

1 january 2022 – 31 december 2022

ANNUAL REPORT // KAPITALFORENINGEN
FORMUEPLEJE PENTA

2022

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 2022.....	7
Management report for the Fund // Overall expectations for the markets in 2023	8
Management report for the Fund // Fund governance	9
Management report for the Fund // Corporate social responsibility.....	12
Management report for the Fund // Corporate social responsibility.....	13
Endorsements // Management's statement.....	14
Endorsements // Independent auditor's report	15
Sub-fund report // Sub-fund Formuepleje Penta KL	17
Holdings // Formuepleje Penta KL	18
Risk limits and risk statement // Formuepleje Penta KL	19
Annual accounts // Formuepleje Penta KL.....	20
Notes // The Fund's most important agreements.....	27

Management report for the Fund // Fund information

Kapitalforeningen Formuepleje Penta was founded on 10 July 2013 as Hedgeforeningen Formuepleje Penta. As of 18 June 2014, the Fund changed its status to an alternative investment fund (capital fund) under Lov om forvaltere af alternative investeringsfonde m.v. (the Act on Managers of Alternative Investment Funds, etc.). The Fund is continuing the investment strategy of Formuepleje Penta A/S, which was founded in 1993.

As at 31 December 2022, the fund had one sub-fund: Formuepleje Penta KL.

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

Name and address

Kapitalforeningen Formuepleje Penta
Værkmestergade 25
DK-8000 Aarhus C
Telephone: +45 87 46 49 00
CVR nr.: 35 40 14 07

Financial Supervisory Authority reg. number: 24024

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

Depository

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K
CVR-no 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 by the General Meeting on / 2023

Chairman of the meeting

Profile of the sub-fund	Key figures	
Certificate issuing and listed	Net asset value	199.16
Base currency: DKK	High Water Mark (performance fee, end of December 2021)	298.71
Benchmark: No benchmark	Expense ratio	2.26
ISIN: DK0060498343	Expense ratio excl. performance fees	3.01
Start date of investment strategy: 1 January 1994	Performance fee for 2022 (%)	-0.75
Advisor: Formuepleje A/S	Return (%)	-33.27
Tax status: Accumulative	Sharpe Ratio	0.04

NET INCOME AND ASSETS FOR THE PERIOD

In 2022, the sub-fund realised a result of DKK -3,315 million.

The sub-fund's total assets have decreased by DKK 3,697 million during the period. At the end of the accounting period, the sub-fund had assets of DKK 6,362 million.

RETURN

The sub-fund delivered a return of -33.27% for the financial year. Measured over the most recent five-year horizon, from 1 January 2018 to 31 December 2022, the sub-fund has delivered a return of 4.0%, corresponding to an average annual return of 0.8%. In the same period, an index with the same risk profile as the sub-fund, i.e. high risk, has yielded a return of 45.0%, corresponding to an annual return of 7.9%.

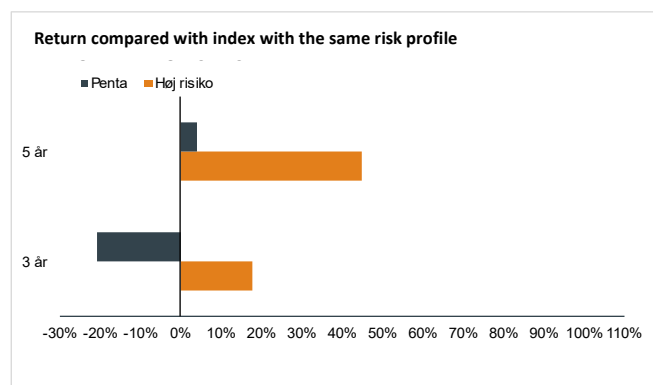
The management report, page 7, describes how the market development across the various asset classes affected the sub-fund's return during the period.

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

Figure 2 shows the development in NAV in the accounting period for Kapitalforeningen Formuepleje Penta, compared to the index with the same risk profile.

