fund's largest investments are mainly in Brazil and Mexico.

### Risk profile

The fund invests in a limited number of markets that are characterised by large fluctuations in the economy. As a result short-term investments in the fund are associated with a high degree of risk. Fund return depends on movements in share prices and exchange rates. The fund is suitable for investments with a time horizon of at least five years.

The fund is placed in risk category 6.

### Developments

The fund yielded a return of 0.32% while its benchmark dropped by 1.64%. The market fell short of expectations at the beginning of the year and the fund outperformed its benchmark.

Brazil started the first two months of the year on a favourable note but developments turned after a strike among lorry drivers and oil workers in May. In general the region was characterised by political uncertainty but the equity markets welcomed Mr Bolsonaro who became president of Brazil and announced several market-friendly reforms. The situation was different in Mexico where AMLO won the election and subsequently chose to stop the construction of the partly finished airport in Mexico City. Investors fear more unpredictable measures. A strengthening of USD and a general weakening of commodity prices hit the region hard.

The fund produced a return above that of its benchmark. The better performance of the fund was due to increased exposure to Brazilian shares, which benefited from Mr Bolsonaro's privatisation plans, as well as an underweight in countries where commodity prices significantly affect the share returns of the individual countries.

### Market outlook

We project that the equity market will be volatile because of the general fear of a global growth recession, the trade war between USA and China, as well as interest rate developments in the US. Moreover we expect that Mr Bolsonaro will implement a pension reform in Brazil and that the country will see declining unemployment and growing consumption. The outcome of the final approval of the trade deal between Mexico, USA and Canada will affect market sentiment.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Latinamerika KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	512	5,339	26,498	(34,174)	19,576
Investors' assets	215,092	262,112	212,335	199,685	361,689
Units in circulation nominal	76,159	93,101	77,580	83,481	130,171
Units in circulation quantity	761,584	931,002	775,795	834,811	1,301,711
<b>Financial ratios</b>					
NAV per unit	282.43	281.54	273.70	239.20	277.86
Dividend per unit	0.00	0.00	0.00	0.00	0.00
Return (%) <sup>1)</sup>	0.32%	2.86%	14.42%	(13.91%)	3.03%
Benchmark return (%)	(1.64%)	8.84%	34.47%	(23.01%)	(0.32%)
Total expense ratio	1.70%	1.70%	1.63%	1.58%	1.62%
Annual percentage rate (APR) at 31 Dec	2.16%	2.24%	2.50%	2.66%	2.55%
Indirect transaction costs	0.27%	-	-	-	-
Sharpe Ratio (5 yrs)	0.06	(0.13)	(0.04)	(0.42)	0.03
Standard deviation (5 yrs)	18.08	16.27	16.81	16.48	15.99
Tracking error	5.64	7.05	7.14	4.66	4.64
Active share	36.22	32.31	45.96	41.69	46.36
Portfolio turnover rate (PTR)	0.79	1.18	1.30	1.36	1.08

<sup>1)</sup> Past performance is no guarantee of future performance.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	146	190
2.	Dividends	11,933	9,409
<b>Total interest and dividends</b>		<b>12,079</b>	<b>9,599</b>
<b>Capital gains and losses</b>			
3.	Shares	(5,431)	3,466
	Currency accounts	(536)	(1,418)
	Other assets/liabilities	36	(53)
4.	Transaction costs, operating activities	(665)	(1,398)
<b>Total capital gains and losses</b>		<b>(6,596)</b>	<b>597</b>
	Other income	15	25
<b>Total income</b>		<b>5,498</b>	<b>10,221</b>
5.	Administrative costs	(4,229)	(4,371)
<b>Profit before tax</b>		<b>1,269</b>	<b>5,850</b>
6.	Tax	(757)	(511)
<b>Net profit for the year</b>		<b>512</b>	<b>5,339</b>
<b>7. Distribution of profit</b>			
<b>To be allocated</b>			
	Proposed distribution for the financial year	0	0
	Brought forward for distribution next year	(15,063)	(15,496)
	Available for distribution	(15,063)	(15,496)
	Brought forward to investors' assets	15,575	20,835
<b>Total distribution</b>		<b>512</b>	<b>5,339</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	4,696	2,094
<b>Total liquid funds</b>		<b>4,696</b>	<b>2,094</b>
9.	<b>Holdings</b>		
	Listed shares in foreign companies	210,472	258,457
	Unlisted shares in foreign companies	168	0
<b>Total holdings</b>		<b>210,640</b>	<b>258,457</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	1,514	1,093
	Receivables – unsettled transactions	0	2,307
<b>Total other assets</b>		<b>1,514</b>	<b>3,400</b>
<b>TOTAL ASSETS</b>		<b>216,850</b>	<b>263,951</b>
<b>LIABILITIES</b>			
8.	<b>Investors' assets</b>	<b>215,092</b>	<b>262,112</b>
<b>Other debt</b>			
	Payables	920	1,052
	Payables – unsettled transactions	838	787
<b>Total other debt</b>		<b>1,758</b>	<b>1,839</b>
<b>TOTAL LIABILITIES</b>		<b>216,850</b>	<b>263,951</b>

# Latinamerika KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		152	228
Interest expense and negative interest with custodian		(6)	(38)
<b>Total interest</b>		<b>146</b>	<b>190</b>
<b>2. Dividends</b>			
Listed shares in foreign companies		11,933	9,409
<b>Total interest</b>		<b>11,933</b>	<b>9,409</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in foreign companies		(5,524)	3,453
Unlisted shares in foreign companies		93	13
<b>Total shares</b>		<b>(5,431)</b>	<b>3,466</b>
<b>4. Transaction costs</b>			
All transaction costs		795	1,571
Covered by income from issue and redemption		(130)	(173)
<b>Transaction costs, operating activities</b>		<b>665</b>	<b>1,398</b>
<b>5. Administrative costs</b>			
<b>Fund-specific costs</b>			
Marketing costs		1,909	2,135
Fees to custodian		323	348
Other costs relating to asset management		1,416	1,419
Other costs		155	30
Fixed management fee <sup>1)</sup>		426	439
<b>Total class-specific costs</b>		<b>4,229</b>	<b>4,371</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		757	511
<b>Total tax</b>		<b>757</b>	<b>511</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>7. Available for distribution</b>			
Brought forward for distribution from last year		(15,496)	(13,339)
Interest		152	228
Dividends		11,933	9,409
Other income		15	25
Non-refundable dividend tax		(757)	(511)
Capital gains for distribution		(13,105)	(7,847)
Distribution adjustment in connection with issue/redemption concerning the above items		2,195	(3,461)
<sup>1)</sup> Available for distribution before administrative costs		(15,063)	(15,496)
Set-off of administrative costs		0	0
Distribution adjustment in connection with issue/redemption		0	0
<b>Total administrative costs</b>		<b>0</b>	<b>0</b>
<b>Available for distribution</b>		<b>(15,063)</b>	<b>(15,496)</b>
<sup>1)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.			
<b>8. Investors' assets</b>			
<b>Units in circulation</b>			
Units in circulation at 1 Jan		93,101	77,580
Issues during the year		5,218	20,981
Redemptions during the year		(22,160)	(5,460)
<b>Total units in circulation</b>		<b>76,159</b>	<b>93,101</b>
<b>Investors' assets</b>			
Investors' assets at 1 Jan		262,112	212,336
Issues during the year		15,157	59,593
Redemptions during the year		(62,846)	(15,331)
Net issue surcharges and redemption deductions		157	175
Proposed distribution for the financial year		0	0
Brought forward from income statement		15,575	20,835
Brought forward for distribution next year		(15,063)	(15,496)
<b>Investors' assets at 31 Dec</b>		<b>215,092</b>	<b>262,112</b>
<b>9. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# Latinamerika KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Units in circulation</b>			
	Nominal (DKK 1,000)	76,159	93,101
	Quantity	761,584	931,002
<b>b. Portfolio turnover</b>			
	Market value of purchase of securities	212,232	373,843
	Market value of sale of securities	257,814	308,308
	<b>Total market value</b>	<b>470,046</b>	<b>682,151</b>
<b>c. Breakdown of financial instruments</b>			
	Listed financial instruments	97.85%	98.61%
	Financial instruments listed on other regulated market	0.08%	0.00%
	Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
	Other financial instruments	0.00%	0.00%
		97.93%	98.61%
	Other assets/other debt	2.07%	1.39%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>d. Shares by country</b>			
	Brazil	62.42%	57.99%
	Mexico	25.20%	26.56%
	Chile	4.90%	8.57%
	Peru	4.27%	3.03%
	Colombia	1.13%	0.50%
	Argentina	0.01%	1.95%
	Other	0.00%	0.01%
	Cash, derivatives etc	2.07%	1.39%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>e. Shares by industry</b>			
	Financials	34.76%	31.93%
	Materials	17.60%	21.53%
	Consumer Staples	11.49%	12.52%
	Energy	9.31%	9.62%
	Telecommunications Services	6.46%	3.67%
	Industrials	5.66%	8.10%
	Consumer Discretionary	5.58%	5.31%
	Utilities	5.27%	4.65%
	REIT	1.00%	0.00%
	Health Care	0.80%	0.89%
	Information Technology	0.00%	0.39%
	Cash, derivatives etc	2.07%	1.39%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

# Latinamerika Akkumulerende KL

## Fund report

Fund data and unit class data	Latin America Equities B EUR Acc
ISIN	DK0060647873
Date of establishment	8 July 2015
Launch date	18 September 2015
Listed	No
Currency	EUR
Income fund	No
Denomination	10
Risk category	6
Approved for marketing in Germany	Yes
Benchmark	MSCI Latin America Index unhedged to EUR
Secondary name	Latin America Equities Acc KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in Latin American shares. Investments are diversified across different countries and industries. The fund's largest investments are mainly in Brazil and Mexico.

The fund is divided into the unit class Latin America Equities B EUR Acc.

### Risk profile

The fund invests in a limited number of markets that are characterised by large fluctuations in the economy. As a result short-term investments in the fund are associated with a high degree of risk. Fund return depends on movements in share prices and exchange rates. The fund is suitable for investments with a time horizon of at least five years.

The fund is placed in risk category 6.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Latin America Equities B EUR Acc	(0.06%)	(1.86%)	3.06%	8.69%

The market fell short of expectations at the beginning of the year and the unit class of the fund outperformed compared to benchmark, see the table above.

Brazil started the first two months of the year on a favourable note but developments turned after a strike among lorry drivers and oil workers in May. In general the region was characterised by political uncertainty but the equity markets welcomed Mr Bolsonaro who became president of Brazil and announced several market-friendly reforms. The situation was different in Mexico where AMLO won the election and subsequently chose to stop the construction of the partly finished airport in Mexico City. Investors fear more unpredictable measures. A strengthening of USD and a general weakening of commodity prices hit the region hard.

The fund produced a return above that of its benchmark. The better performance of the fund was due to increased exposure to Brazilian shares, which benefited from Mr Bolsonaro's privatisation plans, as well as an underweight in countries where commodity prices significantly affect the share returns of the individual countries.

### Market outlook

We project that the equity market will be volatile because of the general fear of a global growth recession, the trade war between USA and China, as well as interest rate developments in the US. Moreover we expect that Mr Bolsonaro will implement a pension reform in Brazil and that the country will see declining unemployment and growing consumption. The outcome of the final approval of the trade deal between Mexico, USA and Canada will affect market sentiment.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.



# Latinamerika Akkumulerende KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	148	2,169	9,275	(1,328)
Investors' assets	41,110	49,918	63,520	64,584
<b>Financial ratios</b>				
Tracking error	5.58	-	-	-
Active share	36.26	-	-	-
Portfolio turnover rate (PTR)	0.90	1.30	1.31	0.44

<sup>1)</sup> The fund was launched on 18 September 2015.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
	<b>Interest and dividends</b>		
1.	Interest	23	74
2.	Dividends	2,206	2,237
	<b>Total interest and dividends</b>	<b>2,229</b>	<b>2,311</b>
	<b>Capital gains and losses</b>		
3.	Shares	(976)	1,564
	Currency accounts	(137)	(331)
	Other assets/liabilities	7	(17)
4.	Transaction costs, operating activities	(177)	(399)
	<b>Total capital gains and losses</b>	<b>(1,283)</b>	<b>817</b>
	Other income	3	9
	<b>Total income</b>	<b>949</b>	<b>3,137</b>
5.	Administrative costs	(660)	(836)
	<b>Profit before tax</b>	<b>289</b>	<b>2,301</b>
6.	Tax	(141)	(132)
	<b>Net profit for the year</b>	<b>148</b>	<b>2,169</b>
	<b>Distribution of profit from the unit classes</b>		
	<b>To be allocated</b>		
	Total brought forward to investors' assets	148	2,169
	<b>Total distribution</b>	<b>148</b>	<b>2,169</b>
	<b>Distribution of profit in the unit classes</b>		
	<b>Brought forward to investors' assets</b>		
	Latin America Equities B EUR Acc	148	2,169
	<b>Total</b>	<b>148</b>	<b>2,169</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	1,049	717
	<b>Total liquid funds</b>	<b>1,049</b>	<b>717</b>
7.	<b>Shares</b>		
	Listed shares in foreign companies	39,887	49,053
	Unlisted shares in foreign companies	50	0
	<b>Total shares</b>	<b>39,937</b>	<b>49,053</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	288	210
	Receivables – unsettled transactions	0	451
	<b>Total other assets</b>	<b>288</b>	<b>661</b>
	<b>TOTAL ASSETS</b>	<b>41,274</b>	<b>50,431</b>
	<b>LIABILITIES</b>		
6.	<b>Investors' assets <sup>1)</sup></b>	<b>41,110</b>	<b>49,918</b>
	<b>Other debt</b>		
	Payables	150	173
	Payables – unsettled transactions	14	340
	<b>Total other debt</b>	<b>164</b>	<b>513</b>
	<b>TOTAL LIABILITIES</b>	<b>41,274</b>	<b>50,431</b>
	<sup>1)</sup> <b>Investors' assets by unit class</b>		
	Latin America Equities B EUR Acc	41,110	49,918
	<b>Total</b>	<b>41,110</b>	<b>49,918</b>

