



ACCUNIA
C R E D I T M A N A G E M E N T

ACCUNIA FONDSMÆGLERSELSKAB A/S
Business Registration Number 31 41 98 59
ANNUAL REPORT
1 JANUARY – 31 DECEMBER 2019

The Annual General Meeting adopted the annual report on ¹⁵/₁₄ 2020

Chairman of the General Meeting

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Company details

Company

Accunia Fondsmæglerselskab A/S

Store Regnegade 5, 1.

1110 Copenhagen K

Business Registration No. 31 41 98 59

Registered in: City of Copenhagen, Denmark

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Internet: www.accunia.com

E-mail: info@accunia.com

Board of Directors

Peter Aandahl (Chairman)

Jørgen Clausen

Carsten Krogh Gomard

Allan Gross-Nielsen

Niels-Ulrik Mousten

Executive Board

Henrik Nordby Christensen (Chief Executive Officer)

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Statement by Management on annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Accunia Fondsmæglerselskab A/S for the financial year 01.01.2019 to 31.12.2019.

The annual report is presented in accordance with the Danish Financial Business Act.

In our opinion, the financial statements provide a true and fair view of the Investment Company's financial position at 31.12.2019 and of its financial performance for the financial year 01.01.2019 to 31.12.2019.

In our opinion, the management commentary contains a fair review of developments in the Investment Company's operations and financial matters, as well as a description of material risks and uncertainties by which the Investment Company may be influenced.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 24 March 2020

Executive Board

Henrik Nordby Christensen
Chief Executive Officer

Board of Directors

Peter Aandahl
(Chairman)

Jørgen Clausen

Carsten Krogh Gomard

Allan Gross-Nielsen

Niels-Ulrik Moustén

Independent auditor's report

To the shareholder of Accunia Fondsmæglerselskab A/S

Opinion

We have audited the financial statements of Accunia Fondsmæglerselskab A/S for the financial year 01.01.2019 to 31.12.2019, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including the summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2019 and of its financial performance for the financial year 01.01.2019 to 31.12.2019 in accordance with the Danish Financial Business Act.

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 this auditor's report. We are independent of the Company in accordance with the IESBA Code of Ethics for Professional Accountants and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act, 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 Company's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in the preparation of the financial statements unless Management either intends to liquidate the Company 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 about 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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 the preparation of 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 Company's 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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent 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 deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 24 March 2020

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No. 33 96 35 56



Jens Ringbæk

State-Authorised Public Accountant

MNE-no. 27735



Jonas Gjoerup Larsen

State-Authorised Public Accountant

MNE-no. 44144

Management commentary

Primary activities

The Company's focus is to provide asset management and investment services to high net worth individuals, companies and professional institutional investors as well as to serve as collateral manager for Accunia European CLO I BV, Accunia European CLO II BV, Accunia European CLO III DAC and future CLOs, it may engage in.

Focus is on opportunities in the credit space where we identify relative value and where the complexity premium is well-paid, and we have great experience investing in complex debt instruments such as Collateralized Loan Obligations, Asset Backed Securities, and Regulatory Capital.

Uncertainty relating to recognition and measurement

Please refer to note 2 of the financial statements for a description of accounting estimates. No recognition or measurement uncertainties are deemed to exist in relation to the presentation of the financial statements.

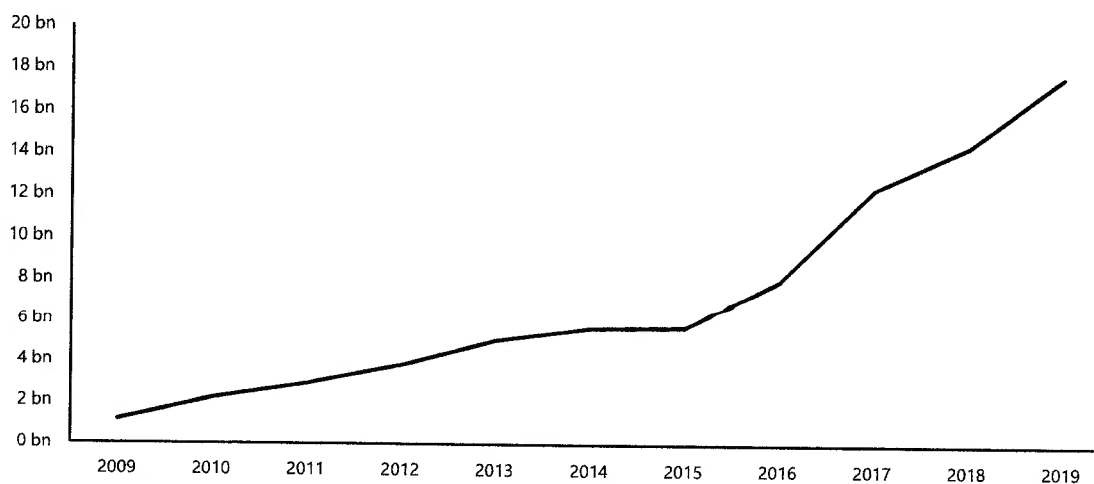
Unusual circumstances

No unusual circumstances have occurred during the year affecting recognition or measurement.

