

1 JANUARY 2021 – 31 DECEMBER 2021

ANNUAL REPORT 2021

Kapitalforeningen
Formuepleje Safe



FORMUE PLEJE

CONTENTS

Management report for the Fund // Fund information	3
Management report for the Fund // Overview	4
Management report for the Fund // Board and fund manager	5
Management report for the Fund // The investment markets in 2021.....	7
Management report for the Fund // Overall expectations for the markets in 2022.....	8
Management report for the Fund // Fund governance	9
Management report for the Fund // Corporate social responsibility.....	12
Endorsements // Management's statement.....	14
Endorsements // Independent auditor's report	15
Sub-fund report // Formuepleje Safe KL.....	17
Inventories // Formuepleje Safe KL.....	19
Risk limits and risk assessment // Formuepleje Safe KL.....	20
Annual accounts // Formuepleje Safe KL	21
Notes // Applied accounting policies	28
Notes // The Fund's most important agreements.....	30

Management report for the Fund // Fund information

Kapitalforeningen Formuepleje Safe was founded on 10 July 2013 as Hedgeforeningen Formuepleje Safe. On 18 June 2014, the Fund changed its status to that of an alternative investment fund (capital fund) under "Lov om forvaltere af alternative investeringsfonde m.v." (the Act on Alternative Investment Fund Managers etc.). The Fund continues its investment strategy in Formuepleje Safe A/S, founded on 1 May 1988.

As of 31 December 2021, the Fund had one sub-fund: Formuepleje Safe – KL.

On the website www.formuepleje.dk, the development of the Fund can be monitored on an ongoing basis.

Name and address

Kapitalforeningen Formuepleje Safe
Værkmestergade 25
DK-8000 Aarhus C
Telephone: +45 87 46 49 00
Fax: +45 87 46 49 01
Company Reg. No. (CVR): 35 40 14 31

Financial Supervisory Authority reg. number: 24026

The Fund is based in Aarhus.

www.formuepleje.dk

Fund manager

Formuepleje A/S
Værkmestergade 25
DK-8000 Aarhus C
Telephone: +45 87 46 49 00
Company Reg. No. (CVR): 18 05 97 38

Depositary

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K
CRN 61 12 62 28

Audit

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg
Company Reg. No. (CVR): 30 70 02 28

Portfolio advisor

Formuepleje A/S
Værkmestergade 25
DK-8000 Aarhus C
Telephone: +45 87 46 49 00
Company Reg. No. (CVR): 18 05 97 38

Approved at the general meeting, / 2022

Chairman of the meeting

Profile of the sub-fund	Key figures	
Certificate issuing and listed	Net asset value	210.83
Base currency: DKK	High Water Mark (performance fee, end of December 2021)	211.20
Benchmark: No benchmark	Expense ratio	3.21
ISIN: DK0060498186	Expense ratio excl. performance fees	1.79
Start date of investment strategy: May 1988	Performance fee 2021 (%)	1.42
Advisor: Formuepleje A/S	APR	3.39
Tax status: Accumulative	APR excl. performance fees	1.97
	Indirect trading costs (%)	0.21
	Return (%)	13.13
	Sharpe Ratio	0.60

Net income and assets for the period

In 2021, the sub-fund realised a profit of DKK 1,051 million.

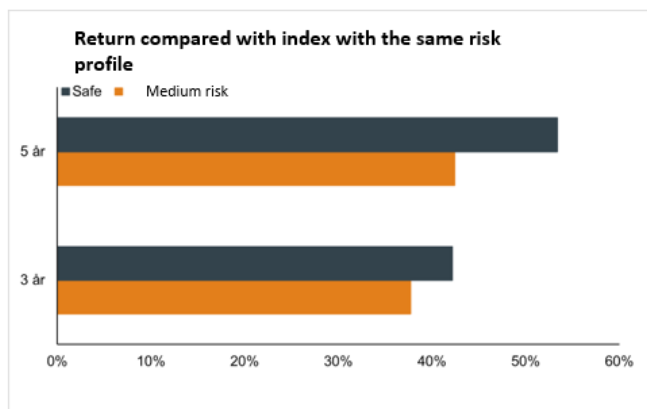
The sub-fund's total assets increased by DKK 311 million during the period. At the end of the accounting period, the sub-fund had assets of DKK 8,538 million.

Return

The sub-fund delivered a return in the financial year of 13.1%. Measured over the most recent five-year horizon, from 1/1 2017 to 31/12 2021, the sub-fund has delivered a return of 53.4%, which corresponds to an average annual return of 8.9%. An index with the same risk profile as the sub-fund, i.e. medium risk, has given a return of 42.2% in the same period, corresponding to an average annual return of 7.3%.

Figure 1 below shows the return for the sub-fund compared to the index with the same risk profile.

Figure 1



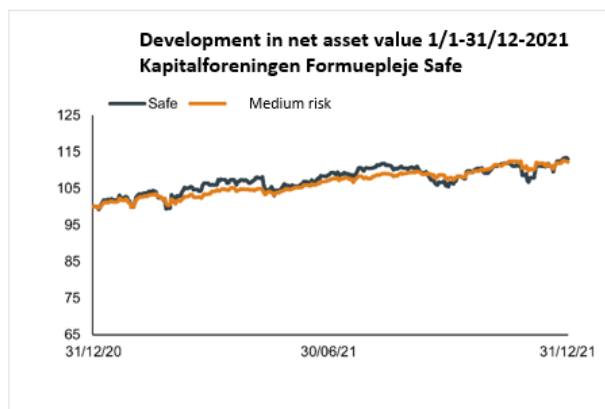
Comparison with an ungeared index representing a comparable risk profile. Medium risk consists of 50% shares, 30% mortgage bonds and 20% corporate bonds.

Figure 2 shows the financial period's development in net asset value for Kapitalforeningen Formuepleje Safe compared to the index with the same risk profile.

The management report, page 7, describes how the market development across the various asset classes affected the sub-fund's return during the period.

The risk in Formuepleje Safe is best suited to investors with a medium risk profile. Measured as risk of loss, Formuepleje Safe should thus be compared to a medium-risk index composed of 50% shares, 30% mortgage-credit bonds and 20% corporate bonds. A portfolio composed as this index will be the investors' alternative to Formuepleje Safe.

Figure 2



Comparison with an ungeared index representing a comparable risk profile. Medium risk consists of 50% shares, 30% mortgage bonds and 20% corporate bonds.

BOARD MEMBERS

CARSTEN WITH THYGESSEN, chairman

CEO, MA in Forestry Management, E*MBA, HD (F)
Ahornvej 64
DK-8680 Ry
Born: 1964
Joined the Board of Directors on 10 July 2013 and is up for re-election in 2023.

Chairman of the Board of

Aktieselskabet Rold Skov Savværk
A/S Lindenberg Gods
A/S Lindenberg Skovselskab
Investeringsforeningen Formuepleje
Kapitalforeningen FP
Kapitalforeningen Formuepleje Epikur
Kapitalforeningen Formuepleje Fokus
Kapitalforeningen Formuepleje Pareto
Kapitalforeningen Formuepleje Safe
Kapitalforeningen Formuepleje Penta
Formuepleje Ejendomme 1 P/S
Formuepleje Ejendomme 2 P/S
Formuepleje Ejendomme 3 A/S
Formuepleje Ejendomme 4 A/S
Formuepleje Ejendomme 5 A/S
Formuepleje Ejendomme 6 A/S
Formuepleje Ejendomme 7 A/S
Formuepleje Triple Alfa Global Equities A/S
LFI Silva Investments A/S
Mobilhouse A/S
Mobilhouse Holding A/S
Skovrådet
Silva Baltica 1 ApS
Silva Baltica 2 ApS
Silva Baltica 3 ApS
Aarhus School of Architecture

Vice Chairman of

Færchfonden

Member of the Board of Directors of

Karen og Karl Buttenschøns Familiefond
Formuepleje A/S

CEO of

Cresco Capital A/S
Cresco Capital Services A/S

Special competences

Carsten With Thygesen holds a Master's in Business Administration, E*MBA and HD(F) and has more than 30 years of professional experience, including as departmental director of Realkredit Danmark A/S, group director of Hedeselskabet and CEO of HedeDanmark A/S. Since 1998, he has been a member of the board of a number of investment and real estate companies and business foundations, including as vice-chairman of Realdania from 2009 to 2020, where he was also chairman of the Investment Committee from 2013 to 2019. He is also chairman of the board of Aarhus School of Architecture, appointed by the Minister of Education and Research, and founder and CEO of the special asset management company Cresco Capital Services A/S.

LARS SYLVEST, Deputy Chairman

Director, Master of Economics.
Orionsvej 6B
DK-8270 Højbjerg
Born: 1955
Joined the board of directors on 5 December 2013 and is eligible for re-election in 2022.

Chairman of the Board of

Ferm Invest

Vice Chairman of

Kapitalforeningen Formuepleje Penta
Kapitalforeningen FP
Kapitalforeningen Formuepleje Fokus
Kapitalforeningen Formuepleje Pareto
Formuepleje Triple Alfa Global Equities A/S
Kapitalforeningen Formuepleje Safe
Investeringsforeningen Formuepleje
Kapitalforeningen Formuepleje Epikur

Member of the Board of Directors of

Aktieselskabet CBH
Grundfos Pumps Limited Retirement Fund
Formuepleje Ejendomme 1 P/S
Formuepleje Ejendomme 2 P/S
Formuepleje Ejendomme 3 A/S
Formuepleje Ejendomme 4 A/S
Formuepleje Ejendomme 5 A/S
Formuepleje Ejendomme 6 A/S
Formuepleje Ejendomme 7 A/S
Pearless Pump Company Pension Fund

Special competences

Lars Sylvest has a Master of Economics from the Department of Management at Aarhus University, and he has many years of experience with global responsibility for Grundfos group's financial affairs and asset management, with over 25 years as the CFO of Grundfos and managing director of the group's internal bank, Grundfos Finance. Throughout his professional career, Lars Sylvest has been engaged in banking and finance and financial markets, and as CRO he was responsible for Grundfos Group's overall risk management and insurance. Apart from his employment at Grundfos Group, he has previous professional experience from working for i.a. Alfa-Laval Financial Management, Privatbanken (now Nordea), Aalborg Shipyard and the Danish Export Financing Fund. Since 1995, Lars Sylvest has also served as a board member on several boards of financial and industrial companies.