# Latinamerika Akkumulerende KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		24	76
Interest expense and negative interest with custodian		(1)	(2)
<b>Total interest</b>		<b>23</b>	<b>74</b>
<b>2. Dividends</b>			
Listed shares in foreign companies		2,206	2,236
Unlisted shares in foreign companies		0	1
<b>Total dividends</b>		<b>2,206</b>	<b>2,237</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in foreign companies	(988)		1,557
Unlisted shares in foreign companies	12		7
<b>Total shares</b>	<b>(976)</b>		<b>1,564</b>
<b>4. Transaction costs</b>			
All transaction costs		177	399
Covered by income from issue and redemption		0	0
<b>Transaction costs, operating activities</b>		<b>177</b>	<b>399</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		262	370
Fees to custodian		32	41
Other costs relating to asset management		261	322
Other costs		29	7
Fixed management fee <sup>1)</sup>		76	96
<b>Total class-specific costs</b>		<b>660</b>	<b>836</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		141	132
<b>Total tax</b>		<b>141</b>	<b>132</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>7. Investors' assets</b>			
Investors' assets at 1 Jan		49,918	63,520
Issues during the year		658	631
Redemptions during the year		(9,614)	(16,402)
Brought forward from income statement		148	2,169
<b>Investors' assets at 31 Dec</b>		<b>41,110</b>	<b>49,918</b>
<b>8. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		41,864	76,571
Market value of sale of securities		50,602	89,382
<b>Total market value</b>		<b>92,466</b>	<b>165,953</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		97.03%	98.27%
Financial instruments listed on other regulated market		0.12%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
		97.15%	98.27%
Other assets/other debt		2.85%	1.73%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>			
Brazil		61.96%	57.82%
Mexico		25.01%	26.23%
Chile		4.77%	8.78%
Peru		4.28%	3.03%
Colombia		1.12%	0.48%
Argentina		0.01%	1.93%
Cash, derivatives etc		2.85%	1.73%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>d. Shares by industry</b>			
Financials		34.58%	31.89%
Materials		17.41%	21.51%
Consumer Staples		11.43%	12.47%
Energy		9.33%	9.72%
Telecommunications Services		6.43%	3.60%
Industrials		5.64%	7.92%
Consumer Discretionary		5.45%	5.29%
Utilities		5.08%	4.60%
REIT		1.00%	0.00%
Health Care		0.80%	0.88%
Information Technology		0.00%	0.39%
Cash, derivatives etc		2.85%	1.73%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# Latin America Equities B EUR Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014 <sup>2)</sup>
<b>Financial highlights</b>					
Net profit for the year	148	2,169	9,275	(1,328)	3,134
Share of net profit for the year <sup>3)</sup>	148	2,169	9,275	(10,569)	3,134
Investors' assets	41,110	49,918	63,520	64,584	90,328
Units in circulation nominal	15,811	19,181	25,256	29,425	35,507
Units in circulation quantity (EUR)	211,805	257,627	338,311	394,349	475,782
<b>Financial ratios</b>					
NAV per unit (EUR)	26.01	26.02	25.25	21.95	25.44
Return in EUR (%) <sup>3)</sup>	(0.06%)	3.06%	15.06%	(13.73%)	2.94%
Benchmark return in EUR (%)	(1.86%)	8.69%	34.96%	(23.18%)	(0.13%)
Total expense ratio	1.44%	1.46%	1.45%	0.41%	1.46%
Total expense ratio <sup>3)</sup>	1.44%	1.46%	1.45%	1.56%	1.46%
Annual percentage rate (APR) at 31 Dec	2.54%	2.58%	2.80%	3.01%	-
Indirect transaction costs	0.27%	-	-	-	-
Sharpe Ratio (5 yrs)	0.07	(0.11)	(0.03)	(0.41)	0.05
Standard deviation (5 yrs)	18.04	16.24	16.75	16.46	16.01

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 21 September 2015.

<sup>2)</sup> Financial highlights from ISI Latin America Equities.

<sup>3)</sup> For the period 1 Jan – 18 Sep 2015 ISI Latin America Equities is included.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	805	2,996
Other class-specific income	3	9
Class-specific costs <sup>1)</sup>	(660)	(836)
<b>Total net profit</b>	<b>148</b>	<b>2,169</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	262	370
Fees to custodian	32	41
Other costs relating to asset management	261	322
Other costs	29	7
Fixed management fee	76	96
<b>Total class-specific costs</b>	<b>660</b>	<b>836</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	148	2,169
<b>Total distribution</b>	<b>148</b>	<b>2,169</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	15,811	19,181
Quantity (EUR)	211,805	257,627
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	19,181	25,256
Exchange rate adjustment of units in circulation at 1 Jan	44	(67)
Issues during the year	250	239
Redemptions during the year	(3,664)	(6,247)
<b>Total units in circulation</b>	<b>15,811</b>	<b>19,181</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	49,918	63,520
Issues during the year	658	631
Redemptions during the year	(9,614)	(16,402)
Brought forward from income statement	148	2,169
<b>Investors' assets at 31 Dec</b>	<b>41,110</b>	<b>49,918</b>

# SCANDI KL

## Fund report

### Fund data

ISIN	DK0060089332
Date of establishment	6 July 2007
Launch date	24 September 2007
Listed	Yes
Currency	DKK
Income fund	Yes
Denomination	100
Risk category	6
Approved for marketing in Germany	No
Benchmark	VINX capped unhedged to DKK
Secondary name	Scandinavian Equities KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in shares from Denmark, Norway, Sweden, Finland and Iceland. Investments are diversified across different industries and companies.

### Risk profile

The fund invests in a limited market and therefore there is a risk of substantial price fluctuations in the short term. Fund return depends on movements in share prices as well as SEK and NOK. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 6.

### Developments

The fund generated a return of minus 17.93% while its benchmark dropped by 7.02%. The market fell short of expectations at the beginning of the year and the fund underperformed its benchmark.

Developments in the Scandinavian equity markets were divided in 2018 measured by the leading indices. Adjusted for currency fluctuations the Norwegian and Finnish equity markets managed to limit losses to a low single-digit level. On the contrary Danish and Swedish equities suffered double-digit losses though still at a low level. IT and utilities shares were clearly the bright spots in 2018 whereas securities within consumer discretionary and materials had a really difficult time. The otherwise homogenous financial sector showed significant variations as Danish banks were affected by a breakdown of trust. In contrast several large Swedish and Norwegian banks were unaffected and in many cases delivered positive returns.

The fund produced a return below the change in its benchmark. This was mainly attributable to the asset allocation within industrials and the financial sector. Conversely the fund's asset allocation within health care contributed positively.

### Market outlook

The Scandinavian companies are not immune to global growth jitters. Small and open economies with considerable foreign trade will be negatively impacted by increased trade restrictions or tariff rates. On the other hand the region is well positioned for the increasing focus on corporate citizenship. The financial sector is characterised by strong balance sheets and is absolutely leading within digitization. Moreover the very low public debt gives the region extra latitude.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# SCANDI KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(31,404)	17,679	13,783	43,173	14,722
Investors' assets	139,822	212,595	209,281	258,570	256,938
Units in circulation nominal	151,601	171,432	183,460	208,938	240,662
Units in circulation quantity	1,516,011	1,714,320	1,834,600	2,089,377	2,406,617
<b>Financial ratios</b>					
NAV per unit	92.23	124.01	114.07	123.75	106.76
Dividend per unit	1.40	11.80	0.00	16.90	1.90
Return (%) <sup>1)</sup>	(17.93%)	8.71%	6.61%	17.66%	4.95%
Benchmark return (%)	(7.02%)	10.40%	2.32%	15.12%	9.85%
Total expense ratio	1.49%	1.44%	1.44%	1.34%	1.39%
Annual percentage rate (APR) at 31 Dec	1.65%	1.64%	1.88%	1.85%	1.90%
Indirect transaction costs	0.03%	-	-	-	-
Sharpe Ratio (5 yrs)	0.27	0.90	0.89	0.47	0.62
Standard deviation (5 yrs)	12.60	12.18	13.90	15.69	15.53
Tracking error	4.89	4.20	4.15	3.45	3.71
Active share	55.05	52.15	52.33	53.54	62.09
Portfolio turnover rate (PTR)	0.56	0.69	1.12	0.74	0.62

<sup>1)</sup> Past performance is no guarantee of future performance.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	(30)	(3)
2.	Dividends	5,110	6,413
<b>Total interest and dividends</b>		<b>5,080</b>	<b>6,410</b>
<b>Capital gains and losses</b>			
3.	Shares	(33,688)	13,996
	Currency accounts	67	(138)
4.	Transaction costs, operating activities	(150)	(495)
<b>Total capital gains and losses</b>		<b>(33,771)</b>	<b>13,363</b>
	Other income	1	2
<b>Total income</b>		<b>(28,691)</b>	<b>19,775</b>
5.	Administrative costs	(2,601)	(3,145)
<b>Profit before tax</b>		<b>(31,292)</b>	<b>16,630</b>
6.	Tax	(112)	1,049
<b>Net profit for the year</b>		<b>(31,404)</b>	<b>17,679</b>
<b>7. Distribution of profit</b>			
<b>To be allocated</b>			
	Proposed distribution for the financial year	2,122	20,229
	Brought forward for distribution next year	56	45
	Available for distribution	2,178	20,274
	Brought forward to investors' assets	(33,582)	(2,595)
<b>Total distribution</b>		<b>(31,404)</b>	<b>17,679</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	7,410	1,230
<b>Total liquid funds</b>		<b>7,410</b>	<b>1,230</b>
<b>9. Holdings</b>			
	Listed shares in Danish companies	62,931	95,993
	Listed shares in foreign companies	70,763	116,074
<b>Total holdings</b>		<b>133,694</b>	<b>212,067</b>
<b>TOTAL ASSETS</b>		<b>141,104</b>	<b>213,297</b>
<b>LIABILITIES</b>			
<b>8. Investors' assets</b>			
<b>Other debt</b>			
	Payables	502	702
	Payables – unsettled transactions	780	0
<b>Total other debt</b>		<b>1,282</b>	<b>702</b>
<b>TOTAL LIABILITIES</b>		<b>141,104</b>	<b>213,297</b>

# SCANDI KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Interest expense and negative interest with custodian		(30)	(3)
<b>Total interest</b>		<b>(30)</b>	<b>(3)</b>
<b>2. Dividends</b>			
Listed shares in foreign companies		1,739	2,988
Listed shares in foreign companies		3,371	3,425
<b>Total dividends</b>		<b>5,110</b>	<b>6,413</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in Danish companies		(21,433)	3,203
Listed shares in foreign companies		(12,258)	10,793
Unlisted shares in foreign companies		3	0
<b>Total shares</b>		<b>(33,688)</b>	<b>13,996</b>
<b>4. Transaction costs</b>			
All transaction costs		172	537
Covered by income from issue and redemption		(22)	(42)
<b>Transaction costs, operating activities</b>		<b>150</b>	<b>495</b>
<b>5. Administrative costs</b>			
<b>Fund-specific costs</b>			
Marketing costs		1,478	1,846
Fees to custodian		117	157
Other costs relating to asset management		634	764
Other costs		74	12
Fixed management fee <sup>1)</sup>		298	366
<b>Total class-specific costs</b>		<b>2,601</b>	<b>3,145</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		112	(1,049)
<b>Total tax</b>		<b>112</b>	<b>(1,049)</b>
<b>7. Available for distribution</b>			
Brought forward for distribution from last year		45	74
Dividends		5,110	6,413
Other income		1	2
Non-refundable dividend tax		(112)	1,049
Capital gains for distribution		1,279	16,445
Distribution adjustment in connection with issue/redemption concerning the above items		(1,750)	(650)
Available for distribution before administrative costs		4,573	23,333
Set-off of administrative costs		(2,601)	(3,145)
Distribution adjustment in connection with issue/redemption		206	86
Total administrative costs		(2,395)	(3,059)
<b>Available for distribution</b>		<b>2,178</b>	<b>20,274</b>
<b>8. Investors' assets</b>			
<b>Units in circulation</b>			
Units in circulation at 1 Jan		171,432	183,460
Issues during the year		3,619	4,422
Redemptions during the year		(23,450)	(16,450)
<b>Total units in circulation</b>		<b>151,601</b>	<b>171,432</b>
<b>Investors' assets</b>			
Investors' assets at 1 Jan		212,595	209,281
Issues during the year		4,111	5,519
Redemptions during the year		(25,282)	(19,919)
Net issue surcharges and redemption deductions		31	35
Distribution from last year concerning units in circulation at 31 Dec		(20,229)	0
Changes in dividend distribution due to issues/redemptions		0	0
Proposed distribution for the financial year		2,122	20,229
Brought forward from income statement		(33,582)	(2,595)
Brought forward for distribution next year		56	45
<b>Investors' assets at 31 Dec</b>		<b>139,822</b>	<b>212,595</b>
<b>9. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# SCANDI KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Units in circulation</b>			
	Nominal (DKK 1,000)	151,601	171,432
	Quantity	1,516,011	1,714,320
<b>b. Portfolio turnover</b>			
	Market value of purchase of securities	91,155	157,451
	Market value of sale of securities	134,522	168,416
	<b>Total market value</b>	<b>225,677</b>	<b>325,867</b>
<b>c. Breakdown of financial instruments</b>			
	Listed financial instruments	95.62%	99.75%
	Financial instruments listed on other regulated market	0.00%	0.00%
	Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
	Other financial instruments	0.00%	0.00%
		95.62%	99.75%
	Other assets/other debt	4.38%	0.25%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>d. Shares by country</b>			
	Denmark	46.05%	45.15%
	Sweden	37.22%	41.15%
	Finland	8.46%	8.21%
	Norway	3.89%	5.24%
	Cash, derivatives etc	4.38%	0.25%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>e. Shares by industry</b>			
	Industrials	25.59%	26.80%
	Financials	19.51%	21.11%
	Health Care	19.09%	15.08%
	Information Technology	11.20%	11.93%
	Materials	7.24%	6.24%
	Consumer Staples	5.83%	5.36%
	Consumer Discretionary	3.31%	9.45%
	Energy	2.44%	0.93%
	Telecommunications Services	1.41%	2.10%
	Utilities	0.00%	0.75%
	Cash, derivatives etc	4.38%	0.25%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

# Tyskland KL

## Fund report

<b>Fund data and unit class data</b>	<b>Tyskland A DKK</b>
ISIN	DK0060033116
Date of establishment	6 March 2006
Launch date	25 April 2006
Listed	Yes
Currency	DKK
Income fund	Yes
Denomination	100
Risk category	6
Approved for marketing in Germany	No
Benchmark	CDAX Performance Index unhedged to DKK
Secondary name	Germany Equities KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in German shares. Investments are diversified across different industries and companies.

The fund is divided into the unit class Tyskland A DKK.

### Risk profile

The fund invests in markets that are characterised by large fluctuations in the economy. As a result short-term investments in the fund are associated with a high degree of risk. Fund return depends on movements in share prices and exchange rates. The fund is suitable for investments with a time horizon of at least five years.

The fund is placed in risk category 6.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Tyskland A DKK	(21.34%)	(17.82%)	14.24%	16.13%

The market fell short of expectations at the beginning of the year and the unit class of the fund underperformed compared to benchmark, see the table above.

The German equity market came under pressure from several fronts in 2018. The trend in the European economy, including the German economy in particular, was weaker than forecast at the beginning of 2018. The German GDP declined during Q3. Politically the ungraceful process surrounding the government formation contributed to the already fragile risk environment. The crises in the rest of Europe illustrated by Brexit and the controversy over the Italian budget also had a negative impact on the German equity market. Finally the large German export-oriented companies are affected by the trade war between USA and China. Particularly the industrial sector and the car manufacturers have suffered as a result of this development.

The fund produced a return below the change in its benchmark. The investment level, which exceeded 100% all throughout 2018, was the greatest detractor as the German equity market dropped sharply in 2018. Moreover the fund's equity selection among IT shares and its underweight of utilities companies made a negative contribution to relative performance. Share picks among companies within pharmaceuticals and financials made a positive contribution, eg the fund had no investments in Deutsche Bank which was among the biggest underperformers in the German equity market in 2018.

### Market outlook

Following the massive price declines in 2018 the already inexpensive German equities have grown even cheaper measured by indicators such as the price earnings ratio which was below the average for the past decade at the end of 2018. This is a good starting point for a positive trend in 2019 reflecting the fact that much of the risk is discounted in the current prices. We forecast that risk elements from last year will continue to influence developments in 2019 such as the trade war between the US and China, Brexit, and the uncertainty about the strength of the global, the European and the German economy. Moreover German Federal Chancellor Angela Merkel's announcement that she will not be running for the next Bundestag election in 2021 represents a political risk.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.