Development in activities and finances

2019 yielded record high returns in the credit market, as it also did for other asset classes. This resulted in an average return of just above 10% for Accunia's clients with medium risk profiles. 2019 was an eventful year for Accunia with a high degree of customer activity and the continuing development of the company as a specialised asset manager in European credit. The total assets under management was just beneath DKK 18 bn at the end of the year, and it will reach DKK 20 bn in the first quarter of 2020.

Development of assets under management (DKK)



This growth is especially powered by the activities concerning the CLO management platform and Accunia's alternative investment funds. Accunia's first CLO, originally issued in 2016, was reissued in May 2019, and the issuance of the fourth CLO with an asset value of DKK 3 bn was launched in October 2019 and realised just after the New Year.

The Accunia Group's collective revenue increased with 17% from T.DKK 70,651 in 2018 to T.DKK 82,898 in 2019. This increase was particularly driven by larger performance pay and business volume. Earnings after tax was T.DKK 27,164 in 2019,

compared to T.DKK 20,847 in 2018, it is considered a satisfactory result. The number of full-time employees in the Group is 34 representing five nationalities.

Events after the balance sheet date

There have been no events that materially affect the assessment of this Annual Report 2019 after the balance sheet date and up to today's date.

However, the emergence of the Corona virus (COVID-19) and the consequent decline in the financial markets from the end of February until the approval of the annual report, can have a negative impact on the company's expectations for the result for 2020. At the time of publication, it is not possible to assess the extent of any negative significance.

Expectations and other comments on the future

CLO IV will be finalised in the first quarter of 2020. Moreover, the Accunia Group expects the high activity to continue in 2020, specially for the investment funds, who are expected to experience more demand as an alternative to allocations in cash and mortgage bonds. This is a result of the negative deposit rates at most banks.

However, the emergence of Corona virus (COVID-19) can have a negative impact on the result, but at the time of publication of the annual report, it is not possible to assess the extent of any negative significance.

ESG Policy

In 2019, Accunia instituted an overall ESG-policy, which ensures that no direct investments are made in companies that produce weapons, alcohol, tobacco, gambling or black energy, as well as in companies violating environmental, workers' and human rights policies. A screening process has been implemented for investments managed by third-party managers. This process will be improved on an ongoing basis. Accunia is an UNPRI signatory.

Knowledge resources

Accunia Fondsmæglerselskab A/S has many employees holding specialist competencies in investment areas particularly, and continuous efforts are made to attract and retain staff with much experience and many professional skills. This is key in the Company's ability to continue to perform well and maintain its business foundation.

Specific risks

The primary risks are estimated to be related to the significance of financial market conditions to the Company's risk retention portfolio and returns for customers, which affect its earnings. Please refer to note 4 for further details on identified risks.

Management duties

Executive Board management duties

Henrik Nordby Christensen

Chairman of the Board:

Kapitalforeningen Accunia Invest
ACM Forvaltning A/S

Executive in:

Accunia A/S

Member of the Board:

Air-Invest Holding A/S
Core Bolig VI Investoraktieselskab Nr. 1
Core Bolig VI Kommanditaktieselskab
Ejendomsselskabet Rymsgade Kommanditaktieselskab

Management duties – Board of Directors

Peter Aandahl

Chairman of the Board:

Accunia A/S

Executive in:

Aandahl A/S
Franck & Tobiesen (UK) Ltd., England
Hansen Shipping Agency Inc, USA
Hansen Shipping (UK) Ltd., England
Hansen Specialized Transportation ApS
Hegnsholt Holding ApS
PAA 001 IVS
Pinus Silva SIA, Letland
Selecta Ejendomme ApS
United Cargo Handling ApS
PMHN AA ApS

Member of the Board:

Aandahl A/S
Frederiksborg Ejendomme ApS
Letinvest ApS
Hansen Specialized Transportation ApS
One Life Foundation Fond

Jørgen Clausen

Chairman of the Board:

Buresø Invest ApS

Executive in:

Buresø Invest ApS
Guldbjergdal P/S
Kollensøvej 4 ApS

Member of the Board:

Accunia A/S
COOP Danmark A/S
COOP Holding A/S
Kollensøvej 4 ApS

Management duties – Board of Directors (continued)**Carsten Krogh Gomard***Chairman of the Board:*

Selma Diagnostics ApS

Executive in:

Carsten Gomard Holding ApS

Netcompany Holding ApS

Member of the Board:

Accunia A/S

ApS Komplementarselskabet Hillerød III

Brown Guy ApS

Grosser Emil Hjort og Hustru Therese Hjort, født Seidelins Legat

K/S Hillerød III

Københavns Universitet

Allan Gross-Nielsen*Bestyrelsesformand i:*

AS3 Public A/S

MCE Holding A/S

MC Emballage A/S

A2B Sprog A/S

AS3 BtB A/S

MCE Ejendom A/S

Direktør i:

AS3 A/S

Ejendomsselskabet AAS A/S

Gross-Nielsen Holding A/S

Kysing A/S

Gross-Nielsen Family ApS

Selskabet af 290685

Bestyrelsesmedlem i:

Accunia A/S

AS3 A/S

Ejendomsselskabet AAS A/S

Gross-Nielsen Holding A/S

Kysing A/S

Niels Moustén*Chairman of the Board:*

Investeringsforeningen Nykredit Invest

Investeringsforeningen Nykredit Invest Engros

Investeringsforeningen Nykredit Invest Balance

Placeringsforeningen Nykredit Invest

Kapitalforeningen Nykredit Invest

Kapitalforeningen Nykredit Invest Engros

Fondsmæglerselskabet CABA Capital A/S

NOVARO ApS

Mercurius Int'l, Dubai

FinPro ApS

N2F Management ApS

Executive in:

Netsuom ApS

Management duties – Board of Directors (continued)

Member of the Board:

PFA Pension A/S

PFA Holding A/S

PFA Fonden

Wide Invest ApS

Retail Brands ApS

Advanced Cooling A/S

Advanced Cooling Investment A/S

AidanN ApS

Northern Horizon Capital A/S

Nordic Secondary Fund I P/S

The Board's proposed dividends

The Company not pay out dividend for the financial year 01.01.2019 to 31.12.2019.

Income statement and statement of comprehensive income for 2019

	Note	2019 DKK'000	2018 DKK'000
Financial income	7	13,475	12,023
Financial expenses	8	(3,724)	(4,801)
Net financial income		9,751	7,222
Fee and commission income		74,471	64,318
Fee and commission expenses		(1,324)	(889)
Net financial income, fee and commission income	6	82,898	70,651
Market value adjustments	9	(33)	(23)
Staff costs and administrative expenses	10	(47,957)	(48,378)
Impairments of loans and other receivables		0	(236)
Profit/loss before tax		34,908	22,014
Income tax	11	(7,744)	(1,167)
Profit for the year		27,164	20,847
Other comprehensive income		0	0
Comprehensive income for the year		27,164	20,847

Distribution of comprehensive income for the year

Dividend for the financial year	0	10,000
Retained earnings	27,164	10,847

Balance sheet at 31.12.2019

	Note	2019 DKK'000	2018 DKK'000
Receivables from credit institutions and central banks	12	35,572	21,411
Bonds at fair value	13	96,253	36,966
Bonds at amortised cost	13	396,154	380,188
Intangible assets		37,209	37,209
Current tax assets		0	7,615
Deferred tax assets		2	3
Other assets	14	26,582	34,742
Prepayments		7,271	8,201
Total assets		599,042	526,335
Debt to credit institutions and central banks	15	12	0
Current tax liabilities		7,744	0
Other liabilities	16	367,444	315,888
Total liabilities		375,200	315,888
Share capital	17	12,980	12,980
Retained earnings		210,862	187,467
Proposed dividend		0	10,000
Equity		223,842	210,447
Total equity and liabilities		599,042	526,335
Other notes, including contingent liabilities	18-21		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend	Total
2019	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 01.01.2019	12,980	187,467	10,000	210,447
Effect of change deferred tax due to IFRS 9	0	(3,769)	0	(3,769)
Equity at 01.01.2019 after adjustment	12,980	183,698	10,000	206,678
Profit/loss for the year	0	27,164	0	27,164
Proposed dividend	0	0	0	0
Other comprehensive income	0	0	0	0
Comprehensive income for the year	0	210,862	10,000	233,842
Paid dividend	0	0	(10,000)	(10,000)
Buyback of own shares	0	0	0	0
Capital increases or reductions	0	0	0	0
Equity at 31.12.2019	12,980	210,862	0	223,842