MICHAEL VINTHER

Lawyer, Partner, DLA Piper Denmark Advokatpartnerselskab, Master of Law
Skovholmvej 19
DK-2920 Charlottenlund
Born: 1963
Joined the Board of Directors on 10 July 2013 and is up for re-election in 2023.

Chairman of the Board of

Aktieselskabet Franske Vingårde
Anlama 3 ApS
AromaTeknik A/S
BG Byg Odense A/S
Boliggruppen A/S
Boliggruppen Erhverv A/S
Boliggruppen Fyn A/S
Boliggruppen Sydfyn ApS
Don Plast 2003 A/S
Drømmeland A/S
FB Gruppen A/S
Gulvbutikken Erhverv A/S
Indkøb DK A/S
JMI Ejendomme A/S
JMI Gruppen A/S
JMI Investering A/S
Justt A/S
K. A. Invest Holding A/S
MJJM A/S

Nybolig Jan Milvertz A/S
Ny Valby Byggemodning P/S
Ny Valby Holding A/S
Ny Valby Udvikling A/S
Rossings Gaard II Slagelse ApS
Sjællandske Ejendomme A/S
Tech Town Odense A/S
Wibroe, Duckert & Partners A/S

Member of the Board of Directors of

AKP Group A/S
CS Electric A/S
C.S.E. Holding A/S
Derma Pharm A/S
DLA Piper Danmark Advokatpartnerselskab
DLA Piper Danmark Komplementar ApS
Ejendomsselskabet Reskavej 1 A/S
Ejendomsselskabet Servicevej A/S
Esoft Systems A/S
Glasværket A/S
Inox Stål Handelselskab A/S
Intercool Technology A/S
Investeringsforeningen Formuepleje
Kameraudlejningen ApS
Kapitalforeningen FP
Kapitalforeningen Formuepleje Epikur
Kapitalforeningen Formuepleje Fokus
Kapitalforeningen Formuepleje Pareto
Kapitalforeningen Formuepleje Safe
Kapitalforeningen Formuepleje Penta
Formuepleje Triple Alfa Global Equities A/S
K/S Hamborg Rennbahnstrasse
Newcap Holding A/S
Sport Scandinavia A/S

CEO of

Vimmi Holding ApS

Special competences

Michael Vinther is a lawyer and a partner at the law firm DLA Piper Denmark, and he has more than 25 years of experience in M&A as well as extensive board experience. During his career, Michael has been a legal advisor to a number of private equity funds and business companies in matters relating to commercial and company law.

HANNE SØNDERGAARD BIRKMOSE

Professor, LL.M., Ph.D.
Alsvej 30
DK-8240 Risskov
Born: 1972
Joined the board of directors on 28 April 2020 and is up for re-election in 2022.

Chairman of the Board of

Århus Statsgymnasium

Member of the Board of Directors of

Investeringsforeningen Formuepleje
Kapitalforeningen FP
Kapitalforeningen Formuepleje Epikur
Kapitalforeningen Formuepleje Fokus
Kapitalforeningen Formuepleje Pareto
Kapitalforeningen Formuepleje Safe
Kapitalforeningen Formuepleje Penta
Formuepleje Triple Alfa Global Equities A/S
Cresco Capital Services A/S

Special competencies

Hanne Søndergaard Birkmose has worked for many years in company law, corporate governance and regulation of the financial sector. She has written several books on the regulation of

investment funds and alternative investment funds. Hanne Søndergaard Birkmose has also worked as a lawyer at an investment management company.

OTHER DUTIES OF THE BOARD OF DIRECTORS

Other duties of the Board of Directors as at 31 December 2021.

MEETINGS OF THE BOARD OF DIRECTORS

In 2021, the Board of Directors held four ordinary board meetings.

REMUNERATION OF THE BOARD OF DIRECTORS

As remuneration to the Board of Directors for 2021, a total amount of DKK 345,889 is recommended for approval by the general meeting. Part of the amount relates to remuneration to the Board of Directors of Kapitalforeningen Formuepleje Merkur, which ceased following the merger.

Information on the individual board member's fee can be found at www.formuepleje.dk

In 2021, no additional expenses have been incurred for remuneration of board members for performing separate tasks for the Fund.

FUND MANAGER

Formuepleje A/S
Værkmestergade 25
DK-8000 Aarhus C

SØREN ASTRUP, partner, director

MSc in Advanced Economics and Finance
Born: 1969
Appointed as director of Formuepleje A/S on 5 July 2013.

Member of the Board of Directors of

Honeycomb IO ApS
Pengeprofilen A/S

CEO of

Formuepleje A/S
LMC Invest ApS
Formuepleje Safe A/S
Formuepleje Ejendomme 1 P/S
Formuepleje Ejendomme 2 P/S
Formuepleje Ejendomme 3 A/S
Formuepleje Ejendomme 4 A/S
Formuepleje Ejendomme 5 A/S
Formuepleje Ejendomme 6 A/S
Formuepleje Ejendomme 7 A/S
Formuepleje Triple Alfa Global Equities A/S
Emiliedalen Aarhus Holding ApS
Finderupparken Aarhus Holding ApS
Keep P1 Holding ApS
KGV Aarhus Holding ApS
Sigurdsgade København Holding ApS

Special competences

Søren Astrup has a Master of Economics from Aarhus University and has been part of the Formuepleje Group since 2003: first, as chief investment officer and then as investment director and director of the Formuepleje companies. Throughout his professional life, he has been engaged in financial matters and the financial markets, and he was also an external lecturer in the Department of Finance at Aarhus University, where he is currently an examiner. Søren Astrup is also a member of Formuepleje's investment committee.

Global economy

The year has been characterised by the continued consequences of the economic recovery in the wake of 2020, which has generally been supportive of risk assets, including the share market. Sustained historical easing of monetary and fiscal policy, a noticeable effect of vaccine activity on a global scale, growing demand and capacity challenges in parts of the energy sector and, last but not least, the introduction of the two Covid-19 variants – delta and omicron – have guided the market developments that characterised 2021.

The share market

Throughout 2021, the share markets delivered strong returns in the range of 5 to 38%. At the regional level, development has been strongest in the United States (38%), followed by Europe (22%), Japan (11%) and, finally, emerging markets (5%). Overall, the global share market delivered a return of 27.44% in Danish kroner.

Although 2021 has been divided into phases where inflation and growth expectations have defined developments in the interest and share markets, over the year the share market has generally been positive across sectors and categories. In a global perspective, all 11 sectors of the share market delivered positive returns, led by energy (49%), IT (37%) and finance (34%), while supply, stable consumption and cyclical consumption have been at the bottom with returns of between 15 and 18%.

The bond market

On the interest rate side, in Europe 2021 was marked by interest rate rises, especially in long-term interest rates.

Most of the rate hikes came in the first three months of the year and were, among other things, a consequence of the Democrats' takeover of the majority in the U.S. Senate via the election win in Georgia in early January. This election win paved the way for major fiscal stimuli from newly elected US President Joe Biden.

In the second half of the year, short-term interest rates also began to rise slightly due to a major rise in inflation, which has been a global phenomenon in 2021. Inflation rates of 7% in the US and 5% in Europe have raised expectations that central banks will be forced to raise interest rates from current low levels.

For the Danish mortgage-credit bond market, 2021 was a tough year as the aforementioned interest rate hikes were accompanied by a marked expansion of the rate spread between callable mortgage-

credit bonds over market interest rates (OAS spread). The main reason for the significant spread expansion was the record number of home sales in especially the first half of 2021, which resulted in a high supply of callable mortgage-credit bonds.

The Danish mortgage-credit bond market therefore yielded a negative return in 2021. Short-term bonds and non-callable bonds performed the best.

The broad index for Danish mortgage-credit bonds dropped by 3.8% (Nykkredit Mortgage-Credit Index) in 2021.

Corporate bonds

Credit bonds have had a relatively neutral year, with investment grade bonds delivering a negative return of around 1% after spread expansions in Q4. The lower credit-rated corporate credit bonds delivered a return of 2.24%, as the credit spread dropped globally by approx. 35bp over the year globally and thus was not hit as hard by rising, underlying interest rates.

The credit spreads are at a low level in a historical perspective, and to some extent reflect the low bankruptcy rate and expectation of bankruptcies in the coming year. Over the year, the credit spread started the downward trend after the sharp rises in the wake of the first lockdowns in early 2020.

In the second half of the year, Chinese issues in particular led to significantly increased interest rate spreads. This development has since been reversed, so the spread today is lower than at the beginning of the year.

Currencies

During 2021, USD has strengthened significantly against DKK and EUR. The main reason is to be found in the more aggressive monetary policy tightening that the United States is facing – relative to the European Central Bank's (ECB's) plans in Europe. The US Federal Reserve is expected to raise the key interest rate three times in 2022 (0.75% in total), and is expected to stop its buying programme as early as March, while the European Central Bank has indicated an intention to keep key interest rates steady well into 2023 and gradually reduce emergency purchase programmes in 2022.

Expectations for 2022

Overall, the 2022 business cycle will continue to support shares, although global growth levels will be lower, while remaining above-trend in several parts of the dominant part of the world. Increased global mobility and the freeing up of bottlenecked consumer spending in, for example, travel activity and service demand in general, and corporate spending through inventories, investments and share buybacks, will support earnings and share returns through 2022. However, the more mature economic cycle continues to be supported by historically eased monetary and fiscal policies.

The rapid economic recovery over the past almost 24 months has put significant pressure on global supply chains and input costs as a result of extraordinary demand in, primarily, the manufacturing sector. Part of this pressure will be temporary and will, in step with the normalisation process, subside through 2022 and not result in lasting price increases.