# Tyskland KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(135,165)	89,400	23,263	66,483	(6,272)
Investors' assets	477,142	705,249	663,094	796,024	754,558
<b>Financial ratios</b>					
Tracking error	2.33	2.51	2.53	2.15	1.78
Active share	34.86	35.09	30.65	38.96	43.31
Portfolio turnover rate (PTR)	0.43	0.24	0.43	0.17	0.28

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	(48)	(44)
2.	Dividends	18,479	17,811
<b>Total interest and dividends</b>		<b>18,431</b>	<b>17,767</b>
<b>Capital gains and losses</b>			
3.	Shares	(126,148)	77,763
3.	Derivatives	(14,650)	8,091
	Currency accounts	(32)	(27)
4.	Transaction costs, operating activities	(833)	(588)
<b>Total capital gains and losses</b>		<b>(141,663)</b>	<b>85,239</b>
	Other income	0	75
<b>Total income</b>		<b>(123,232)</b>	<b>103,081</b>
5.	Administrative costs	(9,875)	(10,535)
<b>Profit before tax</b>		<b>(133,107)</b>	<b>92,546</b>
6.	Tax	(2,058)	(3,146)
<b>Net profit for the year</b>		<b>(135,165)</b>	<b>89,400</b>
<b>Distribution of profit from the unit classes</b>			
<b>To be allocated</b>			
	Total proposed distribution for the financial year	26,559	0
	Total brought forward for distribution next year	265	(18,503)
	Total available for distribution	26,824	(18,503)
	Total brought forward to investors' assets	(161,989)	107,903
<b>Total distribution</b>		<b>(135,165)</b>	<b>89,400</b>
<b>Distribution of profit in the unit classes</b>			
<b>Tyskland A DKK</b>			
	Proposed distribution for the financial year	26,559	0
	Brought forward for distribution next year	265	(18,503)
	Brought forward to investors' assets	(161,989)	107,903

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	15,447	12,184
<b>Total liquid funds</b>		<b>15,447</b>	<b>12,184</b>
9.	<b>Holdings</b>		
	Listed shares in foreign companies	463,539	695,883
<b>Total holdings</b>		<b>463,539</b>	<b>695,883</b>
<b>Other assets</b>			
	Receivables – unsettled transactions	67	0
<b>Total other assets</b>		<b>67</b>	<b>0</b>
<b>TOTAL ASSETS</b>		<b>479,053</b>	<b>708,067</b>
<b>LIABILITIES</b>			
8.	<b>Investors' assets <sup>1)</sup></b>	<b>477,142</b>	<b>705,249</b>
<b>Other debt</b>			
	Interest payable	1	0
	Payables	1,910	2,480
	Payables – unsettled transactions	0	338
<b>Total other debt</b>		<b>1,911</b>	<b>2,818</b>
<b>TOTAL LIABILITIES</b>		<b>479,053</b>	<b>708,067</b>
<sup>1) Investors' assets by unit class</sup>			
	Tyskland A DKK	477,142	705,249
<b>Total</b>		<b>477,142</b>	<b>705,249</b>

# Tyskland KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Interest expense and negative interest with custodian		(48)	(44)
<b>Total interest</b>		<b>(48)</b>	<b>(44)</b>
<b>2. Dividends</b>			
Listed shares in foreign companies		18,479	17,811
<b>Total dividends</b>		<b>18,479</b>	<b>17,811</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in foreign companies		(126,148)	77,763
<b>Total shares</b>		<b>(126,148)</b>	<b>77,763</b>
<b>Derivatives</b>			
Forward equity transactions/futures etc		(14,650)	8,091
<b>Total derivatives</b>		<b>(14,650)</b>	<b>8,091</b>
<b>4. Transaction costs</b>			
All transaction costs		974	717
Covered by income from issue and redemption		(141)	(129)
<b>Transaction costs, operating activities</b>		<b>833</b>	<b>588</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		4,544	5,062
Fees to custodian		527	568
Other costs relating to asset management		3,493	3,730
Other costs		257	36
Fixed management fee <sup>1)</sup>		1,054	1,139
<b>Total class-specific costs</b>		<b>9,875</b>	<b>10,535</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		2,058	3,146
<b>Total tax</b>		<b>2,058</b>	<b>3,146</b>
<b>7. Joint income available for distribution in unit classes</b>			
Dividends		18,479	17,811
Non-refundable dividend tax		(2,058)	(3,146)
Capital gains for distribution		42,667	42,645
Distribution adjustment in connection with issue/redemption concerning the above items		(7,196)	(1,042)
<b>Available for distribution in unit classes</b>		<b>51,892</b>	<b>56,268</b>
<b>Of which for distribution in:</b>			
Tyskland A DKK		51,892	56,268
<b>Total for distribution</b>		<b>51,892</b>	<b>56,268</b>
<b>8. Investors' assets</b>			
Investors' assets at 1 Jan		705,249	663,094
Issues during the year		9,353	22,550
Redemptions during the year		(102,389)	(69,898)
Net issue surcharges and redemption deductions		94	103
Proposed distribution for the financial year		26,559	0
Brought forward from income statement		(161,989)	107,903
Brought forward for distribution next year		265	(18,503)
<b>Investors' assets at 31 Dec</b>		<b>477,142</b>	<b>705,249</b>
<b>9. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# Tyskland KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
	Market value of purchase of securities	264,386	201,209
	Market value of sale of securities	372,419	222,169
	<b>Total market value</b>	<b>636,805</b>	<b>423,378</b>
<b>b. Breakdown of financial instruments</b>			
	Listed financial instruments	97.15%	98.67%
	Financial instruments listed on other regulated market	0.00%	0.00%
	Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
	Other financial instruments	0.00%	0.00%
		97.15%	98.67%
	Other assets/other debt	2.85%	1.33%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>			
	Germany	94.48%	98.67%
	UK	2.67%	0.00%
	Cash, derivatives etc	2.85%	1.33%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>d. Shares by industry</b>			
	Information Technology	17.45%	15.88%
	Industrials	17.35%	21.28%
	Financials	16.94%	16.64%
	Materials	13.07%	11.52%
	Consumer Discretionary	12.96%	14.19%
	Health Care	10.56%	10.41%
	Telecommunications Services	5.10%	4.10%
	Consumer Staples	1.43%	2.97%
	Utilities	1.35%	0.72%
	REIT	0.94%	0.96%
	Cash, derivatives etc	2.85%	1.33%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>e. Currency futures bought</b>			
	EUR	61,081	79,300
	<b>Total</b>	<b>61,081</b>	<b>79,300</b>
<b>f. Net collateral position</b>			
	Collateral concerning derivatives		
	No collateral has been provided		

### g. Dividend tax in Germany

Sydinvest has applied for a refund of dividend tax on German share dividends with the German authorities.

So far no refund from the German authorities has been received.

Consequently it is uncertain to which extent the amount will be refunded.

The amount claimed for Sydinvest Tyskland represents DKK 48.2m for the period 2007-2016.

Due to new tax rules in Germany Sydinvest has not applied for any refund of dividend tax as from 2017.

# Tyskland A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017 <sup>1)</sup>	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(135,165)	89,400	23,263	66,483	(6,272)
Investors' assets	477,142	705,249	663,094	796,024	754,558
Units in circulation nominal	436,651	514,666	552,794	696,434	722,654
Units in circulation quantity	4,426,513	5,146,655	5,527,937	6,964,337	7,226,537
<b>Financial ratios</b>					
NAV per unit	107.79	137.03	119.95	114.30	104.42
Dividend per unit	6.00	0.00	0.00	0.00	0.00
Return (%) <sup>1)</sup>	(21.34%)	14.24%	4.95%	9.47%	(0.03%)
Benchmark return (%)	(17.87%)	16.13%	5.76%	9.79%	1.95%
Total expense ratio	1.60%	1.56%	1.52%	1.31%	1.30%
Annual percentage rate (APR) at 31 Dec	1.75%	1.76%	1.76%	1.61%	1.67%
Indirect transaction costs	0.02%	-	-	-	-
Sharpe Ratio (5 yrs)	0.05	0.67	0.79	0.38	0.45
Standard deviation (5 yrs)	15.60	13.47	14.96	17.31	16.06

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 13 June 2017.

## NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Net profit</b>			
Share of joint portfolio profit		(125,290)	99,860
Other class-specific income		0	75
Class-specific costs <sup>1)</sup>		(9,875)	(10,535)
<b>Total net profit</b>		<b>(135,165)</b>	<b>89,400</b>
<b><sup>1)</sup> Class-specific costs</b>			
Marketing costs		4,544	5,062
Fees to custodian		527	568
Other costs relating to asset management		3,493	3,730
Other costs		257	36
Fixed management fee		1,054	1,139
<b>Total class-specific costs</b>		<b>9,875</b>	<b>10,535</b>
<b>b. Distribution of profit</b>			
<b>b1. To be allocated</b>			
Proposed distribution for the financial year		26,559	0
Brought forward for distribution next year		265	(18,503)
Available for distribution		26,824	(18,503)
Brought forward to investors' assets		(161,989)	107,903
<b>Total distribution</b>		<b>(135,165)</b>	<b>89,400</b>
<b>b2. Available for distribution</b>			
Brought forward for distribution from last year		(18,503)	(80,391)
Other income		0	75
Distribution adjustment in connection with issue/redemption concerning the above items		2,459	5,545
Share of joint income		51,892	56,268
<sup>1)</sup> Available for distribution before administrative costs		35,848	(18,503)
Set-off of administrative costs		(9,875)	0
Distribution adjustment in connection with issue/redemption		851	0
Total administrative costs		(9,024)	0
<b>Available for distribution</b>		<b>26,824</b>	<b>(18,503)</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>c. Units in circulation</b>			
Nominal (DKK 1,000)		436,651	514,666
Quantity		4,426,513	5,146,655
<b>d. Investors' assets</b>			
<b>d1. Units in circulation</b>			
Units in circulation at 1 Jan		514,666	552,794
Issues during the year		1,385	16,772
Redemptions during the year		(79,400)	(54,900)
<b>Total units in circulation</b>		<b>436,651</b>	<b>514,666</b>
<b>d2. Investors' assets</b>			
Investors' assets at 1 Jan		705,249	663,094
Issues during the year		9,353	22,550
Redemptions during the year		(102,389)	(69,898)
Net issue surcharges and redemption deductions		94	103
Proposed distribution for the financial year		26,559	0
Brought forward from income statement		(161,989)	107,903
Brought forward for distribution next year		265	(18,503)
<b>Investors' assets at 31 Dec</b>		<b>477,142</b>	<b>705,249</b>

<sup>1)</sup> If amount available for distribution before administrative costs and any voluntary distribution is negative, administrative costs cannot be deducted.

# USA Ligevægt & Value KL

## Fund report

Fund data and unit class data	USA Ligevægt & Value A DKK	USA Ligevægt & Value W DKK d
ISIN	DK0010270776	DK0060774982
Date of establishment	16 August 2000	9 December 2016
Launch date	31 October 2000	15 December 2016
Listed	Yes	No
Currency	DKK	DKK
Income fund	Yes	Yes
Denomination	100	100
Risk category	5	5
Approved for marketing in Germany	No	No
Benchmark	MSCI USA unhedged to DKK	
Secondary name	American Value Equities KL	

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests in North American shares. Investments are diversified across different industries and companies. The fund pursues an equal weight value strategy. The idea behind equal weight is that all equity investments represent roughly the same share in the fund. For instance if the fund has invested in 100 shares each share will constitute around 1.0% of the fund. When investing according to a value strategy, we select companies that are inexpensively priced based on a number of financial ratios relative to the share price of the companies.

The fund is divided into the unit classes USA Ligevægt & Value A DKK and USA Ligevægt & Value W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund invests mainly in North American shares listed on the US equity market. The fund invests in a limited market and therefore there is a risk of substantial price fluctuations in the short term. Fund return depends on movements in share prices and USD. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 5.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
USA Ligevægt & Value A DKK	(5.03%)	(0.02%)	2.55%	6.59%
USA Ligevægt & Value W DKK d	(4.14%)	(0.02%)	3.56%	6.59%

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

The American equity market saw decent increases throughout 2018 but later made considerable adjustments to the last quarter of the year. A significant reason is a decline in several leading indicators including the important housing market where new builds have come to a halt and the price bubble in the major cities is close to bursting. Moreover the effect of last year's tax reform has begun to subside and is now being replaced by a more restrictive monetary policy. Finally we have seen an escalation of the trade dispute with China.

The fund produced a return below the change in its benchmark. This was due to the fund's focus on small and medium-size value shares. Value shares were unable to keep up with growth shares. Correspondingly small and medium-size shares could not keep up with the large shares.

### Market outlook

We believe that the current economic cycle has reached its peak. Consequently we forecast no more than a modest return on equities in 2019 with growing price fluctuations. The most important risks are continued declining growth, monetary tightenings, generally high debt levels in the private sector, a continued high valuation, and an escalation of the trade dispute with China.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# USA Ligevægt & Value KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(35,085)	17,054	63,549	46,325	67,570
Investors' assets	709,334	678,782	553,551	331,800	357,442
<b>Financial ratios</b>					
Tracking error	4.23	4.03	3.62	2.41	1.89
Active share	78.95	75.40	73.71	77.83	81.57
Portfolio turnover rate (PTR)	0.77	0.45	0.50	0.13	0.59

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
	<b>Interest and dividends</b>		
1.	Interest	(1)	(21)
2.	Dividends	18,182	16,643
	<b>Total interest and dividends</b>	<b>18,181</b>	<b>16,622</b>
	<b>Capital gains and losses</b>		
3.	Shares	(43,372)	10,642
	Currency accounts	151	(576)
	Other assets/liabilities	7	(13)
4.	Transaction costs, operating activities	(508)	(694)
	<b>Total capital gains and losses</b>	<b>(43,722)</b>	<b>9,359</b>
	Other income	20	24
	<b>Total income</b>	<b>(25,521)</b>	<b>26,005</b>
5.	Administrative costs	(6,924)	(6,797)
	<b>Profit before tax</b>	<b>(32,445)</b>	<b>19,208</b>
6.	Tax	(2,640)	(2,154)
	<b>Net profit for the year</b>	<b>(35,085)</b>	<b>17,054</b>
	<b>Distribution of profit from the unit classes</b>		
	<b>To be allocated</b>		
	Total proposed distribution for the financial year	81,264	55,211
	Total brought forward for distribution next year	391	559
	Total available for distribution	81,655	55,770
	Total brought forward to investors' assets	(116,740)	(38,716)
	<b>Total distribution</b>	<b>(35,085)</b>	<b>17,054</b>
	<b>Distribution of profit in the unit classes</b>		
	<b>USA Ligevægt &amp; Value A DKK</b>		
	Proposed distribution for the financial year	28,567	21,729
	Brought forward for distribution next year	262	515
	Brought forward to investors' assets	(42,051)	(19,467)
	<b>USA Ligevægt &amp; Value W DKK d</b>		
	Proposed distribution for the financial year	52,697	33,482
	Brought forward for distribution next year	129	44
	Brought forward to investors' assets	(74,689)	(19,249)

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	7,858	20,915
	<b>Total liquid funds</b>	<b>7,858</b>	<b>20,915</b>
9.	<b>Holdings</b>		
	Listed shares in foreign companies	701,756	652,300
	<b>Total holdings</b>	<b>701,756</b>	<b>652,300</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	1,451	900
	Receivables – unsettled transactions	1,384	6,442
	<b>Total other assets</b>	<b>2,835</b>	<b>7,342</b>
	<b>TOTAL ASSETS</b>	<b>712,449</b>	<b>680,557</b>
	<b>LIABILITIES</b>		
8.	<b>Investors' assets <sup>1)</sup></b>	<b>709,334</b>	<b>678,782</b>
	<b>Other debt</b>		
	Interest payable	1	0
	Payables	1,575	1,375
	Payables – unsettled transactions	1,539	400
	<b>Total other debt</b>	<b>3,115</b>	<b>1,775</b>
	<b>TOTAL LIABILITIES</b>	<b>712,449</b>	<b>680,557</b>
	<b><sup>1)</sup> Investors' assets by unit class</b>		
	USA Ligevægt & Value A DKK	261,117	277,517
	USA Ligevægt & Value W DKK d	448,217	401,265
	<b>Total</b>	<b>709,334</b>	<b>678,782</b>