	Share capital	Retained earnings	Proposed dividend	Total
2018	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 01.01.2018	12,980	191,617	0	204,597
Effect of changed accounting principle (IFRS 9)	0	(13,325)	0	(13,325)
Equity at 01.01.2017 after adjustment	12,980	178,292	0	191,272
Profit/loss for the year	0	20,847	0	20,847
Adjustment of changed accounting principle	0	(38)	0	(38)
Proposed dividend	0	(10,000)	10,000	0
Other comprehensive income	0	0	0	0
Comprehensive income for the year	0	10,809	10,000	20,809
Paid dividend	0	0	0	0
Buyback of own shares	0	(1,634)	0	(1,634)
Capital increases or reductions	0	0	0	0
Equity at 31.12.2018	12,980	187,467	10,000	210,447

Notes to the financial statements

Significant notes

1. Accounting policies and changes to accounting policies
2. Significant judgements and estimates, assumptions and uncertainties
3. Capital and solvency
4. Financial risks, policies and targets for managing financial risks
5. Five-year summary

Income statement and statement of comprehensive income

6. Net financial and fee income and market value adjustments by geographical markets
7. Financial income
8. Financial expenses
9. Market value adjustments
10. Staff costs and administrative expenses
11. Income tax

Balance sheet

12. Receivables from credit institutions and central banks according to maturity
13. Bonds
14. Other assets
15. Debt to credit institutions and central banks according to maturity
16. Other liabilities
17. Share capital

Other notes

18. Contingent liabilities
19. Related parties
20. Shareholder relations
21. Group relations

Notes

1. Accounting policies

The annual report is presented in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Asset Management Companies etc.

The financial statements have been presented applying the accounting policies consistently with last year.

The annual report is presented in Danish kroner and rounded to the nearest thousand.

In 2018 a reservation on the Company's equity were made for the value adjustment of the Company's CLO bonds that changed from being measured at amortised cost to fair value due to the implementation of IFRS 9. The related tax effect were allocated to the equity as well. However, the tax effect was utilised in 2018, thus the reservation is reversed in the equity at the beginning of 2019.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Investment Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Investment Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Investment Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at market value. However, intangible and tangible assets are measured at cost on initial recognition. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

The purchase and sale of financial instruments are recognised on the trading day, and such recognition ceases when the right to have cash inflow and outflow from the financial asset or liability has expired, or if such right has been transferred, and the Investment Company has transferred substantially all risks and rewards of ownership. The Investment Company does not apply the rules of classification of certain financial assets from fair value to amortised cost.

Translation of foreign currency

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement and statement of comprehensive income

Financial income, fees and commissions

Interest income and expenses are recognised in the income statement for the period in which they arise. Commissions and fees on services rendered over a period, e.g. fee on asset management, are accrued over the period. Fees for carrying out a certain transaction, e.g. commissions and custodian fees, are recognised as income/expenses, when the transaction is completed.

Staff costs and administrative expenses

Staff costs comprise salaries and wages as well as social security costs etc for the Investment Company's staff. Costs for services and benefits to the employees are recognised when achieved by the employee entitling them to the services and goods.

Other operating income and expenses

Other operating income and expenses comprise income and expenses of a nature secondary to the Investment Company's activities.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and in other comprehensive income or recognised directly in equity by the portion attributable to other comprehensive income and entries directly in equity, respectively.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

When computing the current tax for the year, the tax rates and tax rules in effect at the balance sheet date are used. Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net assets.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets. At every balance sheet date, it is assessed whether sufficient taxable income is likely to arise in the future for the deferred tax asset to be used.

Balance sheet

Bonds at fair value

Bonds and mortgage bonds traded on active markets are measured at fair value. The fair value is calculated on the basis of the closing price on the market in question at the balance sheet date. Bonds redeemed are measured at present value.

If the market for one or more bonds or mortgage deeds is illiquid or if there is no publicly recognised price, the Investment Company will determine the fair value by using recognised valuation techniques. These techniques include the use of reference to similar new transactions among independent parties, reference to other similar instruments, analyses of discounted cash flows as well as other models based on observable market data.

Bonds that are gained as a result of issuance of CLOs, where the agreement states that these are limited for trade, must be recognised and measured in accordance with IFRS 9. If these are possessed with the intention of enforcing the contractual conditions, and the resulting cash flows do not solely consist of principal instalments and interests, then they are measured through the income statement. The fair value is computed by discounting the future cash flows.