The role of central banks in a changing economic environment has already been noticeable towards the end of 2021. This role is not expected to diminish in 2022, when the balance between lower growth, continued high input costs and increasing pressure on the core elements of inflation will define the pace and extent of the shift away from the previously historically eased monetary policy.

Geopolitically, the Russian invasion of Ukraine at the end of February 2022 and the Western response to it in the form of economic sanctions, etc. led to falling share prices, markedly rising energy prices, increased market volatility and increased uncertainty regarding expectations for 2022.

Overall, Formuepleje still sees a favourable environment for risk assets, including shares – although with an expected share return that will be lower than in 2021 and to a greater extent a mirror of the realised earnings growth of just under 10%. A more mature business cycle combined with increasing pressure on capacity means that central banks and the geopolitical situation are expected to increase volatility in the share market over the year and will gradually allow investment alternatives to shares.

Inflation will continue at a high level in the first half of the year, but in line with the normalisation of supply chains and the labour market as well as a shift in the consumer spending pattern where

the demand moves more towards services, while inflation is expected to gradually decrease during the second half of 2022. Not least because the so-called "base effects" will subside. There will continue to be large differences in inflation rates between the US and Europe. For the US, we expect inflation to stabilise at approx. 3% and in Europe at around 2%.

However, the prospect of declining inflation during 2022 will not prevent interest rate hikes. The US Federal Reserve is expected to raise its policy rate at least twice during 2022. The first time may be as early as March, but most likely it will not be until the middle of the year. In Europe, there are expectations that bond purchases will be reduced, but that no interest rate hikes will take place until the first half of 2023 at the earliest.

Based on the current interest rate level and excess returns on callable mortgage-credit bonds, a positive return contribution is also expected here.

Risk factors

For European markets in particular, geopolitical risks have increased significantly following Russia's invasion of Ukraine at the end of February 2022.

COVID-19 and new variants/mutations leading to new lockdowns and restrictions in societies worldwide remains another major risk factor in 2022. Once again, this could put pressure on the economic growth prospects as well as companies' earnings growth.

In addition, there is also a risk that, through too harsh a tightening of monetary policy, the central banks will stifle the ongoing recovery.

An inflation area such as the labour market might experience a more lasting price increase effect over time, which, if not counter by productivity improvements in businesses, might challenge the currently high profit margins. On the consumer side, the inflation component from housing costs in particular may reduce purchasing power over time – especially with the current negative increase in real wages.

Background and purpose

The following has been prepared on the basis of the fund governance recommendations prepared by the industry association Investment Denmark. These should be seen as a supplement to the legislation, so they do not generally encompass the governance issues covered by the comprehensive regulation.

The relationship between the Fund and its manager

In accordance with the law, the Fund's board of directors, which is elected at the general meeting, has appointed Formuepleje A/S as manager of the Fund. This company is owned by Formuepleje Holding A/S.

GENERAL MEETING AND INVESTOR RELATIONS

Information on investor rights

The board of directors aims to promote active ownership of the Fund, partly by encouraging investors to attend the general meeting of the Fund. This is done through investors' access to information, including about investors' rights, through the website, investor disclosure documents, key investor information, and the annual and semiannual reports.

Influence

Each investor has one vote for every DKK 100 worth of shares they hold. The Fund's articles of association contain more extensive and detailed information, including about the general meeting of the Fund and investor matters.

General meeting

A general meeting is called with sufficient notice to enable investors to prepare and decide on the issues to be considered at the meeting. The official invitation outlines the individual items on the agenda and is attempted to be prepared in easily understandable language.

Investors have the option of using proxy instructions to the board of directors or named proxies to make their voices heard in the treatment of the items on the agenda. Through the website, investors will be informed of the deadline for submission of written proposals for consideration at the annual general meeting. If there are proposals for amendments to the articles of association, interested parties can obtain the complete proposals by contacting Formuepleje A/S. The complete proposals are also published on www.formuepleje.dk. The aim is for all members of the board of directors and at least one member of the fund manager's executive board to be present at the annual general meeting.

THE BOARD OF DIRECTORS

Size of the board of directors

Elections to the board of directors are held at the annual general meeting. The board consists of a minimum of three and a maximum of six members, which is considered to be an appropriate number for enabling a constructive and effective debate in which all members have the opportunity to participate actively. The board of directors regularly assesses whether the number of board members is appropriate in relation to the Fund's needs. The board of directors elects its own Chairman and Vice-Chairman.

Composition

Investment Denmark's fund governance recommendations recommend that board members should not be elected for a period longer than one year at a time, and that the chairman and other board members should only be allowed to serve a maximum number of terms. On these points, the Fund deviates from the recommendations, as only the two longest-serving members of the board of directors are up for election each year. Furthermore, no maximum number of terms has been set. These deviations have been chosen to ensure greater continuity in the board of directors.

Along with the invitation to the general meeting, where elections to the board of directors are on the agenda, a description of the candidates' qualifications is published, including details of their other management roles.

During the general meeting itself, investors can also nominate candidates for election to the board of directors. In these situations, it is expected that the candidate should have the opportunity to present their qualifications, including information about their other management roles, intentions and expectations with respect to the work of the Fund.

The collaboration with the fund manager is evaluated annually.

The board of directors has decided that target figures for the underrepresented gender among board members elected by the general meeting must be at least 20%, or that at least one member of the board must be of the underrepresented gender. This objective will be met by continuous development of the board, and has already been achieved.

The board of directors normally makes an annual assessment of the skills it needs in order to best perform its tasks, and of whether there are areas in which the skills and expertise of its members need to be updated.

Upon joining, new board members receive an introduction to the Fund.

The amount of time allocated to board work and the board members' other duties

Candidates for the board are asked to describe other board positions and offices they have held. Each board member is expected to be clear about the demands of board work on his or her time, and to devote sufficient time to these duties.

Age limit

A member of the board of directors must step down no later than at the general meeting following the end of the financial year in which they reach 70 years of age.

Individual board members' ages can be found elsewhere in the annual report, where the board of directors is presented in more detail.

Election term

Every year, the two longest-serving board members are up for election, calculated from their last election. If more than two board members have served for an equal amount of time, the termination will be determined by drawing lots. Members of the board may be re-elected. This is considered to be beneficial for the Fund, as over time, a member will gain experience and specific knowledge of the Fund's affairs. Information regarding individual board members' term(s) can be found elsewhere in the annual report, where the board of directors is presented in more detail. Board members receive a fixed annual remuneration, subject to approval at the general meeting.

The Fund's manager

Board member Carsten With Thygesen has been elected to the board of directors of the management company as investor representative, pursuant to "Lov om finansiel virksomhed § 98" (the Danish Financial Business Act, section 98).

AUDIT COMMITTEE

The board of directors has appointed an audit committee consisting of Carsten With Thygesen and Lars Sylvest – the latter is chair of the committee. The audit committee meets with the Fund's external

auditor and the Fund's manager's executive board at least twice a year for, among other things, a closer examination of the accounting and auditing process, including a review of reports from the fund manager's compliance and risk function. The audit committee subsequently informs all board members of these matters.

COMMUNICATION AND MANAGEMENT OF STAKEHOLDERS

Communication strategy

The Fund has chosen to rely on electronic communication, which can be justified on the grounds of timeliness, environmental considerations and cost. It is the view of the board of directors that all information about the Fund must be made available on the Fund's website, www.formuepleje.dk, to the extent that this does not compromise a current competitive situation. Among other things, details of the investments made have been delayed for the sake of the Fund's colleagues/competitors. The Fund complies with the industry standards laid down by the industry association Investment Denmark and therefore publishes all information about returns, risk and costs, in addition to complying with the standards which apply to the operation and marketing of the Fund.

Management of stakeholder interests

Generally, management works from an ambition to constantly ensure the professional management of investors' assets, taking into account a variety of factors, including good practice, cost and availability. Direct investor contact is handled by Formuepleje, which is responsible for up-to-date information material and legal documents.

AUDIT

With a view to recommending auditors for appointment by the general meeting, the board of directors assesses the auditor's competence and independence, etc. The auditor's agreement and the auditor's remuneration is approved by the board of directors. The board of directors determines the overall general framework for the auditor's delivery of non-financial audit services in order to ensure the auditor's independence etc. The auditor participates in the board meeting where the annual report is processed, including discussion of accounting policy and audit actions. The results of the audit are discussed with the board of directors with a view to reviewing the auditor's observations and conclusions, potentially based on the draft auditor's records. The board of directors ensures that there is an exchange of dialogue and information between the auditor and the board. If the board considers it necessary, it will meet with the auditor once a year, without the executive board being present.

SECURITIES LENDING

Securities lending

The Fund can make use of securities lending. Where securities lending is used, the Fund is required to state the extent of this and the income derived from it in the annual report, with a breakdown of income and expenses in the notes and a mention in the report for the sub-fund. However, the Fund currently follows Investment Denmark's recommendations not to conduct share lending.

Securities lending in connection with loan financing

The sub-fund's loan financing includes securities lending. Securities lending is loans where the borrower lends out securities and, in return, receives collateral in e.g. cash.

VARIOUS

Management of the Fund (board of directors and fund manager)

The general meeting, which is the Fund's highest authority, elects a board of directors at the ordinary general meeting. The board of directors will then appoint a manager responsible for the daily management of the Fund. As initially outlined, the board of directors has appointed Formuepleje A/S as its fund manager. In

order to ensure that the manager has the necessary competencies, minimum requirements for the management have been implemented in the articles of association. Essentially, there is a requirement that the board of directors must have adequate experience to perform the duties and to take the necessary investment decisions. Furthermore, managers must have no criminal record, must not have filed for bankruptcy, must not be in receivership, etc. When there is a change in a fund manager's management group, the new members of management must be approved by the FSA.

The board of directors of the Fund must establish rules of procedure for the exercise of their duties. The rules of procedure also take into account that the general disqualification rules are complied with for decisions regarding board members' own buying and selling of investment assets, which is why, for example, a ban may be imposed on trading in securities that have been discussed at a meeting.