# USA Ligevægt & Value KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		69	38
Interest expense and negative interest with custodian		(70)	(59)
<b>Total interest</b>		<b>(1)</b>	<b>(21)</b>
<b>2. Dividends</b>			
Listed shares in foreign companies		18,182	16,643
<b>Total dividends</b>		<b>18,182</b>	<b>16,643</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in foreign companies		(43,372)	10,604
Unlisted shares in foreign companies		0	38
<b>Total shares</b>		<b>(43,372)</b>	<b>10,642</b>
<b>4. Transaction costs</b>			
All transaction costs		618	1,268
Covered by income from issue and redemption		(110)	(574)
<b>Transaction costs, operating activities</b>		<b>508</b>	<b>694</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		2,293	3,038
Fees to custodian		458	457
Other costs relating to asset management		2,891	2,389
Other costs		300	35
Fixed management fee <sup>1)</sup>		982	878
<b>Total class-specific costs</b>		<b>6,924</b>	<b>6,797</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		2,640	2,154
<b>Total tax</b>		<b>2,640</b>	<b>2,154</b>
<b>7. Joint income available for distribution in unit classes</b>			
Interest		69	38
Dividends		18,182	16,643
Non-refundable dividend tax		(2,640)	(2,154)
Capital gains for distribution		68,462	39,850
Distribution adjustment in connection with issue/redemption concerning the above items		4,115	7,368
<b>Available for distribution in unit classes</b>		<b>88,188</b>	<b>61,745</b>
<b>Of which for distribution in:</b>			
USA Ligevægt & Value A DKK		32,514	26,097
USA Ligevægt & Value W DKK d		55,674	35,648
<b>Total for distribution</b>		<b>88,188</b>	<b>61,745</b>
<b>8. Investors' assets</b>			
Investors' assets at 1 Jan		678,782	553,551
Issues during the year		184,266	388,888
Redemptions during the year		(63,564)	(219,670)
Net issue surcharges and redemption deductions		160	30
Distribution from last year concerning units in circulation at 31 Dec		(55,211)	(56,500)
Changes in dividend distribution due to issues/redemptions		(14)	(4,571)
Proposed distribution for the financial year		81,264	55,211
Brought forward from income statement		(116,740)	(38,716)
Brought forward for distribution next year		391	559
<b>Investors' assets at 31 Dec</b>		<b>709,334</b>	<b>678,782</b>
<b>9. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# USA Ligevægt & Value KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
	Market value of purchase of securities	725,975	626,041
	Market value of sale of securities	633,148	515,615
	<b>Total market value</b>	<b>1,359,123</b>	<b>1,141,656</b>
<b>b. Breakdown of financial instruments</b>			
	Listed financial instruments	98.93%	96.10%
	Financial instruments listed on other regulated market	0.00%	0.00%
	Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
	Other financial instruments	0.00%	0.00%
		98.93%	96.10%
	Other assets/other debt	1.07%	3.90%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>			
	USA	98.93%	96.10%
	Cash, derivatives etc	1.07%	3.90%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>d. Shares by industry</b>			
	Information Technology	21.71%	23.52%
	Health Care	16.47%	12.54%
	Financials	14.61%	14.67%
	Consumer Discretionary	11.24%	12.89%
	Industrials	9.79%	10.01%
	Consumer Staples	7.63%	6.89%
	Energy	6.55%	5.94%
	Utilities	3.31%	1.85%
	Materials	3.26%	2.94%
	Telecommunications Services	2.26%	1.97%
	REIT	2.10%	2.88%
	Cash, derivatives etc	1.07%	3.90%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>



# USA Ligevægt & Value A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(13,222)	2,777	66,240	46,325	67,570
Investors' assets	261,117	277,517	459,582	331,800	357,442
Units in circulation nominal	751,754	700,931	1,044,179	856,867	1,029,103
Units in circulation quantity	7,517,536	7,009,314	10,441,792	8,568,679	10,291,030
<b>Financial ratios</b>					
NAV per unit	34.73	39.59	44.01	38.72	34.73
Dividend per unit	3.80	3.10	5.30	2.20	0.00
Return (%) <sup>1)</sup>	(5.03%)	2.55%	20.58%	11.48%	26.61%
Benchmark return (%)	(0.02%)	6.59%	13.80%	12.40%	28.09%
Total expense ratio	1.52%	1.55%	1.43%	1.31%	1.30%
Annual percentage rate (APR) at 31 Dec	1.62%	1.67%	1.71%	1.67%	1.67%
Indirect transaction costs	0.03%	-	-	-	-
Sharpe Ratio (5 yrs)	0.80	1.44	1.62	1.31	1.80
Standard deviation (5 yrs)	12.79	11.16	10.52	10.64	9.22

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 16 December 2016.

## NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Net profit</b>			
Share of joint portfolio profit		(8,947)	8,189
Other class-specific income		8	15
Class-specific costs <sup>1)</sup>		(4,283)	(5,427)
<b>Total net profit</b>		<b>(13,222)</b>	<b>2,777</b>
<b><sup>1)</sup> Class-specific costs</b>			
Marketing costs		2,293	3,038
Fees to custodian		259	319
Other costs relating to asset management		1,136	1,444
Other costs		118	19
Fixed management fee		477	607
<b>Total class-specific costs</b>		<b>4,283</b>	<b>5,427</b>
<b>b. Distribution of profit</b>			
<b>b1. To be allocated</b>			
Proposed distribution for the financial year		28,567	21,729
Brought forward for distribution next year		262	515
Available for distribution		28,829	22,244
Brought forward to investors' assets		(42,051)	(19,467)
<b>Total distribution</b>		<b>(13,222)</b>	<b>2,777</b>
<b>b2. Available for distribution</b>			
Brought forward for distribution from last year		515	421
Other income		8	15
Distribution adjustment in connection with issue/redemption concerning the above items		87	(142)
Share of joint income		32,514	26,097
Available for distribution before administrative costs		33,124	26,391
Set-off of administrative costs		(4,283)	(5,427)
Distribution adjustment in connection with issue/redemption		(12)	1,280
Total administrative costs		(4,295)	(4,147)
<b>Available for distribution</b>		<b>28,829</b>	<b>22,244</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>c. Other class-specific assets</b>			
Receivables – unsettled transactions		1,384	0
<b>Total other class-specific assets</b>		<b>1,384</b>	<b>0</b>
<b>d. Units in circulation</b>			
Nominal (DKK 1,000)		751,754	700,931
Quantity		7,517,536	7,009,314
<b>e. Investors' assets</b>			
<b>f1. Units in circulation</b>			
Units in circulation at 1 Jan		700,931	1,044,179
Issues during the year		134,765	210,382
Redemptions during the year		(83,942)	(553,630)
<b>Total units in circulation</b>		<b>751,754</b>	<b>700,931</b>
<b>f2. Investors' assets</b>			
Investors' assets at 1 Jan		277,517	459,582
Issues during the year		49,906	85,743
Redemptions during the year		(31,446)	(210,901)
Net issue surcharges and redemption deductions		69	30
Distribution from last year concerning units in circulation at 31 Dec		(21,729)	(55,341)
Changes in dividend distribution due to issues/redemptions		22	(4,373)
Proposed distribution for the financial year		28,567	21,729
Brought forward from income statement		(42,051)	(19,467)
Brought forward for distribution next year		262	515
<b>Investors' assets at 31 Dec</b>		<b>261,117</b>	<b>277,517</b>

# USA Ligevægt & Value W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2016-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>
<b>Financial highlights</b>			
Net profit for the year	(21,863)	14,277	(2,691)
Investors' assets	448,217	401,265	93,969
Units in circulation nominal	511,621	403,397	96,597
Units in circulation quantity	5,116,208	4,033,971	965,973
<b>Financial ratios</b>			
NAV per unit	87.61	99.47	97.28
Dividend per unit	10.30	8.30	1.20
Return (%) <sup>1)</sup>	(4.14%)	3.56%	(2.72%)
Benchmark return (%)	(0.02%)	6.59%	(2.18%)
Total expense ratio	0.60%	0.55%	0.02%
Annual percentage rate (APR) at 31 Dec	0.67%	0.72%	0.76%
Indirect transaction costs	0.03%	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 16 December 2016.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(19,234)	15,638
Other class-specific income	12	9
Class-specific costs <sup>1)</sup>	(2,641)	(1,370)
<b>Total net profit</b>	<b>(21,863)</b>	<b>14,277</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	199	137
Other costs relating to asset management	1,755	945
Other costs	182	17
Fixed management fee	505	271
<b>Total class-specific costs</b>	<b>2,641</b>	<b>1,370</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	52,697	33,482
Brought forward for distribution next year	129	44
Available for distribution	52,826	33,526
Brought forward to investors' assets	(74,689)	(19,249)
<b>Total distribution</b>	<b>(21,863)</b>	<b>14,277</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	44	16
Other income	12	9
Distribution adjustment in connection with issue/redemption concerning the above items	25	57
Share of joint income	55,674	35,648
Available for distribution before administrative costs	55,755	35,730
Set-off of administrative costs	(2,641)	(1,370)
Distribution adjustment in connection with issue/redemption	(288)	(834)
Total administrative costs	(2,929)	(2,204)
<b>Available for distribution</b>	<b>52,826</b>	<b>33,526</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	511,621	403,397
Quantity	5,116,208	4,033,971
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	403,397	96,597
Issues during the year	140,899	315,698
Redemptions during the year	(32,675)	(8,898)
<b>Total units in circulation</b>	<b>511,621</b>	<b>403,397</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	401,265	93,969
Issues during the year	134,360	303,145
Redemptions during the year	(32,118)	(8,769)
Net issue surcharges and redemption deductions	91	0
Distribution from last year concerning units in circulation at 31 Dec	(33,482)	(1,159)
Changes in dividend distribution due to issues/redemptions	(36)	(198)
Proposed distribution for the financial year	52,697	33,482
Brought forward from income statement	(74,689)	(19,249)
Brought forward for distribution next year	129	44
<b>Investors' assets at 31 Dec</b>	<b>448,217</b>	<b>401,265</b>

# Verden Etik KL

## Fund report

<b>Fund data and unit class data</b>	<b>Verden Etik W DKK d</b>
ISIN	DK0060681468
Date of establishment	23 November 2015
Launch date	1 February 2016
Listed	No
Currency	DKK
Income fund	Yes
Denomination	100
Risk category	5
Approved for marketing in Germany	No
Benchmark	MSCI All Country World Index unhedged to DKK
Secondary name	Global Ethics Equities KL

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund invests globally in shares. Investments are diversified across different countries and industries. The largest investments are in USA and Europe. The fund pursues an equal weight value strategy. When we invest in 200 shares, each share will constitute roughly 0.50% of the fund (equal weight). By investing an equal share in each equity we ensure a relatively heavy weighting of small and medium-size shares and less so of large shares. Consequently exposure to small shares is achieved in a systematic manner without taking substantial risks in individual companies. When investing according to a value strategy, we select companies that are inexpensively priced based on a number of financial ratios. Historically small and inexpensive companies have produced an excess return. It is this return that we are trying to provide with an equal weight value strategy. The fund screens companies' activities in selected business areas. These are tobacco, alcohol, gambling, pornography, armaments as well as the extraction, production, refining, distribution and sale of fossil fuels. Companies that derive more than 5% of their turnover from activities in these business areas are screened out of the investment universe. Consequently investments are not made in companies that fail to meet the screening criteria.

The fund is divided into the unit class Verden Etik W DKK d.

### Risk profile

The fund invests broadly in shares from the whole world. The fund reduces risk by spreading investments across several markets, thereby taking into account regional cyclical fluctuations. Fund return depends on movements in share prices and exchange rates. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 5.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Verden Etik W DKK d	(6.31%)	(4.63%)	5.61%	9.04%

The market fell short of expectations at the beginning of the year and the unit class of the fund underperformed compared to benchmark, see the table above.

Global share markets got off to a solid start but later made considerable adjustments to the last quarter of the year. This was due to a number of factors and among these a decline in leading financial ratios, beginning monetary tightening by central banks and general profit-taking of long-term price gains have added to our belief that we are at the end of an economic cycle. Moreover we are faced with an increased risk environment where political turmoil in Europe and an unresolved trade conflict between USA and China are no longer offset by fiscal and monetary stimuli.

The fund produced a return below the change in its benchmark. This was due to the fund's focus on small and medium-size value shares. Value shares were unable to keep up with growth shares. Correspondingly small and medium-size shares could not keep up with the large shares.

### Market outlook

We believe that the current economic cycle has reached its peak. Consequently we forecast no more than a modest return on equities in 2019 with growing price fluctuations. The most significant risks comprise a global growth slowdown, monetary tightenings by central banks, overall high debt levels, an escalation of the trade war and increased political turmoil in Europe.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Verden Etik KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2016-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>
<b>Financial highlights</b>			
Net profit for the year	(16,940)	11,506	25,543
Investors' assets	262,191	256,089	184,230
<b>Financial ratios</b>			
Portfolio turnover rate (PTR)	0.66	0.54	0.34

<sup>1)</sup> The fund was launched on 1 February 2016.