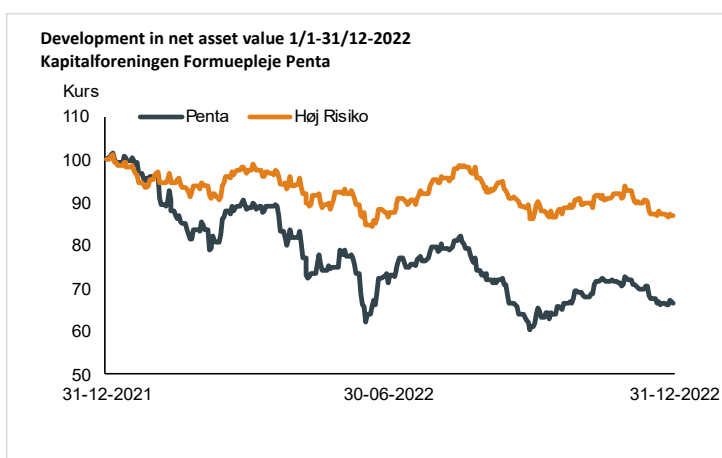
The risk in Formuepleje Penta is best suited for investors with a high risk profile. Measured as risk of loss, Formuepleje Penta can thus be compared to a high risk index consisting of 100% shares. A portfolio composed like this index will be the investor's alternative to Formuepleje Penta.

Figure 1



Comparison with an ungeared index representing a comparable risk profile. High risk is 100% shares.

Figure 2



Comparison with an ungeared index representing a comparable risk profile. High risk is 100% shares.

Management report for the Fund // Board and fund manager

MEMBERS OF THE BOARD OF DIRECTORS

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 Triple Alfa Global Equities A/S
LFI Silva Investments A/S
Silva Baltica 1 ApS
Silva Baltica 2 ApS
Silva Baltica 3 ApS
Aarhus School of Architecture

Member of the Board of Directors of

Formuepleje A/S
Dover BidCo ApS
Mobilhouse Holding A/S
Mobilhouse A/S
Mobilhouse TopCo A/S
Den Schimmelmannske Fond
Færchfonden

CEO of

Cresco Capital A/S
Cresco Capital Services A/S

Special competences

Carsten With Thygesen holds an MSc in Forest and Nature Management, 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 for Higher Education and Science, 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 up for re-election in 2024.

Chairman of the Board of

Ferm Invest

Member of the Board of Directors of

Aktieselskabet CBH
Grundfos Pumps Limited Retirement Fund
Formuepleje Frederiks Plads A/S
Formuepleje Nicolinehus Nord A/S
Formuepleje Trøjborg A/S
Formuepleje Ejendomme Select A/S
Pearless Pump Company Pension Fund

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

Special competences

Lars Sylvest has a Master of Economics from the Department of Management at Aarhus University, and has many years of experience with global responsibility for the Grundfos Group's financial matters and asset management, with over 25 years as the Group CFO of Grundfos and CEO of the group's internal bank, Grundfos Finance. Lars Sylvest has been involved in banking, finance and financial markets throughout his professional career. 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, Limited Partnership Company of Lawyers, Master of Law
Skovholmvej 19
DK-2920 Charlottenlund
Born: 1963
Joined the Board of Directors on 10 July 2016 and is up for re-election in 2023.

Chairman of the Board of

AromaTeknik A/S
Diju ApS
Don Plast 2003 A/S
FB Gruppen A/S
FB-B A/S
FB-B II A/S
FB Nærheden Øst A/S
FB Holbæk Have A/S
Indkøb DK A/S
JMI Ejendomme A/S
JMI Gruppen A/S
JMI Investering A/S
Justt 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
Tegholmen V A/S
Udviklingsselskabet for Billige Boliger Komplementar ApS
Udviklingsselskabet for Billige Boliger P/S
Wibroe, Duckert & Partners A/S
WDP Holding A/S

Member of the Board of Directors of

AKP Group A/S
BG Byg Odense A/S
Boliggruppen A/S
Boliggruppen Erhverv A/S
Boliggruppen Fyn 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
Glasværket A/S
Inox Stål Handelsselskab A/S
Intercool Technology ApS
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
Tech Town Odense A/S

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 businesses in matters relating to commercial and company law.

HANNE SØNDERGAARD BIRKMOSE

Professor, MSc in Business Administration and Commercial Law, PhD.

Alsvej 30
DK-8240 Risskov

Born: 1972

Joined the Board of Directors on 28 April 2020 and is up for re-election in 2024.