No fixed incentive programmes have been established for the board of directors or executive board. The Fund has hired Formuepleje A/S as its manager. This means that the Fund's board has no direct influence on the remuneration policy and executive remuneration in Formuepleje A/S. These are established by the board of directors of Formuepleje A/S, which is independent of the Fund. The Fund pays remuneration to Formuepleje A/S in accordance with the agreements.

Business processes

In all material respects, the fund manager has established written business procedures and controls to safeguard daily operations as best possible. Moreover, developing and maintaining business procedures is a continuous process. In order to address any disputes with a member of the Fund, the board of directors has adopted a procedure which has been published on the Fund's website. The procedure gives priority to a rapid response in the form of dialogue, so that a formal complaint submission will only be necessary where satisfactory clarification cannot be obtained.

Trade in capital fund certificates

In case of issues or redemptions in the Fund, it is important that the valuation takes place on a current basis. The fund manager has an IT system which continuously updates price information on the underlying assets for use in the calculation of the net asset value. This means that the valuation of the Fund's shares is always based on current prices. NAV is published via IFX.dk and on the Fund's website when it is changed. In this way, all stakeholders, including depositaries, market makers and members, have access to the Fund's NAV and the relevant buying and selling prices at the same time. The Fund never trades with the individual member, but only with the market maker.

Settlement of trades with the underlying securities

The Fund's manager and investment advisor assume all tasks related to trading, settlement and registration in deposit. All trades are carried out on best execution terms, and in order to gain access to relevant market information the investment advisor makes sure to place trades with many different market participants. Trading terms are monitored on an ongoing basis, with the aim of maintaining the terms applicable to large customers.

Clients and brokers

The agreement between the Fund and its manager includes the marketing of the Fund's shares. On a reciprocal basis, the agreement ensures that the fund manager is informed about the Fund's products, so that the fund manager can then provide the Fund's investors with professional advice, pursuant to the Executive Order on best practices for financial businesses.

Relationship with advisors regarding the Fund's investments

The Fund's manager is responsible for the Fund's portfolio management and is thus the Fund's primary advisor.

Asset valuation

The Fund's assets are valued in accordance with the applicable legislation. Valuation work is otherwise confined to the management company and is carried out on the basis of price data gathered automatically by the Fund's IT systems. Elsewhere in this annual report, under "Accounting policies", the principles which apply to the valuation have been further explained.

Risk management

The investment policy for the Fund's sub-fund has been established by the Fund's manager in the form of an instruction which shows the latitude in the selection of assets and risks and the possibility of using currency hedging. The fund manager continuously monitors the sub-fund's placement framework and risk limits to ensure these do not differ from the investment framework set out by the board of directors.

Responsible investment policy

Formuepleje wants to achieve a long-term, attractive return for all sub-funds. This presupposes a focused risk management, which also includes assessment of environmental, social and governance (ESG) risks. In its work with ESG risks, Formuepleje focuses on i.a. the environment and climate change, labour rights, human rights and anti-corruption. The guidelines for the Funds' work with CSR appear in the Funds' responsible investment policies which cover all ESG areas, including environmental and climate impact, labour rights and employee matters, respect for human rights, anti-corruption and bribery. As a rule, Formuepleje addresses all areas in accordance with the same principles. Generally, Formuepleje aims to raise ESG standards in the markets where investments are made, as this has a number of social benefits in the form of e.g. higher growth and a more sustainable development. Thus, Formuepleje also considers companies that understand and manage ESG-related issues in a proper manner to be better long-term investments.

The basis for the Fund's responsible investment policy is the UN PRI (the United Nations Principles for Responsible Investment), which is a set of principles for responsible investment. The UN PRI is a global initiative to promote responsible investment and was established by some of the world's largest investors in co-operation with the UN. Formuepleje has endorsed these principles and conducts an annual reporting and assessment process under the guidelines of the PRI. Part of this report is published on the PRI website.

As part of the responsible investment policy, ESG analyses are included in all investment processes and sub-funds refrain from investing in companies where the risk of them violating international principles of social responsibility is unacceptable. Active ownership is also a natural part of the responsible investment policy, as this provides an opportunity both to influence and reduce specific investment risks, and to shape the companies in a direction that promotes sustainable development.

Formuepleje does not publish an external exclusion list, but can opt-out of companies at any time if they are believed to violate international principles of social responsibility such as the UN Global Compact, UN Guiding Principles and the OECD Guidelines for Multinational Enterprises. Formuepleje collaborates with an external service provider, from which reports are regularly received about companies with suspected or confirmed serious violations of international norms or conventions. As a rule, these recommendations are followed, but all input is evaluated and Formuepleje's investment committee makes the final decision on possible exclusions of companies. Companies in the portfolios have already been through the relevant portfolio manager's own due diligence process, so it is rare that Formuepleje ends up excluding a company from the portfolios.

Formuepleje always excludes companies operating within

- Cluster munitions
- Landmines
- Chemical weapons
- Biological weapons
- Nuclear weapons not covered by NPT2 (non-proliferation)

As well as government bonds issued by countries subject to sanctions.

Formuepleje takes into account the main negative impact of investment decisions on sustainability factors and wants to limit this risk. A sustainability factor can be, but is not limited to, greenhouse gas emissions, biodiversity, equality, water consumption, waste management, etc. A company with a serious negative impact on a sustainability factor that is significantly greater than that of similar companies will not be sustainable in the long run. For example, Formuepleje calculates all companies' CO₂ footprint where data is available (scope 1 and scope 2). Formuepleje does not pre-screen

specific sectors, but calculates a CO₂ risk score for all companies, which is a measure of the companies' ability to manage carbon risk. All companies that receive the highest risk score (severe risk) are placed on a list and assessed individually in order to decide whether they can remain in the portfolio. As a rule, Formuepleje wants to limit the proportion of companies with the highest risk score, and in practice this means that companies with very high emissions are only found in the portfolios to a limited extent.

The total CO₂ emissions from the underlying investments in the portfolio has been calculated as:

165.2 tCO ₂ e/million USD

(Source: Sustainability and Formuepleje. Based on the portfolio weight as at 31/12 2021)

The sub-fund has no benchmark, but a portfolio consisting of 50% shares, 20% corporate bonds and 30% Danish mortgage-credit bonds has emissions of 205.89 tCO₂e/million USD.

The work with responsible investment is coordinated by an ESG Committee, which reports to the Investment Committee. The ESG Committee works across the organisation and must ensure that the responsible investment policy is implemented and complied with. The ESG working group meets at regular intervals and evaluates the latest screening results and risk scores.

Regardless of the market being invested in or which company is being invested in, there is always a risk that violations of international norms and conventions may occur without detection. This may be due to a lack of regulatory control or circumstances that are kept hidden by the companies. The majority of the assets in Formuepleje are invested in Danish bonds or major global listed companies, where the risk of violations is limited. However, a smaller proportion is also invested in emerging markets and in corporate bonds from unlisted companies, where the risk of undiscovered violations of norms for environmental and climate impact, labour rights and employee relations, respect for human rights, anti-corruption and bribery is greater. Formuepleje is aware of these risks and seeks to reduce them through cooperation with investment advisors who specialise in the relevant markets, as well as the external ESG advisor.

Formuepleje has entered into consulting agreements with external investment advisors for all share sub-funds. The advisors have all signed the UN PRI, and all include ESG factors in their investment process and exercise active ownership (engagement). This may happen, for example, by a worse ESG score or uncertainty about the ESG score detracting from the assessment of companies. Work on responsible investment is also an integral part of the ongoing evaluation of advisors, and separate ESG meetings are held with investment advisors at least annually, where the ESG work is the main point on the agenda.

Through the primary share advisors and an external actor, Formuepleje works actively with other investors to influence companies where there are suspicions of violations of international norms. Formuepleje receives regular reports on developments in individual cases, and on whether there is still a prospect of a solution being reached. This is an important input into the evaluation of whether to continue investing in the companies. In 2021, 28 engagement cases were processed on behalf of Formuepleje. Good progress was made in the vast majority of cases, and 6 cases were classified as resolved. As a rule, Formuepleje considers supporting companies which are moving in the right direction in terms of ESG matters to be more effective than divestment.

The ESG Committee is responsible for applying Formuepleje's voting rights at the relevant general meetings. Voting takes place on the basis of the Policy for Responsible Investment, the Policy for Active

Ownership and the Policy for Conflicts of Interest, as well as in accordance with any instructions from the Investment Committee. As a rule, voting rights are always exercised.

Formuepleje has contracted with an external proxy voting provider that, in addition to providing practical assistance with voting, monitors the companies in the portfolios for relevant votes. The proxy voting provider provides research on the individual votes, and Formuepleje can also draw on advice from the external asset managers regarding voting.

In 2021, Formuepleje voted in 171 meetings out of 258 possible. This is below the target of exercising close to 100% of voting rights, and the share of exercised voting rights is expected to be

significantly higher in 2022. 96% of the proposals at general meetings have been put forward by management. Proposals made by other shareholders are often related to ESG matters, while management typically makes uncontroversial standard proposals (election to the board of directors, approval of the annual report, etc.). In most cases, voting has supported management (93.7%), and cases where management's recommendation has been voted against are typically related to remuneration and lack of independence between management and the board of directors. At all times, Formuepleje decides whether and what to vote for.

Endorsements // Management's statement

On this date, the Fund's board of directors and management company have considered and approved the annual report for 2021 for Kapitalforeningen Formuepleje Safe.

The annual report has been prepared in accordance with "Lov om forvaltere af alternative investeringsfonde m.v." (the Act on Alternative Investment Fund Managers etc.), as well as the accounting provisions of "Lov om investeringsforeninger m.v." (the Act on Investment Associations etc.).

The financial statements for the individual sub-fund provide a true and fair view of the individual sub-fund's assets and liabilities,

financial position as of 31 December 2021 and result for the period 1 January to 31 December 2021.

The management report for the Fund and the management report for each sub-fund contain true accounts of the development in the Fund's and sub-fund's activities and financial positions, and describes significant risks and factors of uncertainty which the Fund, respectively the sub-fund, may be affected by.

The annual report is submitted for approval by the annual general meeting.