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
	<b>Interest and dividends</b>		
1.	Interest	41	(4)
2.	Dividends	9,048	6,753
	<b>Total interest and dividends</b>	<b>9,089</b>	<b>6,749</b>
	<b>Capital gains and losses</b>		
3.	Shares	(22,870)	7,543
	Currency accounts	(124)	(568)
	Other assets/liabilities	1	(4)
4.	Transaction costs, operating activities	(323)	(308)
	<b>Total capital gains and losses</b>	<b>(23,316)</b>	<b>6,663</b>
	Other income	5	9
	<b>Total income</b>	<b>(14,222)</b>	<b>13,421</b>
5.	Administrative costs	(1,644)	(1,168)
	<b>Profit before tax</b>	<b>(15,866)</b>	<b>12,253</b>
6.	Tax	(1,074)	(747)
	<b>Net profit for the year</b>	<b>(16,940)</b>	<b>11,506</b>
	<b>Distribution of profit from the unit classes</b>		
	<b>To be allocated</b>		
	Total proposed distribution for the financial year	25,017	27,296
	Total brought forward for distribution next year	28	194
	Total available for distribution	25,045	27,490
	Total brought forward to investors' assets	(41,985)	(15,984)
	<b>Total distribution</b>	<b>(16,940)</b>	<b>11,506</b>
	<b>Distribution of profit in the unit classes</b>		
	<b>Verden Etik W DKK d</b>		
	Proposed distribution for the financial year	25,017	27,296
	Brought forward for distribution next year	28	194
	Brought forward to investors' assets	(41,985)	(15,984)

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	5,330	15,823
	<b>Total liquid funds</b>	<b>5,330</b>	<b>15,823</b>
9.	<b>Holdings</b>		
	Listed shares in Danish companies	0	1,861
	Listed shares in foreign companies	256,797	238,244
	<b>Total holdings</b>	<b>256,797</b>	<b>240,105</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	404	415
	<b>Total other assets</b>	<b>404</b>	<b>415</b>
	<b>TOTAL ASSETS</b>	<b>262,531</b>	<b>256,343</b>
	<b>LIABILITIES</b>		
8.	<b>Investors' assets <sup>1)</sup></b>	<b>262,191</b>	<b>256,089</b>
	<b>Other debt</b>		
	Interest payable	0	1
	Payables	340	253
	<b>Total other debt</b>	<b>340</b>	<b>254</b>
	<b>TOTAL LIABILITIES</b>	<b>262,531</b>	<b>256,343</b>
	<b><sup>1)</sup> Investors' assets by unit class</b>		
	Verden Etik W DKK d	262,191	256,089
	<b>Total</b>	<b>262,191</b>	<b>256,089</b>

# Verden Etik KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		56	10
Interest expense and negative interest with custodian		(15)	(14)
<b>Total interest</b>		<b>41</b>	<b>(4)</b>
<b>2. Dividends</b>			
Listed shares in Danish companies		0	34
Listed shares in foreign companies		9,048	6,709
Unlisted shares in foreign companies		0	10
<b>Total dividends</b>		<b>9,048</b>	<b>6,753</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in Danish companies		31	371
Listed shares in foreign companies		(22,901)	7,157
Unlisted shares in foreign companies		0	15
<b>Total shares</b>		<b>(22,870)</b>	<b>7,543</b>
<b>4. Transaction costs</b>			
All transaction costs		455	498
Covered by income from issue and redemption		(132)	(190)
<b>Transaction costs, operating activities</b>		<b>323</b>	<b>308</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		0	83
Fees to custodian		125	11
Other costs relating to asset management		994	730
Other costs		206	104
Fixed management fee <sup>1)</sup>		319	240
<b>Total class-specific costs</b>		<b>1,644</b>	<b>1,168</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		1,074	747
<b>Total tax</b>		<b>1,074</b>	<b>747</b>
<b>7. Joint income available for distribution in unit classes</b>			
Interest		56	10
Dividends		9,048	6,753
Non-refundable dividend tax		(1,074)	(747)
Capital gains for distribution		17,931	17,683
Distribution adjustment in connection with issue/redemption concerning the above items		460	5,159
<b>Available for distribution in unit classes</b>		<b>26,421</b>	<b>28,858</b>
<b>Of which for distribution in:</b>			
Verden Etik W DKK d		26,421	28,858
<b>Total for distribution</b>		<b>26,421</b>	<b>28,858</b>
<b>8. Investors' assets</b>			
Investors' assets at 1 Jan		256,089	184,230
Issues during the year		98,877	104,440
Redemptions during the year		(50,250)	(35,646)
Net issue surcharges and redemption deductions		148	179
Distribution from last year concerning units in circulation at 31 Dec		(27,296)	(8,050)
Changes in dividend distribution due to issues/redemptions		1,563	(570)
Proposed distribution for the financial year		25,017	27,296
Brought forward from income statement		(41,985)	(15,984)
Brought forward for distribution next year		28	194
<b>Investors' assets at 31 Dec</b>		<b>262,191</b>	<b>256,089</b>
<b>9. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# Verden Etik KL – Financial Statements

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
	Market value of purchase of securities	276,922	211,928
	Market value of sale of securities	237,417	156,012
	<b>Total market value</b>	<b>514,339</b>	<b>367,940</b>
<b>b. Breakdown of financial instruments</b>			
	Listed financial instruments	97.94%	93.76%
	Financial instruments listed on other regulated market	0.00%	0.00%
	Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
	Other financial instruments	0.00%	0.00%
		97.94%	93.76%
	Other assets/other debt	2.06%	6.24%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>			
	USA	51.43%	48.54%
	Japan	8.18%	7.10%
	China	5.37%	3.26%
	UK	4.30%	3.85%
	Canada	3.88%	6.80%
	Germany	3.42%	2.41%
	France	3.27%	5.58%
	South Korea	2.32%	0.92%
	Other	15.77%	15.30%
	Cash, derivatives etc	2.06%	6.24%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>d. Shares by industry</b>			
	Financials	20.38%	19.22%
	Information Technology	17.05%	17.46%
	Health Care	14.98%	12.22%
	Consumer Discretionary	11.86%	12.74%
	Industrials	11.09%	10.80%
	Consumer Staples	9.87%	9.08%
	Materials	5.51%	5.59%
	Telecommunications Services	4.34%	4.02%
	REIT	2.86%	2.63%
	Cash, derivatives etc	2.06%	6.24%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

# Verden Etik W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2016-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>
<b>Financial highlights</b>			
Net profit for the year	(16,940)	11,506	25,543
Investors' assets	262,191	256,089	184,230
Units in circulation nominal	250,174	205,235	149,072
Units in circulation quantity	2,501,737	2,052,358	1,490,723
<b>Financial ratios</b>			
NAV per unit	104.80	124.78	123.58
Dividend per unit	10.00	13.30	5.40
Return (%) <sup>1)</sup>	(6.31%)	5.61%	23.58%
Benchmark return (%)	(4.63%)	9.04%	17.80%
Total expense ratio	0.59%	0.56%	0.53%
Annual percentage rate (APR) at 31 Dec	0.77%	0.74%	0.78%
Indirect transaction costs	0.05%	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 1 February 2016.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(15,301)	12,665
Other class-specific income	5	9
Class-specific costs <sup>1)</sup>	(1,644)	(1,168)
<b>Total net profit</b>	<b>(16,940)</b>	<b>11,506</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	0	83
Fees to custodian	125	11
Other costs relating to asset management	994	730
Other costs	206	104
Fixed management fee	319	240
<b>Total class-specific costs</b>	<b>1,644</b>	<b>1,168</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	25,017	27,296
Brought forward for distribution next year	28	194
Available for distribution	25,045	27,490
Brought forward to investors' assets	(41,985)	(15,984)
<b>Total distribution</b>	<b>(16,940)</b>	<b>11,506</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	194	9
Other income	5	9
Distribution adjustment in connection with issue/redemption concerning the above items	117	5
Share of joint income	26,421	28,858
Available for distribution before administrative costs	26,737	28,881
Set-off of administrative costs	(1,644)	(1,168)
Distribution adjustment in connection with issue/redemption	(48)	(223)
Total administrative costs	(1,692)	(1,391)
<b>Available for distribution</b>	<b>25,045</b>	<b>27,490</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	250,174	205,235
Quantity	2,501,737	2,052,358
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	205,235	149,072
Issues during the year	87,495	85,530
Redemptions during the year	(42,556)	(29,367)
<b>Total units in circulation</b>	<b>250,174</b>	<b>205,235</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	256,089	184,230
Issues during the year	98,877	104,440
Redemptions during the year	(50,250)	(35,646)
Net issue surcharges and redemption deductions	148	179
Distribution from last year concerning units in circulation at 31 Dec	(27,296)	(8,050)
Changes in dividend distribution due to issues/redemptions	1,563	(570)
Proposed distribution for the financial year	25,017	27,296
Brought forward from income statement	(41,985)	(15,984)
Brought forward for distribution next year	28	194
<b>Investors' assets at 31 Dec</b>	<b>262,191</b>	<b>256,089</b>

# Verden Ligevægt & Value KL

## Fund report

Fund data and unit class data	Verden Ligevægt & Value A DKK	Verden Ligevægt & Value W DKK d
ISIN	DK0010101740	DK0060726909
Date of establishment	11 September 1987	12 April 2016
Launch date	16 November 1987	18 April 2016
Listed	Yes	No
Currency	DKK	DKK
Income fund	Yes	Yes
Denomination	100	100
Risk category	5	5
Approved for marketing in Germany	No	No
Benchmark	MSCI All Country World Index unhedged to DKK	
Secondary name	Global Value Equities KL	

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund pursues an equal weight value strategy. The idea behind equal weight is that all equity investments represent roughly the same share in the fund. When the fund invests in 100 shares each share will constitute around 1.00% of the fund. By investing an equal share in each equity we ensure a relatively heavy weighting of small and medium-size shares and less so of large shares. Consequently exposure to small shares is achieved in a systematic manner without taking substantial risks in individual companies. When investing according to a value strategy, we select companies that are inexpensively priced based on a number of financial ratios relative to the share price of the companies. Historically small and inexpensive companies have produced an excess return. It is this return that we are trying to provide with an equal weight value strategy.

The fund is divided into the unit classes Verden Ligevægt & Value A DKK and Verden Ligevægt & Value W DKK d. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund invests broadly in shares from the whole world. The fund reduces risk by spreading investments across several markets, thereby taking into account regional cyclical fluctuations. Fund return depends on movements in share prices and exchange rates. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 5.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Verden Ligevægt & Value A DKK	(7.23%)	(4.63%)	4.10%	9.04%
Verden Ligevægt & Value W DKK d	(6.35%)	(4.63%)	5.15%	9.04%

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

Global share markets got off to a solid start but later made considerable adjustments to the last quarter of the year. This was due to a number of factors and among these a decline in leading financial ratios, beginning monetary tightening by central banks and general profit-taking of long-term price gains have added to our belief that we are at the end of an economic cycle. Moreover we are faced with an increased risk environment where political turmoil in Europe and an unresolved trade conflict between USA and China are no longer offset by fiscal and monetary stimuli.

The fund produced a return below the change in its benchmark. This was due to the fund's focus on small and medium-size value shares. Value shares were unable to keep up with growth shares. Correspondingly small and medium-size shares could not keep up with the large shares.

### Market outlook

We believe that the current economic cycle has reached its peak. Consequently we forecast no more than a modest return on equities in 2019 with growing price fluctuations. The most significant risks comprise a global growth slowdown, monetary tightenings by central banks, overall high debt levels, an escalation of the trade war and increased political turmoil in Europe.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.



# Verden Ligevægt & Value KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(85,006)	57,391	101,140	29,691	54,228
Investors' assets	1,248,152	1,399,517	1,066,309	389,301	377,805
<b>Financial ratios</b>					
Tracking error	3.01	3.05	2.89	2.26	1.19
Active share	83.42	81.37	78.79	80.39	84.02
Portfolio turnover rate (PTR)	0.72	0.21	0.45	0.30	0.77

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
<b>Interest and dividends</b>			
1.	Interest	94	(62)
2.	Dividends	43,788	44,768
	<b>Total interest and dividends</b>	<b>43,882</b>	<b>44,706</b>
<b>Capital gains and losses</b>			
3.	Shares	(112,951)	33,578
	Currency accounts	1,040	(1,906)
	Other assets/liabilities	12	(24)
4.	Transaction costs, operating activities	(1,756)	(1,376)
	<b>Total capital gains and losses</b>	<b>(113,655)</b>	<b>30,272</b>
	Other income	40	32
	<b>Total income</b>	<b>(69,733)</b>	<b>75,010</b>
5.	Administrative costs	(10,643)	(12,796)
	<b>Profit before tax</b>	<b>(80,376)</b>	<b>62,214</b>
6.	Tax	(4,630)	(4,823)
	<b>Net profit for the year</b>	<b>(85,006)</b>	<b>57,391</b>
<b>Distribution of profit from the unit classes</b>			
7.	<b>To be allocated</b>		
	Total proposed distribution for the financial year	118,219	113,240
	Total brought forward for distribution next year	289	776
	Total available for distribution	118,508	114,016
	Total brought forward to investors' assets	(203,514)	(56,625)
	<b>Total distribution</b>	<b>(85,006)</b>	<b>57,391</b>
<b>Distribution of profit in the unit classes</b>			
<b>Verden Ligevægt &amp; Value A DKK</b>			
	Proposed distribution for the financial year	21,646	23,844
	Brought forward for distribution next year	188	43
	Brought forward to investors' assets	(41,543)	(9,466)
<b>Verden Ligevægt &amp; Value W DKK d</b>			
	Proposed distribution for the financial year	96,573	89,396
	Brought forward for distribution next year	101	733
	Brought forward to investors' assets	(161,971)	(47,159)

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
<b>ASSETS</b>			
<b>Liquid funds</b>			
	Deposits with custodian	13,372	17,828
	<b>Total liquid funds</b>	<b>13,372</b>	<b>17,828</b>
9.	<b>Holdings</b>		
	Listed shares in Danish companies	6,372	7,561
	Listed shares in foreign companies	1,228,644	1,372,391
	<b>Total holdings</b>	<b>1,235,016</b>	<b>1,379,952</b>
<b>Other assets</b>			
	Interest receivable, dividends receivable etc	2,497	2,912
	Receivables – unsettled transactions	683	1,258
	<b>Total other assets</b>	<b>3,180</b>	<b>4,170</b>
	<b>TOTAL ASSETS</b>	<b>1,251,568</b>	<b>1,401,950</b>
<b>LIABILITIES</b>			
8.	<b>Investors' assets <sup>1)</sup></b>	<b>1,248,152</b>	<b>1,399,517</b>
<b>Other debt</b>			
	Payables	2,236	2,433
	Payables – unsettled transactions	1,180	0
	<b>Total other debt</b>	<b>3,416</b>	<b>2,433</b>
	<b>TOTAL LIABILITIES</b>	<b>1,251,568</b>	<b>1,401,950</b>
<b><sup>1)</sup> Investors' assets by unit class</b>			
	Verden Ligevægt & Value A DKK	251,990	317,719
	Verden Ligevægt & Value W DKK d	996,162	1,081,798
	<b>Total</b>	<b>1,248,152</b>	<b>1,399,517</b>

# Verden Ligevægt & Value KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		156	68
Interest expense and negative interest with custodian		(62)	(130)
<b>Total interest</b>		<b>94</b>	<b>(62)</b>
<b>2. Dividends</b>			
Listed shares in Danish companies		0	182
Listed shares in foreign companies		43,788	44,586
<b>Total dividends</b>		<b>43,788</b>	<b>44,768</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in Danish companies		(561)	1,973
Listed shares in foreign companies		(112,390)	31,566
Unlisted shares in foreign companies		0	39
<b>Total shares</b>		<b>(112,951)</b>	<b>33,578</b>
<b>4. Transaction costs</b>			
All transaction costs		2,526	2,768
Covered by income from issue and redemption		(770)	(1,392)
<b>Transaction costs, operating activities</b>		<b>1,756</b>	<b>1,376</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		2,342	4,441
Fees to custodian		1,002	1,197
Other costs relating to asset management		5,161	5,276
Other costs		533	88
Fixed management fee <sup>1)</sup>		1,605	1,794
<b>Total class-specific costs</b>		<b>10,643</b>	<b>12,796</b>

<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.

Audit fees appear from joint note 2 to which reference is made.