Bonds at amortised cost

Bonds with fixed maturity that the Investment Company intends, and is obliged as a collateral manager, to hold to maturity are classified as held-to-maturity bonds, if they fulfil the criterias of possession for enforcement of contractual conditions and that the cash flows solely consist of principal instalments and interests. Bonds classified as held-to-maturity are measured at amortised cost. Amortisation premiums or allowances are recognised in profit or loss under the effective interest method.

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks include receivables from other credit institutions and time deposits with central banks. Receivables are measured at current value. Payables are measured at amortised cost.

Other assets

Other assets comprise other assets not belonging under other assets. Other assets include revenue not due until after the reporting period, retaining receivable financial income and dividends. On initial recognition, other assets are measured at cost, and subsequently at amortised cost.

Prepayments (assets)

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Provisions

Liabilities, guarantees and other liabilities, which are uncertain in terms of amount or time of settlement, are recognised as provisions when it is probable that the liability will lead to an outflow of the Investment Company's financial resources, and the liability can be measured reliably. The liability is stated at present value of the costs that are necessary to meet the obligation. Liabilities due more than 12 months after the vesting period are discounted.

Other financial liabilities

Other financial liabilities are measured at amortised cost which usually corresponds to nominal value.

Equity

Treasury shares

Acquisition and selling prices as well as dividend on treasury shares are recognised directly in retained earnings in equity.

Financial highlights

Financial highlights are compiled in accordance to the requirements of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies etc., as well as in accordance with the Recommendations & Ratios of CFA Society Denmark.

2. Significant judgements and estimates, assumptions and uncertainties

The financial statements are prepared based on specific assumptions which involve the use of judgements and estimates. These judgements and estimates are made by the Investment Company's Management in accordance with the accounting policies and based on historical experience as well as assumptions which Management considers reasonable and realistic. The areas involving a higher level of judgement or complexity or areas in which assumptions and estimates are material to the financial statements, are disclosed below.

CLO bonds at fair value

As Collateral Manager, Accunia Fondsmæglerselskab A/S, is required to hold minimum 5 pct. of the CLOs under management (hereafter "risk retention"). The aim of risk retention portfolios in securitisations is to impose on the CLO manager a share of risk in the structure. Risk retention exposures must not be hedged. The Collateral Manager has considerable risk retention

exposures, for which reason the financial statements of the Collateral Manager may be expected to be heavily affected should generally serious adverse credit changes take place in the underlying assets of the structures. Determining credit impairment and calculating individual and collective impairment losses regarding the underlying loans in the CLO structure are subject to significant judgement and estimation in connection with the quantification of the risk of debtors' inability to honour their future obligations in whole or in part, as a result of which the bond series will sustain losses. Whether or not the ability to pay related to underlying loans is likely to deteriorate is subject to uncertainty and highly relies on judgement and estimation. According to IFRS 9 an assessment of each tranche in the CLO must be made to determine whether it shall be measured at fair value or amortised cost. The assessment is based on the credit risk of the underlying loan. The portfolio of CLO tranches measured at fair value has been recognised at T.DKK 77,428 (2018: T.DKK 33,887).

CLO bonds at amortised cost

CLO bonds measured at amortised cost according to IFRS 9 involves estimation of amortisation premiums or allowances. The portfolio of CLO bonds measured at amortised cost has been recognised at T.DKK 396,154 (2018: T.DKK 380,188) in the financial statements.

Bonds at fair value

The Company has a position of investments in bonds including government bonds, CLO bonds etc, which are measured at amortised cost. The portfolio of bonds at fair value (excluding the CLO risk retention) has been recognised at T.DKK 16,196 (2018: T.DKK 3,078).

Loans and repurchase agreements

The Company has entered into three repurchase or loan agreements with an agreed repurchase or redemption price. The difference is recognised in the income statement throughout the expected lifetime of the agreements. The lifetime is not fixed and depends on the lifetime of the associated CLO. Accrued costs related to repurchase agreements as of 31.12.2019 is T.DKK 5,478 (2018: 3,046).

Performance fee receivable

The Company has receivables from agreements on performance fee not yet charged, but where the service has been provided. Fees are taken to income when the service has been provided and the income can be measured reliably. Performance fees which have not yet been charged, but where the fees can be measured reliable have been recognised at T.DKK 1,921 in the financial statements (2018: T.DKK 17,776). The majority of the receivables were paid during 2019, which explains the decrease of T.DKK 15,855.

Determination of fair value

Fair value is the amount at which an asset could be exchanged, or a liability be settled, between knowledgeable, willing parties in an arm's length transaction under normal conditions.