Aarhus, 17 March 2022

Fund manager
Formuepleje A/S
Executive board

Søren Astrup

Board of Directors

Carsten With Thygesen
Chairman

Lars Sylvest
Deputy chairman

Michael Vinther

Hanne Søndergaard Birkmose

For investors in Kapitalforeningen Formuepleje Safe

Conclusion

We have audited the financial statements of Kapitalforeningen Formuepleje Safe for the financial year ending 31 December 2021, which comprises the income statement, balance sheet and notes, including applied accounting policies. The financial statements have been prepared in accordance with "Lov om forvaltere af alternative investeringsfonde m.v." (the Act on Alternative Investment Fund Managers etc.), as well as the accounting provisions of "Lov om investeringsforeninger m.v." (the Act on Investment Associations etc.).

It is our opinion that the financial statements give a true and fair account of the Fund's assets, liabilities and financial position as at 31 December 2021, and of the result of the Fund's activities for the financial year 1 January to 31 December 2021 in accordance with "Lov om forvaltere af alternative investeringsfonde m.v." (the Act on Alternative Investment Fund Managers etc.), as well as the accounting provisions of "Lov om investeringsforeninger m.v." (the Act on Investment Associations etc.).

Our conclusion is consistent with our long-form audit report to the audit committee and the board of directors.

Basis for conclusion

We have conducted our audit in accordance with international auditing standards, as well as in accordance with the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are described in more detail in the auditor's report, in the section "The auditor's responsibility for the audit of the annual accounts". It is our view that the obtained audit evidence is sufficient and suitable for constituting the basis of our conclusion.

Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' international guidelines for auditors' ethical conduct (IESBA Code) and the additional ethical requirements that apply in Denmark, and we have fulfilled our other ethical obligations under these requirements and the IESBA Code.

To our knowledge, no prohibited non-audit services as detailed in Article 5(1) of Regulation (EU) No 537/2014 have been performed.

Election of auditor

We were first elected as auditor for Kapitalforeningen Safe on 25 April 2018 and have been re-elected annually by general meeting resolution for a total term of office of 4 years, up to and including the 2021 financial year.

Key factors in the audit

Key factors in the audit are the factors that, in our professional assessment, were most significant in our audit of the financial statements for the 2021 financial year. These issues were addressed as part of our audit of the annual accounts as a whole and the preparation of our conclusion thereon. We express no separate opinion on these matters. For each of the following issues, the description of how the issue was treated in our audit has been provided in this context.

We have fulfilled our responsibilities as described in the section "Auditor's responsibility for the audit of the financial statements", including in relation to the key factors in the audit below. Our audit has included designing and performing auditing procedures in response to our assessment of the risks of material misstatement in the annual accounts. The result of our audit procedures, including

the audit procedures we have implemented to process the below issues, form the basis of our opinion on the annual accounts as a whole.

Key factors in the audit

Valuation of financial instruments

The valuation of investments in shares, investment certificates and derivatives (collectively referred to as 'financial instruments') at fair value is the main element in calculating the Fund's return and assets.

It is our view that, in relation to the valuation of the Fund's financial instruments, there is generally no significant risk of material misstatement in the annual accounts, since the Fund's financial instruments consist mainly of liquid, listed financial instruments for which a listed price in an active market is available, and only to a limited extent of less liquid listed and unlisted financial instruments whose fair value is determined using generally accepted valuation techniques and management estimates.

Due to the essential importance of the instruments to the Fund's total income and returns, the valuation of financial instruments is deemed to be the most central aspect of the audit.

How the factor was addressed in the audit

Our audit procedures with regard to the valuation of financial instruments have included:

- Testing of registration systems, business procedures and internal controls, including IT and system-based controls that support the valuation of financial instruments.
- Assessment and random checking of agreement of financial instruments with information from the depositary bank, as well as random checking of the valuation of the instruments by comparison with independent price sources.
- Assessment and testing of valuation techniques used and management discretion in determining the fair value of less liquid listed and unlisted financial instruments.

The percentage distribution of financial instruments across listed instruments, instruments listed on another regulated market and other financial instruments appears in the note in the annual accounts.

Statement on management reports

Management is responsible for the management report and the sub-fund report for the sub-fund, subsequently referred to as the "management reports".

Our conclusion on the annual accounts does not cover the management reports, and we express no sort of certain conclusion on the management reports.

In connection with our audit of the annual accounts, it is our responsibility to read the management reports and, in this context, consider whether the management's reports are materially inconsistent with the annual accounts or our knowledge gained from the audit, or whether they appear to be otherwise materially misstated. Our responsibility is also to consider whether the management reports contain the information required under "Lov om forvaltere af alternative investeringsfonde m.v." (the Act on Alternative Investment Fund Managers etc.), with the adoption of the accounting provisions of "Lov om investeringsforeninger m.v." (the Act on Investment Associations, etc.).

Based on the work performed, it is our opinion that the management reports are consistent with the annual accounts and have been prepared in accordance with the requirements in "Lov om forvaltere af alternative investeringsfonde m.v." (the Act on Alternative Investment Fund Managers etc.), with the adoption of the accounting provisions in "Lov om investeringsforeninger m.v." (the Act on Investment Associations, etc.). We have not found material misstatements in the management reports.

Management's responsibility for the annual accounts

Management is responsible for the preparation of financial statements that give a true and fair account in accordance with "Lov om forvaltere af alternative investeringsfonde m.v." (the Act on Alternative Investment Fund Managers etc.), as well as the accounting provisions of "Lov om investeringsforeninger m.v." (the Act on Investment Associations etc.). Management is also responsible for the internal control that management deems necessary to prepare the financial statements without material misstatement, whether due to fraud or error.

In preparing annual accounts, management is responsible for assessing the Fund's ability to continue operation; to provide information on aspects of continuing operations where applicable; and to prepare annual accounts based on the accounting principle of continuing operations, unless management either intends to liquidate the Fund or cease operations or has no realistic alternative but to do this.

The auditor's responsibility for the audit of the annual accounts

Our aim is to obtain reasonable assurance as to whether, as a whole, the annual accounts are free from material misstatement, be this due to fraud or error, and to issue an auditor's report with a conclusion. A great degree of assurance is a high level of certainty, but not a guarantee, that an audit performed in accordance with international standards on auditing as well as additional requirements applicable in Denmark will always uncover significant misstatements where they exist. Misstatements can arise from fraud or error and can be considered material if it can be reasonably expected that, individually or collectively, they influence the financial decisions that users of the accounts make on the basis of the annual accounts.

As part of an audit performed in accordance with international standards on auditing, as well as additional requirements applicable in Denmark, we conduct professional assessments and maintain professional scepticism during the audit. In addition:

- ▶ We identify and assess the risks of material misstatement in the annual accounts, be this due to fraud or error, design and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to provide the basis of our conclusion. The risk of failing to detect material misstatements caused by fraud is greater than the risk of failing to detect material misstatements caused by errors, as fraud may include conspiracies, forgery, deliberate omissions, misdirection or overriding of internal controls.
- ▶ We gain an understanding of internal controls relevant to the audit in order to design audit procedures which are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Fund's internal controls.

- ▶ We determine whether the accounting policies applied by management are appropriate, and whether accounting estimates and related information drawn up by management is reasonable.
- ▶ We conclude whether management's preparation of the annual accounts based on the accounting principles of continuing operations is appropriate, and whether, on the basis of the audit evidence obtained, there is significant uncertainty related to events or factors that may create substantial doubt about the Fund's ability to continue operations. If we conclude that there is significant uncertainty, we must, in our auditor's report, identify these details in the annual accounts or, if such information is not sufficient, modify our conclusion. Our conclusions are based on the audit evidence obtained up until the date of our auditor's report. However, future events or circumstances may mean that the Fund can no longer continue operation.
- ▶ We consider the overall presentation, structure and content of the annual accounts, including the note information, as well as whether the annual accounts reflect the underlying transactions and events in such a way as to provide a true and fair view of these.

We communicate with senior management about e.g. the planned scope and timing of the audit and about significant audit observations, including any significant deficiencies in internal controls which we identify during the audit. We also make a statement to senior management that we have complied with relevant ethical requirements regarding independence and inform the board of directors of any relationships and other matters that may reasonably affect our independence and, where applicable, associated security measures or actions taken to eliminate threats.

Based on the matters that have been communicated to senior management, we determine what factors were the most significant in the review of the annual accounts for the relevant period and are thus key aspects of the audit. We describe these matters in our auditor's report unless legislation or other regulation precludes that the matter is published or, in very rare cases, where we determine that the matter should not be communicated in our auditor's report because the negative consequences thereof could reasonably be expected to outweigh the public interest benefits of such communication.

Aarhus, 17 March 2022

EY GODKENDT REVISIONSPARTNERSELSKAB
CVR 30 70 02 28

Thomas Hjortkjær Petersen
State-authorised public accountant
mne33748

Michael Laursen
State-authorised public accountant
mne26804

Investment area and profile

The sub-fund implements its investment strategy on the basis of the theory of optimal portfolios. This means that, based on statistical and theoretical contexts, the sub-fund puts together a portfolio consisting mainly of bonds and shares, seeking to optimise the relationship between returns and risk. The sub-fund may then, by borrowing in Danish kroner or euros, invest more in the optimised portfolio. Thus, the expected return is increased. The strategy thus implies that the sub-fund uses loans. The aim of the strategy is for the returns/the risk profile to be different to that of traditional investment funds investing in bonds and shares. The sub-fund invests in foreign currency assets and can therefore be affected by changes in currency rates in the countries in which the sub-fund invests. The sub-fund uses financial instruments in its risk management.

Cost structure 2021

The sub-fund's administrative expenses cover both the cost of advisory services and management and the sub-fund's other operating costs. The fixed fee to the advisor and management company is calculated on the basis of the sub-fund's assets and amounts to a total of 1.75% per annum of assets in 2021.

The investment adviser also receives a performance-based payment totalling 10% of the return on the sub-fund. Before triggering performance remuneration, the net asset value must exceed the most recent high water mark. Thus, performance remuneration is only paid out when the net asset value is greater than it was when performance remuneration was paid out last time. This is calculated on a monthly basis. For the year as a whole, it can therefore happen that performance-based remuneration is paid to the fund manager despite the returns of the financial year being negative.