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		4,630	4,823
<b>Total tax</b>		<b>4,630</b>	<b>4,823</b>
<b>7. Joint income available for distribution in unit classes</b>			
Interest		156	68
Dividends		43,788	44,768
Non-refundable dividend tax		(4,630)	(4,823)
Capital gains for distribution		80,133	72,215
Distribution adjustment in connection with issue/redemption concerning the above items		9,428	12,224
<b>Available for distribution in unit classes</b>		<b>128,875</b>	<b>124,452</b>
<b>Of which for distribution in:</b>			
Verden Ligevægt & Value A DKK		26,071	28,656
Verden Ligevægt & Value W DKK d		102,804	95,796
<b>Total for distribution</b>		<b>128,875</b>	<b>124,452</b>
<b>8. Investors' assets</b>			
Investors' assets at 1 Jan		1,399,517	1,066,309
Issues during the year		426,355	909,859
Redemptions during the year		(383,203)	(565,803)
Net issue surcharges and redemption deductions		737	336
Distribution from last year concerning units in circulation at 31 Dec		(113,240)	(67,081)
Changes in dividend distribution due to issues/redemptions		2,992	(1,494)
Proposed distribution for the financial year		118,219	113,240
Brought forward from income statement		(203,514)	(56,625)
Brought forward for distribution next year		289	776
<b>Investors' assets at 31 Dec</b>		<b>1,248,152</b>	<b>1,399,517</b>
<b>9. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

# Verden Ligevægt & Value KL – Financial Statements

## SUPPLEMENTARY NOTES

Note (DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>		
Market value of purchase of securities	1,288,762	1,167,665
Market value of sale of securities	1,321,171	854,250
<b>Total market value</b>	<b>2,609,933</b>	<b>2,021,915</b>
<b>b. Breakdown of financial instruments</b>		
Listed financial instruments	98.95%	98.60%
Financial instruments listed on other regulated market	0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned	0.00%	0.00%
Other financial instruments	0.00%	0.00%
	98.95%	98.60%
Other assets/other debt	1.05%	1.40%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>		
USA	51.22%	46.29%
Japan	7.76%	8.09%
UK	6.94%	5.22%
Canada	5.02%	9.37%
China	4.97%	3.82%
France	3.75%	6.07%
Germany	2.62%	1.72%
South Korea	2.61%	2.23%
Other	14.06%	15.79%
Cash, derivatives etc	1.05%	1.40%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SUPPLEMENTARY NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>d. Shares by industry</b>		
Financials	17.68%	18.55%
Information Technology	15.24%	16.83%
Health Care	13.27%	10.58%
Consumer Discretionary	10.74%	12.30%
Industrials	10.73%	10.78%
Consumer Staples	8.55%	8.60%
Energy	6.90%	7.13%
Materials	5.27%	5.21%
Utilities	4.27%	2.05%
Telecommunications Services	3.72%	3.94%
REIT	2.58%	2.63%
Cash, derivatives etc	1.05%	1.40%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

# Verden Ligevægt & Value A DKK – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>	2015	2014
<b>Financial highlights</b>					
Net profit for the year	(19,709)	14,421	59,738	29,691	54,228
Investors' assets	251,990	317,719	705,697	389,301	377,805
Units in circulation nominal	349,127	378,480	804,801	473,942	419,967
Units in circulation quantity	3,491,272	3,784,795	8,048,006	4,739,415	4,199,671
<b>Financial ratios</b>					
NAV per unit	72.18	83.95	87.69	82.14	89.85
Dividend per unit	6.20	6.30	7.00	7.10	15.10
Return (%) <sup>1)</sup>	(7.23%)	4.10%	17.07%	7.26%	15.88%
Benchmark return (%)	(4.63%)	9.04%	10.69%	9.00%	18.39%
Total expense ratio	1.57%	1.65%	1.46%	1.38%	1.36%
Annual percentage rate (APR) at 31 Dec	1.77%	1.74%	1.76%	1.79%	1.87%
Indirect transaction costs	0.05%	-	-	-	-
Sharpe Ratio (5 yrs)	0.64	1.19	1.33	0.81	1.34
Standard deviation (5 yrs)	10.92	9.58	9.54	10.17	8.32

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was converted to a unit class on 18 April 2016.

## NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Net profit</b>			
Share of joint portfolio profit		(15,288)	22,563
Other class-specific income		9	13
Class-specific costs <sup>1)</sup>		(4,430)	(8,155)
<b>Total net profit</b>		<b>(19,709)</b>	<b>14,421</b>
<b><sup>1)</sup> Class-specific costs</b>			
Marketing costs		2,342	4,441
Fees to custodian		315	724
Other costs relating to asset management		1,165	2,091
Other costs		128	21
Fixed management fee		480	878
<b>Total class-specific costs</b>		<b>4,430</b>	<b>8,155</b>
<b>b. Distribution of profit</b>			
<b>b1. To be allocated</b>			
Proposed distribution for the financial year		21,646	23,844
Brought forward for distribution next year		188	43
Available for distribution		21,834	23,887
Brought forward to investors' assets		(41,543)	(9,466)
<b>Total distribution</b>		<b>(19,709)</b>	<b>14,421</b>
<b>b2. Available for distribution</b>			
Brought forward for distribution from last year		43	167
Other income		9	13
Distribution adjustment in connection with issue/redemption concerning the above items		(6)	65
Share of joint income		26,071	28,656
Available for distribution before administrative costs		26,117	28,901
Set-off of administrative costs		(4,430)	(8,155)
Distribution adjustment in connection with issue/redemption		147	3,141
Total administrative costs		(4,283)	(5,014)
<b>Available for distribution</b>		<b>21,834</b>	<b>23,887</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>c. Units in circulation</b>			
Nominal (DKK 1,000)		349,127	378,480
Quantity		3,491,272	3,784,795
<b>d. Investors' assets</b>			
<b>d1. Units in circulation</b>			
Units in circulation at 1 Jan		378,480	804,801
Issues during the year		28,506	142,989
Redemptions during the year		(57,859)	(569,310)
<b>Total units in circulation</b>		<b>349,127</b>	<b>378,480</b>
<b>d2. Investors' assets</b>			
Investors' assets at 1 Jan		317,719	705,697
Issues during the year		22,701	118,019
Redemptions during the year		(45,542)	(463,505)
Net issue surcharges and redemption deductions		259	282
Distribution from last year concerning units in circulation at 31 Dec		(23,844)	(56,336)
Changes in dividend distribution due to issues/redemptions		406	(859)
Proposed distribution for the financial year		21,646	23,844
Brought forward from income statement		(41,543)	(9,466)
Brought forward for distribution next year		188	43
<b>Investors' assets at 31 Dec</b>		<b>251,990</b>	<b>317,719</b>

# Verden Ligevægt & Value W DKK d – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>
<b>Financial highlights</b>			
Net profit for the year	(65,297)	42,970	41,402
Investors' assets	996,162	1,081,798	360,612
Units in circulation nominal	965,732	902,989	307,010
Units in circulation quantity	9,657,324	9,029,892	3,070,097
<b>Financial ratios</b>			
NAV per unit	103.15	119.80	117.46
Dividend per unit	10.00	9.90	3.50
Return (%) <sup>1)</sup>	(6.35%)	5.15%	17.46%
Benchmark return (%)	(4.63%)	9.04%	13.58%
Total expense ratio	0.64%	0.56%	0.43%
Annual percentage rate (APR) at 31 Dec	0.82%	0.78%	0.78%
Indirect transaction costs	0.05%	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 18 April 2016.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(59,114)	47,592
Other class-specific income	30	19
Class-specific costs <sup>1)</sup>	(6,213)	(4,641)
<b>Total net profit</b>	<b>(65,297)</b>	<b>42,970</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	686	473
Other costs relating to asset management	3,996	3,186
Other costs	406	66
Fixed management fee	1,125	916
<b>Total class-specific costs</b>	<b>6,213</b>	<b>4,641</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Proposed distribution for the financial year	96,573	89,396
Brought forward for distribution next year	101	733
Available for distribution	96,674	90,129
Brought forward to investors' assets	(161,971)	(47,159)
<b>Total distribution</b>	<b>(65,297)</b>	<b>42,970</b>
<b>b2. Available for distribution</b>		
Brought forward for distribution from last year	733	191
Other income	30	19
Distribution adjustment in connection with issue/redemption concerning the above items	(8)	377
Share of joint income	102,804	95,796
Available for distribution before administrative costs	103,559	96,383
Set-off of administrative costs	(6,213)	(4,641)
Distribution adjustment in connection with issue/redemption	(672)	(1,613)
Total administrative costs	(6,885)	(6,254)
<b>Available for distribution</b>	<b>96,674</b>	<b>90,129</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	965,732	902,989
Quantity	9,657,324	9,029,892
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	902,989	307,010
Issues during the year	365,002	683,116
Redemptions during the year	(302,259)	(87,137)
<b>Total units in circulation</b>	<b>965,732</b>	<b>902,989</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	1,081,798	360,612
Issues during the year	403,654	791,840
Redemptions during the year	(337,661)	(102,298)
Net issue surcharges and redemption deductions	478	54
Distribution from last year concerning units in circulation at 31 Dec	(89,396)	(10,745)
Changes in dividend distribution due to issues/redemptions	2,586	(635)
Proposed distribution for the financial year	96,573	89,396
Brought forward from income statement	(161,971)	(47,159)
Brought forward for distribution next year	101	733
<b>Investors' assets at 31 Dec</b>	<b>996,162</b>	<b>1,081,798</b>

# Verden Ligevægt & Value Akkumulerende KL

## Fund report

Fund data and unit class data	Verden Ligevægt & Value A DKK Akk	Global Value Equities B EUR Acc	Verden Ligevægt & Value W DKK Acc
ISIN	DK0060669091	DK0060647600	DK0060751428
Date of establishment	8 July 2015	16 June 2015	29 August 2016
Launch date	23 November 2015	18 September 2015	5 October 2016
Listed	Yes	No	No
Currency	DKK	EUR	DKK
Income fund	No	No	No
Denomination	100	10	100
Risk category	5	5	5
Approved for marketing in Germany	No	Yes	No
Benchmark	MSCI All Country World Index unhedged to fund currency		
Secondary name	Global Value Equities Acc KL		

### Introduction

The fund report should be read together with the sections in the annual report "Financial markets in 2018" on page 6, "Asset developments" on page 10 and "Risks" on page 15 to provide a complete picture of developments. The evaluation by the Board of Directors and Executive Management regarding fund specific risks appears below. For further information on risks associated with investing in the fund, reference is made to the current prospectus which may be downloaded at [www.sydinvest.dk](http://www.sydinvest.dk), [www.sydinvest.de](http://www.sydinvest.de) and [www.sydinvest.com](http://www.sydinvest.com).

### Investment profile

The fund pursues an equal weight value strategy. The idea behind equal weight is that all equity investments represent roughly the same share in the fund. When the fund invests in 100 shares each share will constitute around 1.00% of the fund. By investing an equal share in each equity we ensure a relatively heavy weighting of small and medium-size shares and less so of large shares. Consequently exposure to small shares is achieved in a systematic manner without taking substantial risks in individual companies. When investing according to a value strategy, we select companies that are inexpensively priced based on a number of financial ratios relative to the share price of the companies. Historically small and inexpensive companies have produced an excess return. It is this return that we are trying to provide with an equal weight value strategy.

The fund is divided into the unit classes Verden Ligevægt & Value A DKK Akk, Global Value Equities B EUR Acc and Verden Ligevægt & Value W DKK Acc. The investments in the individual unit classes are identical. The level of costs varies according to the unit class in which investors invest.

### Risk profile

The fund invests broadly in shares from the whole world. The fund reduces risk by spreading investments across several markets, thereby taking into account regional cyclical fluctuations. Fund return depends on movements in share prices and exchange rates. The fund is suitable for investments with a time horizon of at least four years.

The fund is placed in risk category 5.

### Developments

The development in the NAV of the unit classes in 2018 appears from the table below. The differences in returns are attributable to the level of costs in the individual classes and the fact that fund currency varies in the individual unit classes. The different currencies also explain the difference in the development of the benchmark.

Unit class	31 Dec 2018		31 Dec 2017	
	Return	Benchmark	Return	Benchmark
Verden Ligevægt & Value A DKK Akk	(7.54%)	(4.63%)	3.84%	9.04%
Global Value Equities B EUR Acc	(7.39%)	(4.85%)	4.22%	8.89%
Verden Ligevægt & Value W DKK Acc	(6.68%)	(4.63%)	4.94%	9.04%

The market fell short of expectations at the beginning of the year and the unit classes of the fund underperformed compared to benchmark, see the table above.

Global share markets got off to a solid start but later made considerable adjustments to the last quarter of the year. This was due to a number of factors and among these a decline in leading financial ratios, beginning monetary tightening by central banks and general profit-taking of long-term price gains have added to our belief that we are at the end of an economic cycle. Moreover we are faced with an increased risk environment where political turmoil in Europe and an unresolved trade conflict between USA and China are no longer offset by fiscal and monetary stimuli.

The fund produced a return below the change in its benchmark. This was due to the fund's focus on small and medium-size value shares. Value shares were unable to keep up with growth shares. Correspondingly small and medium-size shares could not keep up with the large shares.

### Market outlook

We believe that the current economic cycle has reached its peak. Consequently we forecast no more than a modest return on equities in 2019 with growing price fluctuations. The most significant risks comprise a global growth slowdown, monetary tightenings by central banks, overall high debt levels, an escalation of the trade war and increased political turmoil in Europe.

We project that the fund will generate a return in 2019 on a par with or above its benchmark as the fund is actively managed.

# Verden Ligevægt & Value Akkumulerende KL – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	(52,167)	14,352	13,470	(120)
Investors' assets	690,251	591,241	309,297	63,920
<b>Financial ratios</b>				
Tracking error	3.00	-	-	-
Active share	83.49	-	-	-
Portfolio turnover rate (PTR)	0.73	0.14	0.73	0.31

<sup>1)</sup> The fund was launched on 18 September 2015.

## BREAKDOWN OF NET PROFIT FOR THE YEAR AND INVESTORS' ASSETS BY UNIT CLASS

Financial year	2018		2017	
	Net profit for the year (DKK 1,000)	Investors' assets at 31 Dec (DKK 1,000)	Net profit for the year (DKK 1,000)	Investors' assets at 31 Dec (DKK 1,000)
Verden Ligevægt & Value A DKK Akk	(5,078)	61,819	3,396	70,812
Global Value Equities B EUR Acc	(14,176)	157,957	4,152	118,124
Verden Ligevægt & Value W DKK Acc	(32,913)	470,475	6,804	402,305
<b>Total</b>	<b>(52,167)</b>	<b>690,251</b>	<b>14,352</b>	<b>591,241</b>

# Verden Ligevægt & Value Akkumulerende KL – Financial Statements

## INCOME STATEMENT

Note	(DKK 1,000)	2018	2017
		<b>Interest and dividends</b>	
1.	Interest	76	(26)
2.	Dividends	21,369	12,970
	<b>Total interest and dividends</b>	<b>21,445</b>	<b>12,944</b>
	<b>Capital gains and losses</b>		
3.	Shares	(65,113)	7,983
	Currency accounts	58	(355)
	Other assets/liabilities	2	(8)
4.	Transaction costs, operating activities	(871)	(474)
	<b>Total capital gains and losses</b>	<b>(65,924)</b>	<b>7,146</b>
	Other income	11	9
	<b>Total income</b>	<b>(44,468)</b>	<b>20,099</b>
5.	Administrative costs	(5,281)	(4,279)
	<b>Profit before tax</b>	<b>(49,749)</b>	<b>15,820</b>
6.	Tax	(2,418)	(1,468)
	<b>Net profit for the year</b>	<b>(52,167)</b>	<b>14,352</b>
	<b>Distribution of profit from the unit classes</b>		
	<b>To be allocated</b>		
	Total brought forward to investors' assets	(52,167)	14,352
	<b>Total distribution</b>	<b>(52,167)</b>	<b>14,352</b>
	<b>Distribution of profit in the unit classes</b>		
	<b>Brought forward to investors' assets</b>		
	Verden Ligevægt & Value A DKK Akk	(5,078)	3,396
	Global Value Equities B EUR Acc	(14,176)	4,152
	Verden Ligevægt & Value W DKK Acc	(32,913)	6,804
	<b>Total</b>	<b>(52,167)</b>	<b>14,352</b>