The fair value of financial instruments for which an active market exists is determined using the price obtained from a sale at the balance sheet date or, if no such price exists, another published price which may be assumed to be the best equivalent thereto. For financial instruments, for which an active market does not exist, the fair value is determined using generally accepted valuation methods based on observable current market data.

Bonds that are gained as a result of issuance of CLOs, where the agreement states that these are limited for trade, must be recognised and measured in accordance with IFRS 9. If these are possessed with the intention of enforcing the contractual conditions, and the resulting cash flows do not solely consist of principal instalments and interests, then they are measured through the income statement. The fair value is computed by discounting the future cash flows.

	2019	2018
	DKK'000	DKK'000
3. Capital and solvency		
Composition of capital		
Equity	223,841	210,447
Proposed dividend	0	(10,000)
Goodwill	(37,209)	(37,209)
Deferred tax assets	(2)	(3)
Core capital	186,631	163,235
Credit exposure		
Credit risk	745,499	633,400
Market risk	40,697	24,169
Operational risk	138,694	111,307
Total	924,890	768,876
Key ratios		
Common equity tier 1 capital ratio	20,2	21,2
Core capital ratio	20,2	21,2
Capital ratio	20,2	21,2

4. Financial risks, policies and targets for managing financial risks

The Company is exposed to different types of risks. The objective of the Company's risk management policies is to minimise the losses which might occur due to unpredictable changes in, for example, the financial markets.

General

The Company continuously develops its tools to identify and manage the risks affecting it on a daily basis. The Board of Directors lays down the overall framework and principles for risk and capital management and receives regular reporting on developments in risks and use of the defined risk framework. The daily risk management is conducted by the Executive Board.

Credit risks

The Company is exposed to credit risk from its risk retention portfolio with Accunia European CLO I BV, Accunia European CLO II BV and Accunia European CLO III DAC as well as future CLOs for which it serves as risk retention holder. The aim of risk retention portfolios in securitisations is to impose on the CLO manager a share of risk in the structure. Risk retention exposures account for at least 5% of all CLO notes issued. The exposures must not be hedged, and the entire risk retention concept is governed by Regulation 575/2013 (the CRR Regulation).

The Company has considerable risk retention exposures, and it may therefore be expected to be heavily adversely affected should generally serious adverse credit changes take place in the underlying assets of the structures.

Market risks

The Investment Company is exposed to two main market risks: The first one being indirectly by the share of customers' asset management fee that is performance-based, and the other one being directly by its investments in interest-bearing claims. With respect to the latter, it should be mentioned that the Company considers this risk to be marginal compared to its credit risk exposure.

Liquidity risks

The Company's cash resources are secured by maintaining adequate cash and cash equivalents in the form of bank deposits and liquid bonds. The Company issues invoices on a quarterly basis and, in doing so, has cash inflows throughout the year. The same applies to interest payments from its own investments that are distributed on many interest rate forward contracts.

Operational risks

With a view to reducing losses from operational risks, the Company has developed a number of policies, business procedures and control procedures. Key elements are the policies and business procedures dealing with the employees' use of the Company's two central portfolio management systems, IT in general, customer data and other sensitive information and emergency plans.

Settlement risks

Being an investment company, the Company is not an account-holding or portfolio-managing institution. Both when investing own funds and when carrying out customer deals, the term of "payment against delivery" is always applied. In connection with particular (unlisted) investments, attorneys are generally used where the funds are deposited on client accounts.

	2019	2018	2017	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
5. Five-year summary					
Profit and loss					
Net financial income, fees and commission	82,898	70,651	71,016	36,742	46,898
Market value adjustments	(33)	(23)	(42)	821	900
Staff costs and administrative expenses	(47,957)	(48,378)	(45,456)	(40,765)	(36,448)
Profit after tax	27,164	20,847	18,868	(2,531)	8,644
Balance sheet					
Equity	223,841	210,447	204,597	49,285	61,814
Total assets	599,042	526,335	408,698	60,278	98,235
Key ratios					
Capital relative to the minimum capital	2,9	3.3	3.3	15.1	13.9
Capital ratio (%)	20,2	21,2	29.1	32.0	21.8
Core capital ratio (%)	20,2	21.2	29.1	32.0	21.8
Return on equity before tax (%)	17,2	10.6	19.3	(5.8)	16.8
Return on equity after tax (%)	13,3	10.1	14.9	(4.6)	12.8
Profit per unit of costs	1,7	1.5	1.5	0.9	1.3
Return on Investment (%)	4,5	4.0	4.6	-4.2	8.8

Accunia Fondsmæglerselskab A/S has no investments in associates or subsidiaries, for which reason this ratio is not disclosed.