Calculation by high-water mark ensures that performance-based remuneration is only paid when the sub-fund's assets have achieved a positive increase in value, and that no returns-based remuneration is paid more than once for the same returns.

If investments are made in the form of other collective savings products which the fund manager has entered into an investment agreement with, the fund manager's earnings from this are deducted from the fee paid to the fund manager.

Cost structure 2022

As of January 2022, Formuepleje has changed its fee model to comply with new EU rules and the Danish FSA's interpretation thereof. Specifically, the new model means that a hurdle rate is introduced on the performance fee, which means that the return to the investor must reach a set level before the performance fee is triggered. Consequentially, the fixed fee has been increased slightly. If the return to the investor is lower than the hurdle rate, a "negative performance fee" has been introduced so that the investors collectively obtain a discount.

The principle of High Water Mark is maintained, and it is emphasised that the new fee model will not be more expensive for either new or existing customers, and the total cost level will thus remain the same as with the previous model. For further information about the new fee model, please refer to www.formuepleje.dk.

Performance and assets

A profit of DKK 1,051 million was realised in the financial year. As at 31 December 2021, assets amounted to DKK 8,538 million. During the financial period, the sub-fund had net redemptions of DKK 793 million and received DKK 52 million via merger.

Return for the year and performance

The sub-fund delivered a return in the financial year of 13.13%, which is higher than the return expectation at the presentation of the annual report for 2020. An index with the same risk profile as the sub-fund, i.e. medium risk, has yielded a return of 12.24% during the accounting period. The Board of Directors finds both the absolute and relative performance satisfactory.

The largest contribution to this year's return came from the investment in shares, which contributed 22.4%. The positive return on the share portfolio is largely due to the share allocation, which has been characterised by an exposure towards more attractively valued shares (value shares) throughout the year. The return contribution from corporate bonds was 0.6%, while the investment in Danish mortgage-credit bonds contributed -6.7%, thereby reducing the total return for the year. It should be noted that the return on bonds in 2021 has been extraordinarily affected by interest rate increases and the widening of the OAS spread on Danish callable mortgage-credit bonds. It is expected that this spread will narrow during 2022, and that the sub-fund's performance will thereby improve.

For further comments on the share return, please refer to the annual report for Formuepleje LimiTellus. It is also recommended reading the section on general market developments on page 7.

Expectations for 2022

For 2022, the outlook is expected to remain positive, although global growth levels will be lower than in 2021. Overall, a return of around 5-8% is expected. The expectations must be viewed in connection with the overall expectations described on page 8.

Sustainability

The sub-fund is classified as Article 6 according to the Disclosures Regulation. The sub-fund complies with the Funds' investment policy. This means that Article 6 sub-funds also take into account ESG risks and the negative impact that investments may have on the outside world.

Securities lending

In accordance with the Fund's articles of association, the sub-fund may lend securities to optimise the return on the assets in which the sub-fund invests. In 2021, no securities lending has taken place.

Securities lending in connection with loan financing

The sub-fund's loan financing includes securities lending. Securities lending is loans where the borrower lends out securities and, in return, receives collateral in e.g. cash.

Uncertainty in recognition or measuring

The manager estimates that there is no uncertainty in the recognition and measurement of the value of assets.

Significant events in 2021

At the beginning of May 2021, Kapitalforeningen Formuepleje Safe KL merged with Kapitalforeningen Formuepleje Merkur KL, with the former as the continuing sub-fund. For further information, see note 15 in the financial statements and issued stock exchange announcements.

Significant events after the reporting period

No events of significance to the financial statements have occurred after the end of the financial year.

Payroll information

According to "Lov om forvaltere af alternative investeringsfonde m.v. § 61, stk. 3, pkt. 5 og 6" (the Act on Alternative Investment

Fund Managers etc., section 61(3), 5th and 6th sentences) (the AIFM Act), the following information must be provided.
The total salary bill for 2021 for employees, excluding management, of the management company Formuepleje A/S amounts to TDKK 94,516, of which TDKK 72,312 is fixed salary and TDKK 22,204 is variable salary.

The total salary bill for the management of the management company amounts to TDKK 9,300, of which TDKK 6,215 is fixed salary and TDKK 3,085 is variable salary.

The total salary bill for employees of the management company who, under the AIFM Act, have a significant influence on the risk

profile of the managed funds amounts to TDKK 17,427, of which TDKK 11,637 is fixed salary and TDKK 5,790 is variable salary. There will be no preference return to any employees or the management of Formuepleje A/S from any of the managed funds.

No information is available which allows for the total salary amounts to be attributed to the individual funds under management.

The average number of employees at the fund manager in 2021, translated to full-time employees, amounts to 75.

The Fund's share and bond exposure is made via Danish and foreign investment and capital funds.

For further information about the underlying funds, see note 9 of the annual accounts and the respective investment and capital funds' annual reports for 2021.

The sub-fund's 10 biggest indirect share investments as a % of investors' assets	%
Microsoft Corp.	3.63
Anthem Inc	2.79
Meta Platforms Rg-A Registered Shs	2.58
Otis Worldwide Corp	2.28
Coca-Cola Company	2.24
Samsung Electronics Co Ltd	2.20
Alphabet Inc CL C	2.20
Cognizant Tech	1.98
Visa Inc	1.71
Prosus NV	1.63

The sub-fund's indirect bond exposure by issuer, as % of investors' assets	%
Nykredit	104.63
Realkredit Danmark	33.40
Nordea Realkredit	17.81
DLR Kredit	12.30
Jyske Realkredit	10.63

Risk limits and risk assessment // Formuepleje Safe KL

The table below shows numerical risk limits, cf. the sub-fund's articles of association, and risk limits set by the Fund's manager (Formuepleje A/S) as well as the risk calculated as at 31 December 2021. The Fund's manager (Formuepleje A/S) has adopted numerical risk limits which involve lower risk and apply at the time of investment. They can thus subsequently be exceeded due to market fluctuations. In the table, investors' assets are defined as assets.

	Statute lower limit	Board of directors lower limit	Risk per 31-12-2021	Board of directors upper limit	Statute upper Limit
Position and market risk					
Share exposure as % of assets	0%	0%	88.5%	90.0%	105%
Alpha strategy exposure as % of assets	-	0%	8.5%	10.35%	-
Other securities as % of assets	0%	0%	0.0%	10.0%	10%
Other bonds as % of assets	0%	0%	0.28%	10.0%	10%
Option-adjusted duration	-2	-1	1.31	6	8
Concentration risk					
Single greatest exposure towards single share as % of share investments	0%	0%	5.58%	10.0%	13%
Sum of share positions exceeding 5% of share investments	0%	0%	5.58%	40.0%	42%
Largest issuer as % of bond investments	0%	0%	58.5%	80.0%	80%
Currency risk					
Foreign currency loans in EUR as % of foreign currency loans	0%	0%	100.0%	100.0%	100%
Hedging of EUR loans as % of EUR loans*	-	0%	100.0%	100.0%	-
Unhedged foreign currency loans in currencies other than EUR and DKK as % of assets	0%	0%	0.0%	10.0%	10%
Gearing risk					
Loan gearing as % of assets	0%	0%	174.0%	500.0%	500%
Market value of long dispositions as % of assets	0%	0%	292,5%	500.0%	600%
Gross exposure in % of assets	0%	0%	432.6%	850.0%	900%
Standard deviation					
Return over 12 months**	0%	0%	10.6%	34.0%	40%
Return over 36 months**	0%	0%	18.3%	24.0%	29%
Return over 60 months**	0%	0%	15.9%	21.0%	27%

* The sub-fund hedges its foreign currency loans in EUR through forward exchange contracts.

** Standard deviations are measured here at the reference index for the portfolio's sub-elements. This gives an impression of the risk involved in the portfolio as it is currently composed.

Income statement (in TDKK)

Note	2021	2020
Interest and dividend yield		
1 Interest expenses	-1,249	-1,630
2 Dividend yield	5,106	3,092
Total interest and dividend yield	3,857	1,462
Capital gains and losses		
3 Equity holdings	1,307,945	371,618
3 Derivatives	16,187	-55,687
Currency accounts and loans	881	3,519
Other assets and liabilities	-13	16
4 Trading costs	-121	-214
Total capital gains and losses	1,324,879	319,252
Total revenue	1,328,736	320,714
5 Administrative expenses	-277,493	-140,665
Net profit for the year	1,051,243	180,048
Total transferred to assets	1,051,243	180,048

Balance (in TDKK)			
Note	ASSETS	2021	2020
	Cash and cash equivalents		
	Balance with depositary	38,621	35,930
	Cash and cash equivalents total	38,621	35,930
	Equity holdings		
	Unlisted equity holdings from Danish companies	725,550	634,416
	Inv. certificates in other Danish UCITS, etc.	7,448,552	7,210,897
	Inv. certificates in foreign investment funds	1,235,989	1,193,813
	Total equity holdings	9,410,091	9,039,126
	Derivatives		
	Unlisted derivatives	136	48
	Total derivatives	136	48
	Other assets		
	Balance due to trade settlement	46,333	76,165
	Total other assets	46,333	76,165
	TOTAL ASSETS	9,495,180	9,151,269
	LIABILITIES	2021	2020
6	Investors' assets	8,537,770	8,226,673
	Derivatives		
	Unlisted derivatives	5,939	128
	Total derivatives	5,939	128
7	Loans	944,647	878,410
	Other debts		
	Payables	289	302
	Balance due to trade settlement	6,535	45,756
	Total other debts	6,824	46,058
	TOTAL LIABILITIES	9,495,180	9,151,269
	Notes to which no reference is made		
8	Additional notes on financial instruments		
9	Collateral for derivative financial contracts		
10	Underlying exposure to derivative financial contracts		
11	Mortgages as security for loans		
12	Unlisted ownership shares wherein the Fund possesses more than 5% of the capital or the votes		
13	Key figures and ratios		
14	Audit fees		
15	Note on merged sub-funds		
16	Accounting policies		