## BALANCE SHEET 31 DECEMBER 2018

Note	(DKK 1,000)	2018	2017
	<b>ASSETS</b>		
	<b>Liquid funds</b>		
	Deposits with custodian	29,483	34,090
	<b>Total liquid funds</b>	<b>29,483</b>	<b>34,090</b>
7.	<b>Shares</b>		
	Listed shares in Danish companies	3,298	3,184
	Listed shares in foreign companies	657,899	551,063
	<b>Total shares</b>	<b>661,197</b>	<b>554,247</b>
	<b>Other assets</b>		
	Interest receivable, dividends receivable etc	1,352	986
	Receivables – unsettled transactions	0	3,083
	<b>Total other assets</b>	<b>1,352</b>	<b>4,069</b>
	<b>TOTAL ASSETS</b>	<b>692,032</b>	<b>592,406</b>
	<b>LIABILITIES</b>		
6.	<b>Investors' assets <sup>1)</sup></b>		
	<b>Other debt</b>		
	Interest payable	2	2
	Payables	1,249	849
	Payables – unsettled transactions	530	314
	<b>Total other debt</b>	<b>1,781</b>	<b>1,165</b>
	<b>TOTAL LIABILITIES</b>	<b>692,032</b>	<b>592,406</b>
	<sup>1)</sup> <b>Investors' assets by unit class</b>		
	Verden Ligevægt & Value A DKK Akk	61,819	70,812
	Global Value Equities B EUR Acc	157,957	118,124
	Verden Ligevægt & Value W DKK Acc	470,475	402,305
	<b>Total</b>	<b>690,251</b>	<b>591,241</b>



# Verden Ligevægt & Value Akkumulerende KL – Financial Statements

## NOTES

Note	(DKK 1,000)	2018	2017
<b>1. Interest</b>			
Deposits with custodian		126	18
Interest expense and negative interest with custodian		(50)	(44)
<b>Total interest</b>		<b>76</b>	<b>(26)</b>
<b>2. Dividends</b>			
Listed shares in Danish companies		0	58
Listed shares in foreign companies		21,369	12,912
<b>Total dividends</b>		<b>21,369</b>	<b>12,970</b>
<b>3. Capital gains and losses</b>			
<b>Shares</b>			
Listed shares in Danish companies		(305)	628
Listed shares in foreign companies		(64,808)	7,345
Unlisted shares in foreign companies		0	10
<b>Total shares</b>		<b>(65,113)</b>	<b>7,983</b>
<b>4. Transaction costs</b>			
All transaction costs		1,144	1,130
Covered by income from issue and redemption		(273)	(656)
<b>Transaction costs, operating activities</b>		<b>871</b>	<b>474</b>
<b>5. Administrative costs</b>			
<b>Class-specific costs</b>			
Marketing costs		1,252	1,764
Fees to custodian		362	367
Other costs relating to asset management		2,572	1,546
Other costs		265	27
Fixed management fee <sup>1)</sup>		830	575
<b>Total class-specific costs</b>		<b>5,281</b>	<b>4,279</b>
<sup>1)</sup> The management fee represents a "fixed management fee" which includes costs relating to the Board of Directors, Executive Management, audit etc. Total remuneration to the Board of Directors and Executive Management appears from the Directors' Report under "Remuneration of Board of Directors and Executive Management" to which reference is made.			
Audit fees appear from joint note 2 to which reference is made.			
<b>6. Tax</b>			
The fund is not liable to pay tax.			
Adjustment – dividend tax etc		2,418	1,468
<b>Total tax</b>		<b>2,418</b>	<b>1,468</b>

## NOTES (continued)

Note	(DKK 1,000)	2018	2017
<b>7. Investors' assets</b>			
Investors' assets at 1 Jan		591,241	309,297
Issues during the year		221,765	492,958
Redemptions during the year		(70,695)	(225,720)
Net issue surcharges and redemption deductions		107	354
Brought forward from income statement		(52,167)	14,352
<b>Investors' assets at 31 Dec</b>		<b>690,251</b>	<b>591,241</b>
<b>8. Financial instruments (securities)</b>			
A list of financial instruments (securities) is available free of charge from the investment management company.			

## SUPPLEMENTARY NOTES

Note	(DKK 1,000)	2018	2017
<b>a. Portfolio turnover</b>			
Market value of purchase of securities		692,976	540,560
Market value of sale of securities		521,127	288,102
<b>Total market value</b>		<b>1,214,103</b>	<b>828,662</b>
<b>b. Breakdown of financial instruments</b>			
Listed financial instruments		95.79%	93.74%
Financial instruments listed on other regulated market		0.00%	0.00%
Newly issued financial instruments for which listing on a stock exchange or other regulated market is planned		0.00%	0.00%
Other financial instruments		0.00%	0.00%
		95.79%	93.74%
Other assets/other debt		4.21%	6.26%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>
<b>c. Shares by country</b>			
USA		50.58%	44.74%
Japan		7.26%	6.82%
UK		6.49%	5.17%
Canada		4.85%	9.10%
China		4.75%	3.39%
France		3.51%	6.15%
South Korea		2.49%	1.74%
Germany		2.45%	1.96%
Other		13.41%	13.66%
Cash, derivatives etc		4.21%	6.26%
<b>Total</b>		<b>100.00%</b>	<b>98.99%</b>
<b>d. Shares by industry</b>			
Financials		17.00%	17.73%
Information Technology		14.89%	15.48%
Health Care		13.02%	10.42%
Consumer Discretionary		10.36%	11.79%
Industrials		10.33%	10.23%
Consumer Staples		8.23%	8.46%
Energy		6.63%	6.55%
Materials		5.04%	4.96%
Utilities		4.14%	1.93%
Telecommunications Services		3.60%	3.79%
REIT		2.55%	2.40%
Cash, derivatives etc		4.21%	6.26%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

# Verden Ligevægt & Value A DKK Akk – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2015-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>
<b>Financial highlights</b>				
Net profit for the year	(5,078)	3,396	7,732	(1,731)
Investors' assets	61,819	70,812	220,738	30,305
Units in circulation nominal	54,187	57,390	185,765	29,795
Units in circulation quantity	541,866	573,897	1,857,648	297,945
<b>Financial ratios</b>				
NAV per unit	114.08	123.39	118.83	101.71
Return (%) <sup>1)</sup>	(7.54%)	3.84%	16.83%	(4.88%)
Benchmark return (%)	(4.63%)	9.04%	10.69%	(4.41%)
Total expense ratio	1.54%	1.69%	1.40%	0.54%
Annual percentage rate (APR) at 31 Dec	1.76%	1.74%	1.74%	1.76%
Indirect transaction costs	0.05%	-	-	-
Sharpe Ratio (3 yrs)	0.40	-	-	-
Standard deviation (3 yrs)	10.19	-	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The fund was launched on 23 November 2015.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(4,054)	5,646
Other class-specific income	1	2
Class-specific costs <sup>1)</sup>	(1,025)	(2,252)
<b>Total net profit</b>	<b>(5,078)</b>	<b>3,396</b>
<b><sup>1)</sup> Class-specific costs</b>		
Marketing costs	549	1,221
Fees to custodian	59	207
Other costs relating to asset management	273	577
Other costs	31	4
Fixed management fee	113	243
<b>Total class-specific costs</b>	<b>1,025</b>	<b>2,252</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(5,078)	3,396
<b>Total distribution</b>	<b>(5,078)</b>	<b>3,396</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	54,187	57,390
Quantity	541,866	573,897
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	57,390	185,765
Issues during the year	5,448	33,520
Redemptions during the year	(8,651)	(161,895)
<b>Total units in circulation</b>	<b>54,187</b>	<b>57,390</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	70,812	220,738
Issues during the year	6,699	40,573
Redemptions during the year	(10,633)	(193,935)
Net issue surcharges and redemption deductions	19	40
Brought forward from income statement	(5,078)	3,396
<b>Investors' assets at 31 Dec</b>	<b>61,819</b>	<b>70,812</b>

# Global Value Equities B EUR Acc – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2014-2018

(DKK 1,000)	2018	2017	2016	2015 <sup>1)</sup>	2014 <sup>2)</sup>
<b>Financial highlights</b>					
Net profit for the year	(14,176)	4,152	5,008	1,611	5,657
Share of net profit for the year <sup>3)</sup>	(14,176)	4,152	5,008	2,544	5,657
Investors' assets	157,957	118,124	76,627	33,615	37,627
Units in circulation nominal	112,871	78,138	53,900	28,238	32,604
Units in circulation quantity (EUR)	1,512,658	1,049,941	710,778	365,657	436,915
<b>Financial ratios</b>					
NAV per unit (EUR)	13.99	15.11	14.50	12.32	11.54
Return in EUR (%) <sup>3)</sup>	(7.39%)	4.22%	17.70%	6.75%	16.52%
Benchmark return in EUR (%)	(4.85%)	8.89%	11.09%	8.76%	18.61%
Total expense ratio (TER)	1.14%	1.12%	1.10%	0.48%	1.13%
Total expense ratio <sup>3)</sup>	1.14%	1.12%	1.10%	1.35%	1.13%
Annual percentage rate (APR) at 31 Dec	2.02%	1.99%	1.97%	2.09%	-
Indirect transaction costs	0.05%	-	-	-	-
Sharpe Ratio (5 yrs)	0.65	1.19	1.33	0.81	1.36
Standard deviation (5 yrs)	10.92	9.65	9.65	10.21	8.27

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 21 September 2015.

<sup>2)</sup> Financial highlights from ISI Global Value Equities.

<sup>3)</sup> For the period 1 Jan – 18 Sep 2015 ISI Global Value Equities is included.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(12,531)	5,367
Other class-specific income	2	2
Class-specific costs <sup>1)</sup>	(1,647)	(1,217)
<b>Total net profit</b>	<b>(14,176)</b>	<b>4,152</b>
<sup>1)</sup> <b>Class-specific costs</b>		
Marketing costs	703	542
Fees to custodian	66	57
Other costs relating to asset management	584	433
Other costs	59	7
Fixed management fee	235	178
<b>Total class-specific costs</b>	<b>1,647</b>	<b>1,217</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(14,176)	4,152
<b>Total distribution</b>	<b>(14,176)</b>	<b>4,152</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	112,871	78,138
Quantity (EUR)	1,512,658	1,049,941
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	78,138	53,900
Exchange rate adjustment of units in circulation at 1 Jan	238	(1,015)
Issues during the year	37,381	32,940
Redemptions during the year	(2,886)	(7,687)
<b>Total units in circulation</b>	<b>112,871</b>	<b>78,138</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	118,124	76,627
Issues during the year	58,354	48,705
Redemptions during the year	(4,374)	(11,514)
Net issue surcharges and redemption deductions	29	154
Brought forward from income statement	(14,176)	4,152
<b>Investors' assets at 31 Dec</b>	<b>157,957</b>	<b>118,124</b>

# Verden Ligevægt & Value W DKK Akk – Financial Statements

## FINANCIAL HIGHLIGHTS FOR THE YEARS 2016-2018

(DKK 1,000)	2018	2017	2016 <sup>1)</sup>
<b>Financial highlights</b>			
Net profit for the year	(32,913)	6,804	730
Investors' assets	470,475	402,305	11,932
Units in circulation nominal	433,959	346,286	10,778
Units in circulation quantity	4,339,587	3,462,858	107,775
<b>Financial ratios</b>			
NAV per unit	108.41	116.18	110.71
Return (%) <sup>1)</sup>	(6.68%)	4.94%	10.71%
Benchmark return (%)	(4.63%)	9.04%	7.43%
Total expense ratio	0.62%	0.54%	0.17%
Annual percentage rate (APR) at 31 Dec	0.81%	0.78%	0.78%
Indirect transaction costs	0.05%	-	-

<sup>1)</sup> Past performance is no guarantee of future performance.

<sup>1)</sup> The unit class was launched on 5 October 2016.

## NOTES

Note (DKK 1,000)	2018	2017
<b>a. Net profit</b>		
Share of joint portfolio profit	(30,312)	7,610
Other class-specific income	8	4
Class-specific costs <sup>1)</sup>	(2,609)	(810)
<b>Total net profit</b>	<b>(32,913)</b>	<b>6,804</b>
<b><sup>1)</sup> Class-specific costs</b>		
Fees to custodian	237	104
Other costs relating to asset management	1,715	536
Other costs	174	16
Fixed management fee	483	154
<b>Total class-specific costs</b>	<b>2,609</b>	<b>810</b>
<b>b. Distribution of profit</b>		
<b>b1. To be allocated</b>		
Brought forward to investors' assets	(32,913)	6,804
<b>Total distribution</b>	<b>(32,913)</b>	<b>6,804</b>

## NOTES (continued)

Note (DKK 1,000)	2018	2017
<b>c. Units in circulation</b>		
Nominal (DKK 1,000)	433,959	346,286
Quantity	4,339,587	3,462,858
<b>d. Investors' assets</b>		
<b>d1. Units in circulation</b>		
Units in circulation at 1 Jan	346,286	10,778
Issues during the year	135,034	353,830
Redemptions during the year	(47,361)	(18,322)
<b>Total units in circulation</b>	<b>433,959</b>	<b>346,286</b>
<b>d2. Investors' assets</b>		
Investors' assets at 1 Jan	402,305	11,932
Issues during the year	156,712	403,680
Redemptions during the year	(55,688)	(20,271)
Net issue surcharges and redemption deductions	59	160
Brought forward from income statement	(32,913)	6,804
<b>Investors' assets at 31 Dec</b>	<b>470,475</b>	<b>402,305</b>

# Joint Notes

## 1. ACCOUNTING POLICIES

The 2018 Annual Report of Investeringsforeningen Sydinvest is prepared in accordance with the provisions of the Danish investment Associations, etc. Act and the Danish executive order on the presentation of financial reports by Danish UCITS.

The accounting policies applied are consistent with those adopted in the previous year.

### Foreign currency translation

Income and expenses settled in foreign currency are translated to DKK and recognised in the income statement using the exchange rates prevailing at the transaction date.

Securities and receivables in foreign currency are translated to DKK according to the exchange rates for listed currencies at 1600 GMT.

### Uncertainty regarding recognition and measurement

The most significant uncertainty concerning recognition and measurement is related to determination of a correct fair value of financial instruments as, in some circumstances, such determination is based on an estimate made by management. These estimates are made in accordance with accounting policies based on past experience and assumptions considered reasonable and realistic by management, see measurement of financial instruments.

Areas involving a higher degree of assessment comprise:

- listed financial instruments that are priced in markets with a low trading volume
- unlisted financial instruments – in particular corporate bonds – involving significant estimates in connection with fair value measurement.

### Income statement

#### Interest and dividends

Interest includes accrued interest on bonds, convertible bonds and deposits with the custodian and other banks. Interest receivable is recognised under other assets.

Dividends include Danish and foreign dividends from shares and units which have been declared. Dividends are recognised at the time of adoption by the general meeting of the dividend distributing company.

Interest on and dividends from securities in foreign currencies are included in the income statement at the exchange rates prevailing at the time of receipt. Accrued interest on foreign securities is calculated on the basis of the officially listed exchange rates at the balance sheet date.

Interest expense as regards amounts owed to the custodian is realised in connection with unsettled transactions. Negative interest is included under interest expense.

### Capital gains and losses

Realised and unrealised capital gains and losses on financial instruments, including securities, derivatives and other assets and liabilities, are recognised in the income statement.

Realised capital gains and losses are measured per ISIN as the difference between the selling price and the fair value at the beginning of the year or the acquisition cost if the asset has been acquired during the financial year.

Unrealised capital gains and losses are measured per ISIN as the difference between the fair value at the beginning of the year and year-end or the acquisition cost if the asset has been acquired during the financial year.

Changes in the fair value of financial instruments are recognised in the income statement under derivatives.

### Transaction costs

Transaction costs are determined as all direct costs etc in connection with trading in financial instruments.