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 2022.

MEETINGS OF THE BOARD OF DIRECTORS

In 2022, the Board of Directors held four ordinary meetings.

REMUNERATION OF THE BOARD OF DIRECTORS

As remuneration to the Board of Directors for 2022, a total amount of DKK 305,000 is proposed for approval by the General Meeting.

Information on the remuneration of each board member can be found at www.formuepleje.dk

In 2022, 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.

Chairman of the Board of

Formuepleje Real Estate Consulting 1 A/S

Member of the Board of Directors of

Honeycomb IO ApS
Pengeprofilen A/S

CEO of

Formuepleje Holding A/S
FP Kapital A/S
Formuepleje A/S
LMC Invest ApS
Formuepleje Safe A/S
Formuepleje Frederiks Plads A/S
Formuepleje Nicolinehus Nord A/S
Formuepleje Trøjborg A/S
Formuepleje Ejendomme Select A/S
Aros Property Investment A/S
Formuepleje Triple Alfa Global Equities A/S

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

In the past year, the global economy has been affected by the reopenings following Covid-19, supply chain problems and the war in Ukraine, leading to sharply rising prices, especially for energy and food. Central banks have sought to counter rising inflation by sharply increasing monetary policy interest rates.

There are many similarities between developments in the US and Europe, but there are important nuances. More than Europe's, the US economy has been characterised by high employment and rising wages, which have fuelled a broadly anchored inflation. This has also been the case in Europe, but there has been less pressure. To a greater extent than in the US, inflation in Europe has been driven by the sharp increases in energy prices.

In China, developments have been dominated by continued widespread lockdowns due to Covid infection, as well as challenges in the property sector. Both factors have put pressure on activity in the Chinese economy.

The share market

The change in the monetary policy environment from near-zero interest rates to a level of around 4% through 2022 has been the main focal point for equity markets and was among the main reasons behind the decline in the year.

The global equity market, as represented by MSCI World All Countries, declined by 18% in 2022. For Danish investors, a dollar appreciation of more than 5% contributed to a total equity market return measured in Danish kroner of -12.8%. Only three sectors managed to deliver positive returns measured in Danish kroner. Energy (+43.0%) is both the absolute and relative high jumper of the year, obviously in the wake of the European energy crisis and the price increases recorded throughout the year for energy in virtually all its forms. Utilities (+2.3%) and Healthcare (+0.2%) were two of the non-cyclical sectors that delivered positive returns through the year's uncertainty about interest rate and growth prospects.

At the opposite end, the biggest losers at sector level have been Communication Services (-31.3%) and IT (-26.5%), together with Cyclical Consumption (-27.3%), which has been challenged over the year, partly due to the global growth outlook. Russia's invasion of Ukraine has obviously had a major impact on equities, and not least on investors' risk aversion, especially in the European equity market.

The bond market

On the interest rate side, 2022 was dominated by changes in central bank policy. The long end of the interest rate curve has also been

influenced by central banks, and 10-year interest rates in Denmark increased by 2.80 percentage points. In comparison, 2-year DKK interest rates

increased by 3.60 percentage points. Due to the strong Danish krone, in 2022 Denmark's Nationalbank raised interest rates by less than the ECB. This means that the very short-term interest rates in Denmark are 0.25 percentage points lower than in the euro area.

In the market for Danish mortgage credit bonds, 2022 was a tough year, as the aforementioned interest rate increases were accompanied by very high volatility in the excess yield of callable mortgage bonds over government bond yields (the OAS spread). One of the reasons for this volatility was that Japanese investors in particular reduced their mortgage credit portfolios by around 50%. The fact that the OAS spread actually ended the year more or less unchanged can be explained by the fact that, especially in the second half of the year, borrowers took advantage of the opportunity to reduce their debt via refinancing at higher or floating rates.

Due in particular to the sharp rise in interest rates, all Danish bond types ended the year with negative returns. The broad index for Danish mortgage credit bonds fell by as much as 19.3% in 2022.

Corporate bonds

The global high yield bond market had a difficult year in 2022 due to interest rate increases and credit spreads widening. This dragged the return on the global high yield index down by 13%. By region, European High Yield performed best in 2022 with a negative return of 11.6%, followed by US High Yield with a negative return of 12.3%, while Emerging Markets High Yield performed the worst with a negative return of 16.2% due to large drops in the price of Chinese property bonds and general pressure on Russian High Yield bonds in connection with bankruptcies and sanctions.