Notes (in TDKK)

Note	2021	2020
1 Interest expenses:		
Balance with depositary	367	378
Loans	882	1,253
Total interest expenses	1,249	1,630
2 Dividend yields:		
Inv. certificates in other Danish UCITS, etc.	3,371	959
Inv. certificates in foreign investment funds	1,735	2,133
Total dividend yield	5,106	3,092
3 Capital gains and losses, equity holdings:		
Unlisted Danish shares, realised	1,550	149
Unlisted Danish shares, unrealised	5,169	-129,913
Inv. certificates in other Danish UCITS, etc., realised	162,792	-140,622
Inv. certificates in other Danish UCITS, etc., unrealised	1,088,547	594,413
Inv. certificates in foreign investment funds, realised	17,430	-7,027
Inv. certificates in foreign investment funds, unrealised	32,458	54,617
Total capital gains and losses, equity holdings	1,307,945	371,618
Capital gains and losses, derivatives:		
Forward foreign-exchange contracts, realised	-1,382	-2,472
Forward foreign-exchange contracts, unrealised	136	48
Futures, realised	23,373	-53,136
Futures, unrealised	-5,939	-128
Total capital gains and losses, derivatives	16,187	-55,687
4 Trading costs:		
Gross trading costs	141	219
Covered by issue and redemption income	-20	-5
Total trading costs	121	214
5 Administrative expenses:		
Administration	21,291	17,892
Investment management	256,202	122,774
– of which performance-related fee	122,834	7,148
Distribution, marketing and communication	0	0
Total administrative expenses	277,493	140,665

Notes (in TDKK)

Note	Circ. certificates	Asset value
6 Investors' assets 2021	(Nom. in TDKK)	(in TDKK)
Investors' assets (start of year)	4,414,359	8,226,673
Transferred by merger (early)	27,927	52,851
Issues during the period	69,220	136,708
Redemptions during the period	-461,941	-934,689
Net issue and redemption charges		4,982
Transferred from income statement		
Total investors' assets	4,049,565	
Investors' assets 2020	(Nom. in TDKK)	(in TDKK)
Investors' assets (start of year)	4,221,968	7,730,074
Issues during the period	657,571	1,080,158
Redemptions during the period	-465,181	-770,836
Net issue and redemption charges		7,230
Transferred from income statement		180,048
Total investors' assets	4,414,359	8,226,673
7 Loans	2021	2020
Loans with depositary bank and other financial institutions	944,647	878,410
Total loans	944,647	878,410

Notes to which no reference is made (in TDKK)

8 Financial instruments as percentage of assets:	2021	2020
Listed financial instruments	84.77%	85.17%
Other financial instruments	25.38%	24.70%
Total financial instruments	110.15%	109.87%
Other assets and debt	-10.15%	-9.87%
Total	100.00%	100.00%
Asset allocation as % of investors' assets		%
Share-based investment funds		69.61
Unlisted shares – market-neutral strategy		8.50
Total share-based investments		78.11
Bond-based investment funds		32.11
Total bond-based investments		32.11
Total		110.21

Notes to which no reference is made (in TDKK)

Note

8	Specification of investment and capital fund certificates	%
	<i>Danish bond-based inv. certificates</i>	
	Formuepleje EM Virksomhedsobligationer	0.11
	Formuepleje Obligationer	0.57
	Kapitalforeningen FP Fokus II	16.95
	Total Danish bond-based inv. certificates	17.63
	<i>Danish share-based inv. certificates</i>	
	Formuepleje LimiTTEllus	66.56
	Formuepleje Better World Environmental Leaders	2.80
	Formuepleje Better World Global Oppotunities	0.13
	Formuepleje Globale Aktier Akk.	0.12
	Total Danish share-based inv. certificates	69.61
	<i>Foreign bond-based inv. certificates</i>	
	Absalon – Global High Yield R	0.25
	Absalon – Global High Yield I – EUR	4.94
	Absalon – EM Corporate Debt R	0.24
	Absalon – EM Corporate Debt I	8.22
	Absalon – EM Corporate Debt I – USD	0.82
	Foreign bond-based inv. certificates, total	14.48
	Total investment fund certificates, proportion of assets	101.72

The specification of securities can be obtained by contacting Formuepleje A/S

9	Collateral for derivative financial contracts:	2021	2020
	Market value of foreign exchange forward transactions	136	48
	Market value of futures	-5,939	0
	Market value of collateral received/issued (+/-) in the form of:		
	Cash or cash equivalents (DKK) Danske Bank A/S	-5,352	0
	Cash and cash equivalents (DKK) Nordea Bank Plc	0	-5,835
10	Underlying exposure (buyer +/ seller -) in forward foreign exchange transactions:		
	<i>Counterparty Danske Bank A/S:</i>		
	DKK – maturity 0-3 months	-654,383	-349,908
	EUR – maturity 0-3 months	654,508	349,845
	<i>Counterparty Jyske Bank A/S:</i>		
	DKK – maturity 0-3 months	0	-506,072
	EUR – maturity 0-3 months	0	506,158
	<i>Counterparty SEB AB</i>		
	DKK – maturity 0-3 months	-290,043	0
	EUR – maturity 0-3 months	290,066	0
	Underlying futures exposure (long+ / short -):	Exposure	Exposure
	<i>Counterparty Danske Bank A/S:</i>		
	US interest rate futures with maturity 0-3 months	-557,204	-563,639

Notes to which no reference is made (in TDKK)

Note

11	Mortgages as security for loans					
			2021			2020
	Inv. certificates in other Danish UCITS		1,171,501			1,107,477
	Total		1,171,501			1,107,477
12	Unlisted ownership shares wherein the Fund possesses more than 5% of the capital or the votes					
	2021		Equity			Ownership share
	Triple Alfa Global Equities A/S, Værkmestergade 25, DK-8000 Aarhus C		2,301,506			31.51%
	Formuepleje Safe A/S, Værkmestergade 25, DK-8000 Aarhus C		1,803			14.13%
	2020		Equity			Ownership share
	Triple Alfa Global Equities A/S, Værkmestergade 25, DK-8000 Aarhus C		1,912,253			33.16%
	Formuepleje Safe A/S, Værkmestergade 25, DK-8000 Aarhus C		1,842			14.13%
13	Key figures and ratios	2021	2020	2019	2018	2017
	Net result (in TDKK)	1,051,243	180,048	1,339,195	-160,869	454,837
	Assets (TDKK)	8,537,770	8,226,673	7,730,074	5,531,460	5,145,559
	Circulating shares (pcs.)	40,495,649	44,143,590	42,219,681	37,308,553	33,853,329
	Net asset value per share	210.83	186.36	183.09	148.26	152.00
	Return for the year as %	13.13	1.80	23.49	-2.46	10.59
	Cost percentage	3.21	1.87	3.16	2.44	2.91
	Cost percentage, excl. performance fee	1.79	1.78	1.77	1.79	1.78
	Sharpe ratio	0.60	0.63	0.88	0.89	1.02
	Standard deviation	14.79	14.60	10.97	9.41	9.57
14	Audit fees				2021	2020
	Statutory audit fee				95	90
	Fees for services other than statutory audit				14	16
	Total fee				109	106

Notes to which no reference is made

Note

15 Note on merged sub-funds (in TDKK)

Interim financial statements 01.01.2021 – 07.05.2021

Discontinued sub-fund: Kapitalforeningen Formuepleje Merkur KL

Background: The background to the merger is that, after the divestment of illiquid assets, the discontinuing sub-fund has a size of approx. DKK 51 million. The discontinuing sub-fund will therefore fall below a critical mass threshold relative to the sub-fund's costs. The Board of Directors of the discontinuing sub-fund therefore decided to restructure the discontinuing sub-fund's investments to the type of investment profile that the continuing sub-fund has.

Interest and dividend yield	992
Capital gains and losses	2,275
Administrative expenses	-161
Net profits for the period	3,106
Investors' assets (start of year)	52,851
Redemptions during the period	-3,577
Net issue and redemption charges	24
Net profits for the period	3,106
Investor assets at the time of the merger	52,405
The acquired assets were composed as follows:	
Cash and cash equivalents	3,776
Equity holdings	41,431
Other assets	7,387
Total assets	52,594
Other debts	189
Net assets (NAV)	52,405

Note 16

General

The financial statements have been prepared in accordance with the Act on Managers of Alternative Investment Funds, etc., with the option of the accounting provisions in the Act on Investment Funds, etc., including the Executive Order on Financial Reports for Danish UCITS.

The annual report is presented in TDKK and each figure is rounded separately. Therefore, there may be deviations between the stated totals and the sum of the underlying figures.

The accounting policies are unchanged from last year.

General information on recognition and measurement

Assets are recognised on the balance sheet when, as a result of a past event, it is probable that future economic benefits will flow to the sub-fund and the asset's value can be measured reliably.

Liabilities are recognised on the balance sheet when, as a result of a past event, the sub-fund has a legal or actual obligation, and it is likely that future economic benefits will flow from the sub-fund, and the obligation's value can be measured reliably.

When recognising and measuring, predictable losses and risks arising before the annual report is presented and which confirm or invalidate the conditions that existed on the balance date are included.

INCOME STATEMENT

Income and expenses have been accrued and thus include the amounts attributable to the financial year.

Interest and dividend yield

Interest includes interest on bonds and derivatives, interest on deposits with custodian banks and other financial institutions, and interest on loans, including securities lending. Dividend yields comprise dividends from shares stored with depository. Gross dividend yields received are adjusted for non-refundable dividend tax.

Interest and dividend yields in foreign currencies are translated into Danish kroner on the transaction date.

Capital gains and losses

The financial result includes realised and unrealised capital gains and losses. The realised gains and losses are calculated as the difference between the selling price and the value at the beginning of the financial year or the acquisition cost in the accounting period. The unrealised price earnings and losses are calculated as the difference between the market value at the end of the financial year and the market value at the beginning of the financial year or the acquisition cost during the financial year.