The share of transaction costs incurred in connection with the purchase and sale of financial instruments and deriving from issue and redemption is recognised directly in investors' assets.

### Administrative costs

The Investment Fund pays a fixed management fee representing costs charged according to separate agreement with Syd Fund Management A/S concerning administration.

Adjustments have been made between administrative costs and the market value adjustment of units to reflect costs from underlying units.

External costs are paid separately in addition to the fixed management fee.

### Other income

Other income is allocated proportionately among the funds affected. Other income will primarily consist of refunded VAT.

### Tax

The funds are not independently liable to pay tax. Tax for the year consists exclusively of non-refundable tax on coupons and dividends withheld by foreign tax authorities in connection with interest and dividend payments.

### **Distribution of net profit and distribution statement**

The proposal for distribution of net profit by the Board of Directors and proposed distribution as regards each fund are stated beneath the income statement of the fund.

The distributable amount is calculated in compliance with section 16C of the Danish Tax Assessment Act, which stipulates the minimum income. The amount consists of interest earned and dividends, unrealised and realised net capital gains on derivatives, realised net capital gains on bonds and instruments, realised net capital gains on holdings as well as amounts carried forward as a result of the rounding down of the minimum income in previous years.

With respect to funds/unit classes that have not existed for the entire financial year, the distributable amount is calculated from the establishment of the fund/unit class. With respect to unit classes established in connection with the demerger in 2017, the distributable amount was calculated for the entire financial year.

If the calculated minimum income is positive, administrative costs insofar as the minimum income allows as well as amounts carried forward due to a negative minimum income in previous years are deducted.

Any remaining minimum income is carried forward for set-off against future years' minimum income.

Any voluntary distribution may be added to the minimum income.

The payout ratio is calculated as the amount available for distribution in percentage terms of the capital in circulation of the fund at the balance sheet date. The calculated payout ratio is rounded down to the nearest amount divisible by 0.1% in accordance with section 16C of the Danish Tax Assessment Act. Excess amounts are carried forward for distribution in the following year. As a result funds with a negative result may distribute dividends.

In years when distributable capital gains have not been obtained, funds which distribute dividends in accordance with Article 26(3) of the Articles of Association distribute dividends consisting of interest income less administrative costs.

The difference between net profit and distribution is added to/deducted from the assets of the fund.

The distributable amount includes a distribution adjustment in accordance with section 16C of the Danish Tax Assessment Act to prevent the payout ratio from being affected by issues and redemptions.

If the minimum income is positive the item "Brought forward for distribution next year" will consist of the remaining amount after the rounding down of "Available for distribution". If the minimum income is negative the item will represent this amount.

With respect to tax-free mergers, interest, dividends, capital gains and administrative costs of the discontinuing fund/unit class in the period from the beginning of the year until the merger date are included in the distribution regarding the continuing fund/unit class.

The statement of minimum income is specified in a note.

Funds which for tax purposes have been established as tax-exempt investment companies are not required to distribute dividends. In these funds the Board of Directors recommends distribution to the general meeting for approval. According to their articles of association these funds may distribute from their assets.

### **Balance sheet**

#### **Financial instruments (securities etc)**

Initial recognition of financial instruments is at fair value. Unless otherwise stated below, financial instruments are measured at fair value. Derecognition of financial instruments is at the date of sale.

A financial instrument is defined as any contract that both gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity. Examples of financial instruments are liquid funds, bonds, shares and derivatives.

The fair value of listed holdings, units, bonds etc is determined at the closing price on the balance sheet date or other market based price if this is assumed to be a better expression of the fair value.

Unlisted securities are measured at an estimated value at the balance sheet date to reflect fair value determined according to market-consistent methods of calculation. Bonds traded via the US OTC – Fixed Income Pricing System are included under listed bonds.

Derivatives are measured at fair value at the balance sheet date. Derivatives not publicly quoted are measured at fair value calculated on the basis of the publicly quoted prices of the underlying instruments. Positive fair value of derivatives is recognised under assets and negative fair value under liabilities.

#### **Other assets/other debt**

Other assets and other debt are measured at fair value.

Receivables/payables concerning unsettled transactions consist of the proceeds of buying and selling securities as well as issues and redemptions occurring before the balance sheet date where settlement is effected after the balance sheet date. If the amount shows a receivable, it is recorded as a receivable concerning unsettled transactions under other assets. If the amount shows a debt, it is recorded as a payable concerning unsettled transactions under other debt.

Interest receivable consists of accrued interest at the balance sheet date.

Dividends receivable consist of dividends declared before the balance sheet date but paid after the balance sheet date.

Payables consist of accrued expenses regarding for instance consulting fees or custody fees which the fund is obliged to pay but which are not paid until after the balance sheet date. Payables are measured at fair value.

#### **Investors' assets**

Investors' assets are specified in a note. Assets include issues and redemptions for the year, issue surcharges and redemption deductions. Net issue surcharges and net redemption deductions are determined after deduction of transaction costs relating to issues or redemptions.

Finally investors' assets include the amount brought forward from the income statement. With respect to income funds, assets also include proposed unpaid dividend for the year. If the determined minimum income for the year is negative the amount is deducted from assets.

#### **Funds with unit classes**

Some funds are offered in several unit classes. A fund with several unit classes consists of a joint portfolio (multi class) where joint investments are made in securities for the unit classes. Costs are paid as class-specific costs.

Joint financial statements are prepared for the entire fund (multi class) as well as relevant notes to the individual unit classes. The financial ratios concerning return, NAV, costs, distribution and number of units are calculated for the individual unit classes.

#### **Fund merger**

In connection with mergers, assets and liabilities acquired are recognised and measured at fair value on the date of exchange.

Merger consideration received by the continuing fund on the date of exchange is added as a separate item in the statement of assets of the continuing fund under the item "Investors' assets". The assets of the continuing fund (multi class)/unit class at the beginning of the period are not adjusted and comparative figures in the income statement, the balance sheet and notes as well as financial ratios are not restated.

With respect to funds that were subject to fund mergers in 2016, comparative figures from the discontinuing unit classes B are however included in the continuing unit classes B.

## **Financial ratios**

The financial ratios are calculated in accordance with the Danish executive order on financial reports for investment funds etc as well as standards issued by the Danish Investment Association.

The annual report includes the following financial ratios:

- Units in circulation
- Units in circulation (quantity) (in the denomination currency of the fund/unit class)
- NAV at year-end (in the denomination currency of the fund/unit class)
- Dividend per unit (in the denomination currency of the fund/unit class)
- Return (in the denomination currency of the fund/unit class)
- Benchmark return (in the denomination currency of the fund/unit class)
- Total expense ratio
- APR
- Portfolio turnover rate
- Sharpe Ratio
- Standard deviation
- Active share
- Tracking error.

#### **Units in circulation**

The nominal capital in circulation of a fund at year-end.

#### **Units (quantity)**

Number of units issued registered with VP Securities at year-end.

#### **NAV at year-end**

NAV per unit is calculated as:

Total investors' assets / units in circulation at year-end.

With respect to unit classes denominated in a currency other than the currency of the fund (multi class), NAV is calculated as:

- Investors' assets / units in circulation at year-end / exchange rate.

Investors' assets in income funds include distribution for the financial year.

#### **Dividend per unit**

Dividend per unit is calculated as:

- Distribution to investors / units in circulation at year-end.



## Return

Return is calculated in accordance with the Danish executive order on the presentation of financial statements by investment associations and special purpose associations etc.

In income funds/unit classes return is calculated as:

- $((\text{NAV at 31 Dec} / \text{NAV at 1 Jan} - 1) \times 100) + \text{distribution per unit} \times \text{NAV at 31 Dec} / \text{NAV immediately after distribution}$ .

In accumulation funds/unit classes return is calculated as:

- $(\text{NAV at 31 Dec} / \text{NAV at 1 Jan} - 1) \times 100$ .

## Benchmark return

The annual return of the benchmark with which the fund can be compared according to the prospectus.

## Total expense ratio (TER)

The total expense ratio of the funds/unit classes is calculated as:

- $\text{Total administrative costs} / \text{average assets} \times 100$ .

According to the guidelines of the Danish FSA average assets are defined as a simple average of the sum of assets at the end of each month.

## APR

Annual Percentage Rate. APR is based on costs as specified in Key Investor Information.

Annual administrative costs in percentage terms of average assets are included in the calculation of APR. Administrative costs are restated to cover changes in cost rates during the year, according to agreements concluded, to the effect that the changes would have impacted costs since the beginning of the year. In addition transaction costs of operating activities in percentage terms of average assets as well as current maximum issue surcharges and redemption deductions according to the prospectus are included. The share of indirect transaction costs is stated immediately following the APR.

The financial ratio is calculated on the basis of an expected holding period of seven years by the investor.

As regards new funds whose first financial reporting period deviates from one year, administrative costs and transaction costs are translated to full-year terms.

## Portfolio turnover rate (PTR)

The portfolio turnover rate is calculated as:

- $((\text{Market value of purchases} + \text{market value of sales} - \text{market value of purchases in connection with issues} - \text{market value of sales in connection with redemptions}) / 2) / \text{investors' average assets}$ .

The market value of purchases and sales is determined on the basis of realised buying and selling prices including transaction costs. In addition redemption of bonds is included in the market value of sales.

Determination of investors' average assets is as described under total expense ratio.

## Sharpe Ratio

The Sharpe Ratio is a measure expressing risk assumed by an investor relative to return achieved. The greater the Sharpe Ratio, the better the fund's risk-adjusted performance.

The standard deviation and the Sharpe Ratio of a fund are only calculated if the fund has existed for a minimum of 36 months.

## Standard deviation

Standard deviation is a measure of the probability that the return of a period is close to the average return recorded during that period.

## Active share

Active share is used by equity funds and measures the percentage of holdings that differs from the fund's benchmark.

Active share is only calculated if the fund has a benchmark and has existed for a minimum of 36 months.

## Tracking error

Tracking error is a measure of fluctuations in active return over time where active return represents the difference between the return of the investment and the return achievable via a passive investment in the benchmark.

Tracking error measures the volatility of active return. The greater the variation in active return, the larger the fund's tracking error.

Tracking error is only calculated if the fund has a benchmark and has existed for a minimum of 36 months.



## Supplementary notes

Supplementary notes “without reference” are included as a result of guidelines issued by the European Securities and Markets Authority (ESMA) on ETFs and other UCITS issues

## 2. ADMINISTRATIVE COSTS

The funds’ administrative costs consist of the following:

- Fees paid to investment advisers in connection with securities investments
- Remuneration to distribution channels regarding the sale of the Investment Fund’s units and advice provided to customers concerning the sale and purchase of units
- Management fee to Syd Fund Management A/S for management of the Investment Fund and its funds
- Fees paid to the Investment Fund’s custodian
- Other administrative costs.

Administrative costs are included in the calculation of the total expense ratio of the individual funds/unit classes.

The total expense ratio appears from the financial statements of the individual funds/unit classes.

### Remuneration of Board of Directors and Executive Management

The Investment Fund’s total remuneration to the Board of Directors and the Executive Management appears from the Directors’ Report under “Remuneration of Board of Directors and Executive Management” on page 15, to which reference is made.

## 3. SIGNIFICANT AGREEMENTS

The most significant agreements of any importance which the Investment Fund and the funds have concluded with businesses associated with the Investment Fund’s management company are listed below.

The current rates always appear from the Investment Fund’s prospectus.

### Custodian bank agreement

The Investment Fund has concluded an agreement with Sydbank A/S whereby the bank as a custodian manages and keeps in custody securities and liquid funds of each of the Investment Fund’s funds in compliance with the Danish Investment Associations, etc. Act as well as the stipulations of the Danish FSA and undertakes the control responsibilities and obligations contained herein.

as well as the European Parliament and Council regulation on transparency of securities financing transactions.

Remuneration to the Board of Directors and the Executive Management is included in the item “Fixed management fee”, which appears from the note “Administrative costs” in the financial statements of the funds.

### Auditors’ fee

Ernst & Young, Godkendt Revisionspartnerselskab performs the audit of the Investment Fund.

The auditors’ fee is included in the item “Fixed management fee”, which appears from the note “Administrative costs” in the financial statements of the Investment Fund. The total auditors’ fee (audit fees and fees for other services) of the Investment Fund represents:

Audit fees	2018 (DKK 1,000)	2017 (DKK 1,000)
Audit fees	758.3	718.8
Assurance engagements	0.0	18.8
Fees for other services	0.0	0.0
Total auditors’ fee	758.3	737.5

Fees for other assurance engagements comprise reports on the exchange ratio in connection with mergers.

### Agreement on marketing, distribution and arranging for sale

The Investment Fund has concluded an agreement with Syd Fund Management on marketing, distribution and arranging for the sale of Sydinvest units. Payment for these services is included in the management fee agreed for the individual fund. Syd Fund Management has outsourced the distribution and arranging for the sale of Sydinvest units to Sydbank.

### Portfolio advice agreement

The Investment Fund has concluded an agreement with Sydbank A/S on portfolio advice. As a result the bank prepares macro-economic analyses and investment proposals to be applied as input by the investment department of the investment management company in its formulation of an investment strategy and its subsequent implementation.

### **Management agreement**

The Investment Fund has concluded an agreement with Syd Fund Management A/S whereby the company undertakes the Investment Fund's administrative and investment responsibilities in compliance with the Danish Investment Associations, etc. Act, the Investment Fund's Articles of Association and instructions issued by the Investment Fund's Board of Directors, including investment limits applying to the individual funds. The price agreed as regards the individual fund or unit class appears from the prospectus.

The price paid for services is fixed subject to negotiation between Syd Fund Management A/S and the provider of the individual service.

### **Market maker agreement**

The Investment Fund has concluded an agreement with Sydbank whereby the bank quotes two-sided prices as regards the products listed on InvesteringsForeningsBørsen (IFX) under Nasdaq Copenhagen A/S. The purpose of the quotation is to generate liquidity within the Investment Fund's products. Furthermore the agreement ensures that investors are able to trade at spreads (difference between buying and selling prices) which are better than the requirements of the Danish Investment Associations, etc. Act. Quotation is based on fund NAV and the related issue and redemption prices.

### **Agreement on issue of units**

The Investment Fund has concluded an issuer agreement with Sydbank. The issuer undertakes to provide VP Securities (CSD) with the required information as regards each fund on terms and conditions applying to the relevant ISIN. Moreover the issuer must provide information about capital increases and reductions, dividend payments etc, money accounts for payment to and from the Investment Fund as well as other issues as described in the guidelines and rules of VP. The information must be provided in accordance with these guidelines and rules.

The issuer is obliged to maintain information concerning all the Investment Fund's funds which are registered with VP. Securities and foreign exchange agreement.

### **Securities trading agreement**

The Investment Fund has concluded a securities trading agreement with Sydbank.

Trading is at market prices plus any foreign transaction costs to cover Sydbank's costs in connection with execution of the trade.

In connection with execution of the trade a commission is paid to Sydbank.

Commission in connection with securities trading is included under "Transaction costs".

## **4. COUNTERPARTY TO DERIVATIVES**

Investeringsforeningen Sydinvest may receive collateral as security for unsettled gains on derivatives. The custodian of the Investment Fund, Sydbank A/S, is the counterparty to all derivatives.

The Investment Fund can reinvest collateral received. All collateral is held with the custodian.

If a fund uses derivatives, the underlying values are stated in a separate note.

Investeringsforeningen  
Sydinvest

Peberlyk 4  
DK-6200 Aabenraa

sydinvest.com  
si@sydinvest.dk

**Sydinvest**