	2019	2018
6. Net financial income, fee income and commission by geographical markets	DKK'000	DKK'000
Denmark	72,853	63,309
Europe	10,044	7,341
Total financial income	82,898	70,651

Market value adjustments by geographical markets

Denmark	0	0
Europe	(33)	15
Total financial income	(33)	15

	2019	2018
7. Financial income	DKK'000	DKK'000
Receivables from credit institutions and central banks	109	0
Bonds	13,366	12,000
Other financial income	0	23
Total financial income	13,475	12,023

8. Financial expenses

Credit institutions and central banks	(402)	(143)
Other financial expenses	(3,332)	(4,658)
Total financial expenses	(3,724)	(4,801)

9. Market value adjustments

Bonds	4,104	8
Repo	(388)	0
Loan	(2,838)	0
Currency	(911)	(31)
Total market value adjustments	(33)	(23)

Notes

	2019	2018
	DKK'000	DKK'000
10. Staff costs and administrative expenses		
Staff costs	(36,907)	(38,126)
Other administrative expenses	(11,050)	(10,252)
Total staff costs and administrative expenses	(47,957)	(48,378)

Staff costs

Salaries	(29,100)	(32,660)
Other social security costs	(1,357)	(993)
Charges calculated on the basis of number of staff in the payroll	(5,403)	(4,634)
Share-based remuneration	(1,047)	(161)
Total staff costs	(36,907)	(38,126)

Average number of employees converted to full-time employees	26	28
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Remuneration of the Executive Board, Board of Directors and staff with significant influence on the risk profile

	Employees	Executive Board	Board of Directors
	DKK'000	DKK'000	DKK'000
2019			
Contractual remuneration	(3,388)	(2,940)	250
Pension contributions	0	0	0
Total contractual remuneration	(3,388)	(2,940)	250
Variable cash remuneration	(295)	(334)	0
Variable share-based remuneration	(350)	(449)	0
Total variable remuneration	(645)	(783)	0
Total remuneration	(4,034)	(3,723)	250

Number of members/employees	4	1	5
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No special incentive programmes exist for the Board of Directors.

Notes

10. Staff costs and administrative expenses (continued)

	Employees	Executive Board	Board of Directors
2018	DKK'000	DKK'000	DKK'000
Contractual remuneration	(5,156)	(2,722)	0
Pension contributions	0	0	0
Total contractual remuneration	(5,156)	(2,722)	0
Variable cash remuneration	(5,687)	(349)	0
Variable share-based remuneration	(200)	(348)	0
Total variable remuneration	(5,887)	(697)	0
Total remuneration	(11,043)	(3,419)	0
Number of members/employees	4	1	3

No special incentive programmes exist for the Board of Directors.

Once a year the Board of Directors evaluates the Investment Company's remuneration policy and, because of the Investment Company's size, it has decided not to appoint a remuneration committee. The remuneration policy is evident from the website www.accunia.com.

A bonus agreement has been set up with the Chief Executive Officer, under which any bonus earned may be granted through share options, deferred shares and shares. The termination benefit amounts to 12 months' salary should the Executive Board be terminated by the Board of Directors. In the event of termination of the employment, the term of notice on the part of the Investment Company is 12 months and it is 6 months on the part of the Chief Executive Officer.

Notes

	2019	2018
	DKK'000	DKK'000
Audit fee		
Statutory audit of the financial statements	165	250
Other assurance engagements	46	74
Tax advisory	5	16
Other costs	698	50
Total fee to the audit firm elected by the Annual General Meeting to carry out the statutory audit	914	390
11. Income tax		
Current tax	(7,744)	(4,910)
Change in deferred tax	1	(1)
Adjustments for previous years	(1)	3,744
Tax on profit/loss for the year	(7,744)	(1,167)
The current income tax for the financial year is computed on the basis of a tax rate of 22% for Danish enterprises (2018: 22%).		
Effektive tax rate (%)	22.2	22.3
12. Receivables from credit institutions and central banks according to maturity		
Request		
Up to and including 3 months	35,572	21,411
Total	35,572	21,411
13. Bonds		
Treasury bonds	1,038	758
Collateral Loan Obligations	17,787	2,244
Risk Retention – CLO	77,427	33,888
Other bonds	0	76
Total bonds at fair value	96,252	36,966
Bonds at amortised cost	396,154	380,188
Total bonds at amortised cost	396,154	380,188