Bankruptcy rates in the United States and Europe remained at historically low levels of below 2% throughout 2022, which was still the case going into 2023. Risk appetite for emerging market assets fell sharply during 2022 and the yield spread to government bonds increased by around 75 basis points, resulting in a negative return of around 14%.

Currencies

During 2022, the USD strengthened significantly against the Danish krone and the euro, partly as a consequence of the relatively strong tightening of monetary policy in the United States. The strengthening of the dollar has been positive for the return on equities, as it has reduced equity losses when converted into Danish kroner. Through the last quarter of 2022, however, the dollar fell back somewhat.

Expectations for 2023

In 2023, the focus will shift away from inflation and towards the growth outlook. Inflation is already falling in the United States and it is estimated that the peak in inflation in Europe is close to being reached. In the short term, the world economy is expected to slow down.

In the United States, interest rates are expected to rise by 1 percentage point. This is necessary to bring inflation down to the inflation target of 2%, because wages in the US are still rising more than is compatible with 2% inflation. Unemployment should therefore rise and growth should slow down, but the conditions for a long and deep recession, as seen during the financial crisis, are not deemed to be immediately present.

In Europe, inflation is being driven not only by high wage and labour market pressures, but also by rising energy and food prices as a consequence of the ongoing war in Ukraine. With high energy prices hurting both European businesses and consumers, growth in the European economy is expected to slow down in 2023. However, the combination of a warm winter, high energy savings and the inflow of gas from outside Russia are mitigating the economic effects from energy, so the drop in activity will not be dramatic. However, risks remain that high inflation will feed through to wages and that energy prices will push up the prices of goods and services further.

The world economy will not get a tailwind from China, which is still struggling with Covid. The uncertainty surrounding the lockdowns and the high level of infection alone will act as a disincentive to consumption and

investment. Added to this are the challenges in the property market, where low construction activity and falling prices will hamper demand and hence growth.

Geopolitics will still play a major role in 2023, with geopolitical risks to European markets in particular heightened following Russia's invasion of Ukraine. With no resolution of the war expected in 2023, these risks will remain high in 2023 and may continue to act as a drag on the European economy in particular. Geopolitics will also centre on the reshoring of production and the conflict between China and the US, which is likely to continue and accelerate in the coming period. The conflict has, and will continue to have, a number of consequences for the world economy, including the polarisation of trade patterns, the restructuring of supply chains, a continued struggle for natural resources, especially rare metals, reduced globalisation, and the reshoring of critical goods manufacturing. In particular, this could have a significant impact on developments in equities.

If, as expected, central banks get a grip on high inflation, this will calm interest rate markets and the high volatility in the equity market will subside. When uncertainty is reduced, financial markets often move quickly. The negative returns in 2022 can largely be attributed to this uncertainty, but there is light at the end of the tunnel, and we expect good years ahead with positive returns on all asset classes.

Background and objectives

The following notes are based on the fund governance recommendations produced by the Danish Investment Association. 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 section 98 of Lov om finansiel virksomhed (the Danish Financial Business Act).

AUDIT COMMITTEE

The board of directors has appointed an audit committee consisting of Carsten With Thygesen and Lars Sylvest, who 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 the full board of directors on these matters.

COMMUNICATION AND STAKEHOLDER MANAGEMENT

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 does not engage in lending of equities.

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.

MISCELLANEOUS

Management of the Fund (Board of Directors and 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 and sustainability risk

Formuepleje aims to achieve a long-term attractive investment return based on focused risk management, which includes assessment of environmental, social and governance-related matters (ESG), including the actual or potential significant negative impact of these factors on the value of the specific investment.

Formuepleje assesses investment risk in all investment decisions. A sustainability risk in the form of a climate, environmental, social or governance event or circumstance may constitute an investment risk in line with interest rate risk, liquidity risk and other market risks. At Formuepleje, we believe that investing in companies that understand and manage sustainability-related risks – including respecting international principles for corporate social responsibility – results in healthier returns generation, lower risk and thus higher long-term risk-adjusted returns, in addition to the societal benefits of such investments.