Changes in the fair value of derivatives are recognised in the income statement under capital gains and losses from derivatives.

Under trading costs, all direct costs related to transactions made in connection with the ongoing portfolio management are stated. Trading costs related to issue or redemption are recognised as an issue/redemption cost on assets.

Administrative expenses

The breakdown of the sub-fund's administrative expenses is shown in a note to the financial statements.

'Administration' constitutes assessed costs in accordance with a separate agreement with Formuepleje A/S regarding the manager function and all other costs that do not fall under investment management.

'Investment management' represents costs under a separate agreement with Formuepleje A/S for investment advice. The return-dependent portion of the remuneration is stated separately.

No other fees, commissions, etc. are paid in connection with distribution, marketing and dissemination under MiFID II.

When one sub-fund owns units in another sub-fund, the parent sub-fund is partially reimbursed for a number of costs in underlying funds. Accrued costs in underlying funds are included in the fair value, and thereby in the calculation of capital gains and losses. To signal as correct a calculation of administrative expenses as possible, in terms of money and as a percentage, the reimbursements received in the parent sub-fund are recognised under "Capital gains and losses on investment certificates" on the income statement.

Tax

Tax includes dividend yield tax and interest rate tax withheld abroad and not refundable.

BALANCE SHEET

Cash and cash equivalents

Cash and cash equivalents include bank deposits. Cash and cash equivalents in foreign currencies are measured at nominal value and translated at the currency rates quoted on the balance sheet date.

Bonds and equity holdings

Bonds and equity holdings are measured at fair value both at initial recognition and at subsequent measurements. For listed bonds and equity holdings, fair value is determined at the closing price on the balance sheet date or, if this is unavailable, another official price likely to correspond to this. If this price does not reflect the instrument's fair value because of the absence or inadequacy of trade in the run-up to the balance sheet date, the fair value is determined using a valuation technique that aims to determine the transaction price that would result from a transaction at the measurement date between independent parties acting on normal commercial considerations.

Listed securities denominated in foreign currencies are measured at the currency rates quoted on the balance sheet date. Drawn bonds are measured at present value priced at 100 with discounting according to individual assessment. Unlisted bonds and shares are measured at fair value, which is determined according to generally accepted methods. For investment certificates in sub-funds of investment funds in which the Fund's manager has full knowledge of the composition of the sub-fund's underlying bonds and equity holdings (funds of funds), these are measured on the basis of the above measurement principles, applied to the underlying bonds and equity holdings. Securities are taken in and out on the trade date.

Securities lending, Repo and share swap activities

Bonds and equity holdings subject to the aforementioned lending agreements are included in the balance sheet under the respective securities and are recognised according to the same principle as described under bonds and equity holdings. The associated liabilities are included under loans.

Derivatives

Derivatives are measured at fair value on initial recognition and subsequent measurements. Derivatives with a positive fair value are recognised as assets and, if they have a negative fair value, as liabilities. Change in fair value is recognised in the income statement under "Capital gains and losses".

Other assets

"Other assets" are measured at fair value and include:

- "Receivable interest" consisting of accrued interest at the balance sheet date.
- "Receivable dividend yields" consisting of dividend yields declared before the balance sheet date for settlement after the reporting period.
- "Current tax assets" consisting of refundable dividend yield tax and interest rate tax withheld abroad.
- "Balance due to trade settlement" consisting of the value of the proceeds from the sale of financial instruments (shares and bonds), borrowing and issues before the balance sheet date, where settlement occurs after the balance sheet date.

Investors' assets

Net issue charge and net redemption charge are calculated after recognition of trading costs incurred in connection with issue or redemption.

Loans

The sub-fund's loans from banks consist of loans which are classified as short-term. Initial recognition is done for the net proceeds received. Subsequently, measurement is done at fair value.

Other debts

"Other liabilities" are measured at fair value.

"Balance due to trade settlement" consists of the value of the proceeds from the sale of financial instruments (shares and bonds), borrowing and issues before the balance sheet date, where settlement occurs after the balance sheet date.

Translation of foreign currency

Currency differences arising between the transaction date rate and the currency rate on the payment date are recognised in the income statement under "Capital gains and losses".

Transactions in foreign currencies are exchanged at the transaction date price. Holdings of securities, cash and receivables in foreign currencies are translated at the balance sheet day exchange rate. The difference between the balance sheet date price and the price at the time of acquisition of the securities holding or the existence of the receivable is recognised in the income statement under "Price gains and losses".

KEY FIGURES

Net asset value per share

Calculated as Investors' assets/Circulating shares and expresses the value per share.

The returns for the year as a percentage

Calculated as follows:

$((NAV \text{ end of year} / NAV \text{ start of year}) - 1) \times 100$.

Administrative expenses as a percentage

Calculated as $(\text{Administrative expenses} / \text{Investors' average assets}) \times 100$.

For "Administrative expenses", the corresponding item in the income statement is used, and "Investors' average assets" is calculated as a simple average of the asset value calculated at the end of each month.

The key ratio is calculated both incl. and excl. performance remuneration.

Annual percentage rate (APR)

The APR is calculated on the basis of the latest expected recurring costs and the Fund's direct trading costs. The maximum possible issue charges and redemption deductions are added to this. The issue premium and redemption charge are spread over the time period. In the standardised APR, as mentioned above, the time period is seven years. All APR figures are calculated as a percentage and on an annual basis.

The data source for recurring administrative expenses, issue premiums, redemption charges and performance fees, if any, is the "Key Investor Information" document published on the Fund's website. This document will be updated during the year if necessary.

Trading costs are not shown in the "Key Investor Information". These can be obtained from the Fund's annual report unless there have been significant changes in exchange rates during the year. For new sub-funds, ongoing administrative and trading costs may be estimated. The costs of any sub-funds are automatically included in the APR.

For sub-funds with performance-based fees – i.e. where the costs depend on how well the Fund performs – performance-related fees are included in the APR, calculated on the basis of administrative costs.

Here you can see an example of the APR with a time period of seven years: The running costs make up 0.9%. Direct trading costs in ongoing operation are 0.2%. The issue surcharge is 2%. The redemption charge is 1% APR is thus: $(0.9 + 0.2) + ((2 + 1)/7) = 1.53\%$.

APR assumes that the investor always buys the certificates at issue price and sells at redemption price. But this is not always the case. Investors' actual costs may therefore be lower than the APR indicates. The explanation is that investors' trading cost in sub-funds traded on NASDAQ OMX (IFX) is the current difference between buying and selling price at IFX, plus the investor's brokerage of selling and buying. At IFX, an investor can often purchase their certificates at prices below the issue price and sell them at prices higher than the redemption price. The difference between buying and selling price on IFX is typically only around half of the difference between issue and redemption price according to the APR.

Key figures for risk

The Sharpe ratio is calculated by dividing the investment's additional returns by its volatility/standard deviation. The Sharpe ratio measures the return on investment relative to investment risk. The greater the positive Sharpe ratio, the higher the risk-adjusted return. Using the Sharpe ratio, the return on investments with different risk levels can be compared. The Sharpe ratio is only calculated for sub-funds that have existed for at least 36 months.

Standard deviation is a measure of the return's volatility over time. The greater the volatility, the greater the uncertainty surrounding the investment's future performance. Thus, volatility is a measure of risk. Volatility is usually expressed as a percentage per year. Volatility is a measure of the dispersion of returns around the mean value – the return's standard deviation. If the return follows a normal distribution, it is expected that approximately 2/3 of all observations of returns fall between the mean plus the standard deviation and the mean minus the standard deviation. Standard deviation/volatility is only calculated for sub-funds that have existed for at least 36 months.

Management agreement

The Fund has entered into a management agreement with Formuepleje A/S. Formuepleje A/S is therefore responsible for the day-to-day management of the Fund in accordance with the law, the guidelines from the FSA and ESMA, the Fund's articles of association, and instructions from the Fund's board of directors, including investment limits, portfolio advice and portfolio management.

Agreement on deposit and depositary function

The Fund has an agreement with Danske Bank A/S whereby the bank, as a depositary, holds securities and cash separately for the Fund's sub-fund. The depositary undertakes the control tasks and obligations laid down in EU and Danish law in force at any given time and the provisions of the FSA and ESMA.

Agreements regarding the provisioning of capital fund certificates

As part of fund management agreement, Formuepleje A/S mediates the sale of capital fund certificates in the Fund's sub-fund and may conclude agreements with other distributors.

The manager does not receive a separate fee for the provision of capital fund certificates.

The manager has entered into agreements with external finance companies for the distribution of capital fund certificates, partly to increase accessibility for investors.

The Fund pays no subscription, dissemination or stock commissions.

Formuepleje A/S determines its own marketing measures with a view to promoting sales of the Fund's capital fund certificates.

Agreements regarding portfolio advisory

Formuepleje A/S is also responsible for portfolio management of the Fund's sub-fund and is authorised by the Fund to enter into agreements with third parties for investment advice or portfolio management of the Fund's sub-fund. The authorisation has not so far been used.

After selecting transactions that are considered to be advantageous as part of portfolio management, Formuepleje A/S decides whether and to what extent transactions should be executed. The individual proposals for investment must be within the framework and guidelines i.a. laid down in the Fund's sub-fund investment policy. The execution of securities transactions as part of the ongoing maintenance of the individual portfolios is an integral part of the Fund's agreement with the manager, who has a 'best execution' obligation towards the Fund. The trades are made at prices in the professional/institutional market domestically and abroad, plus relevant deductions of any brokerage for brokers, taxes, foreign costs, settlement fees and the like.

Agreement on pricing in the market and issue of certificates

With Danske Bank A/S, the Fund has entered into an agreement to the effect that, in e.g. NASDAQ Copenhagen's trading systems, the bank continuously — except under special circumstances — prices the sub-fund's capital fund certificates with the aim of promoting liquidity and reducing the cost of trading the certificates. Pricing must be done with both purchase and sales prices, and in view of the current issue and redemption prices.

The Fund has also entered into an agreement with Danske Bank A/S on the Fund's issuing function. The bank assumes the role of issuer with VP Securities A/S (VP).