Notes

	2019	2018
	DKK'000	DKK'000
14. Other assets		
Trade receivables	18,225	34,070
Receivables from subsidiaries	5,595	0
Interest receivable	1,921	0
Security deposit	689	672
Other receivables	152	0
Total	26,582	34,742

15. Debt to credit institutions and central banks according to maturity

Request		
Up to and including 3 months	12	0
Total	12	0

16. Other liabilities

Debt to associates	366	428
Retention loan CLO I	0	87,902
Repo CLO I *)	144,048	0
Retention loan CLO II **)	99,877	99,473
Repo CLO III ***)	109,244	108,956
Provisions for staff costs	11,511	15,812
Creditors	1,809	2,423
Other liabilities	589	894
Total other liabilities	367,445	315,888

*) The loan will be repaid no later than 15 July 2030

**) The loan will be repaid no later than 15 October 2030

***) The loan will be repaid no later than 20 January 2031

Notes

	2019	2018
	DKK'000	DKK'000
17. Share capital		
Number of shares, 1,000 in denominations of DKK 1	12,980	12,980
The shares have not been divided into classes.		
The share capital consists of 8,000,000 shares at DKK 1 each or multiples thereof.		
The shares have not been divided into classes.		
Share capital on formation, 06.05.2008	5,000	5,000
Issue of bonus shares, 21.12.2011	3,000	3,000
Merger with Accunia Credit Management Fondsmæglerselskab A/S 27.02.2017	4,980	4,980
Share capital at 31.12.2019	12,980	12,980

18. Contingent liabilities

Warranty to the Danish Deposit Guarantee Fund	311	238
The Investment Company has entered into a lease on office premises which includes an obligation of refurbishment in the event of termination and vacation		
	300	300

As part of raising the loan to partially fund the risk retention exposure related to Accunia European CLO II B.V., the Company has pledged the following notes to creditors:

- Class A Notes (EUR 11,200,000 nominal)
- Class B-1 Note s (EUR 2,000,000 nominal)
- Class B-2 Notes (EUR 200,000 nominal)

For Accunia European CLO I B.V. and Accunia European CLO III DAC, the Company has pledged the entire risk retention as security.

Subsidiary

The Investment Company participates in a Danish joint taxation arrangement with Accunia A/S serving as the administration company and that company's other subsidiaries. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income. Each company in the joint taxation arrangement is liable for the portion of income taxes, tax prepayments and residual taxes, including surcharges and interest, related to the portion of income allocated to the company. When using losses sustained by group companies, the administration company is obliged to pay the tax-based value of the loss to the company having sustained such loss. The group companies using the losses are obliged to

pay the administration company an amount equivalent to the tax-based value of the loss used. When receiving payment for the losses used, liability will fall to the administration company.

Accunia Fondsmæglerselskab A/S and its parent company Accunia A/S are jointly registered for VAT. The jointly registered entities are jointly and severally liable for payment of taxes for the respective tax years in which they have been subject to joint registration.

Apart from this, the Company has no assets charged, collateral or similar obligations.

19. Related parties

All related party transactions have been conducted on an arm's length basis or a cost recovery basis. Accunia Fondsmæglerselskab A/S handles portfolio management, securities trading and related administration for Accunia OY (affiliated company) and administrative services for ACM Forvaltning A/S (affiliated company).

Related parties with controlling influence on the Company:

The Investment Company is 100% owned by Accunia A/S, Store Regnegade 5, 1., 1110 Copenhagen K.

Transactions with related parties during the year

The Investment Company has had the following significant transactions with related parties in the financial year:

Name	Basis of influence	Nature and scope of transactions	2019 DKK'000	2018 DKK'000
Peter Aandahl	Chairman of the Board	Asset management fee	575	146
Jørgen Clausen	Member of the Board	Asset management fee	390	354
Carsten K. Gomard	Member of the Board	Asset management fee	1,168	437
Allan Gross-Nielsen*	Member of the Board	Asset management fee	419	N/A
Accunia OY	Affiliated company	Portfolio management fee etc.	2,779	2,429
ACM Forvaltning A/S	Affiliated company	Allocation of staff and admin costs	6,664	0
Total			11,996	3,366

*entered the Board of Directors in 2019.

In addition, the Parent Company Accunia A/S has transactions in the form of taxation (joint taxation) and purchase and sale of bonds. All related party transactions have been conducted on an arm's length basis.

Notes

20. Shareholder relations

The Investment Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

- Accunia A/S, Store Regnegade 5, 1., 1110 Copenhagen K, owns all company stock.

21. Consolidation

The Investment Company is included in the consolidated financial statements of Accunia A/S, which is the largest and the smallest group for which consolidated financial statements are prepared.

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