Formuepleje continuously calculates the ESG risk of individual investments in co-operation with an external data provider. Companies in the highest risk category are selected for an additional check and placed on a watchlist. The general focus on ESG risk means that the fund's average ESG risk score is lower than a corresponding market index. It is not possible to calculate an ESG risk score for Danish mortgage credit bonds, and Formuepleje does not therefore calculate an overall average ESG risk score for the entire fund, but only for the equity and corporate bond part. In general, however, we consider the ESG risk of Danish mortgage credit bonds to be lower than other asset classes.

Department	ESG Risk Score	ESG Risk Category*
Penta (equities)	18.1	Low
Comparison index (equities)	21.9	Medium

Data is valid for the portfolios as at 31 December 2022

*ESG Risk Category: 0-10: Minimal, 10-20: Low, 20-30: Medium, 30-40: High, 40+: Severe

An investment that has a serious negative impact on a sustainability factor may constitute a sustainability risk. This is understood as impact on environmental, climate, social and governance factors, including respect for human rights and the fight against corruption and bribery (also known as sustainability factors). A sustainability factor can be, but is not limited to, greenhouse gas emissions, biodiversity, gender equality, water use, waste management, etc. All equity and corporate bond sub-funds take into account the main negative sustainability impacts in their investment processes. This is done both by screening out companies with serious negative impacts and by favouring companies that perform best in a given sector. In addition, the overall negative impact of the sub-funds on a number of sustainability factors is assessed by an internal independent working group, and sub-funds with severe negative impacts are scrutinised. At Formuepleje, we primarily focus on greenhouse gas emissions, involvement in fossil fuels, violation of UN Global Compact principles and exposure to controversial weapons.

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, the recommendations are followed, but all input is evaluated and Formuepleje's Sustainability Committee makes the final decision on the possible exclusion of a company. 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 generally favours the selection of companies that are strong in relation to sustainability risks, rather than systematically opting out of certain industries and sectors.

Equity investments in Formuepleje Penta generally have lower CO₂ emissions than a comparable market index, and the share of companies involved in fossil fuels is lower. This is a result of investment processes where companies with high greenhouse gas emissions have a harder time finding their way into portfolios. Corporate bond sub-funds generally have higher greenhouse gas emissions, partly because the energy sector is more prominent in this asset class.

Formuepleje refrains from investing in companies involved in controversial weapons and has only invested in a few corporate bonds where the issuer has confirmed breaches of international codes of practice. For these companies, an engagement case has been initiated, and Formuepleje is following the cases closely. If Formuepleje does not find that sufficient progress is made in the case, the company will be divested.

In Formuepleje, we consider active ownership a natural part of the investment process, where focus on negative impacts on sustainability factors and sustainability risks are prioritised to ensure a responsible creation return for our investors in the long term. Active ownership can be exercised both directly, through voting at general meetings, and indirectly, through contact with companies ("engagement"). Formuepleje exercises its engagement both in co-operation with other investors and through direct contact with the companies via selected portfolio advisors. Please refer to the Active Ownership Policy for further details. The policy can be found on the website www.formuepleje.dk.

In 2022, Formuepleje voted on behalf of the sub-funds at 129 out of 138 possible general meetings. There were slightly fewer votes than last year, mainly due to fewer equity sub-funds. In 94% of the votes, Formuepleje voted with the companies' management. This should be seen in light of the fact that a large proportion of the items at the general meetings are uncontroversial (approval of the annual report, election of auditor, etc.) and that Formuepleje generally only invests in companies where we have confidence in management. The items where Formuepleje voted against management were typically in relation to increased transparency on social issues and in connection with the election and remuneration of executive board members.

Responsibility for managing responsible investment and sustainability lies with Formuepleje's Sustainability Committee, which was established in 2022. The committee is anchored in the Executive Board of Formuepleje and consists of members from across the organisation: asset management, communication, legal and fund administration. The Committee has overall responsibility for policies and guidelines, and a number of sub-committees deal with practical issues such as screening and marketing.

Department	CO2 footprint* (tonnes CO2eq per million EUR invested)	Greenhouse gas intensity* (tonnes CO2eq per million EUR turnover)	Fossil fuels (% involvement)	UNCG Principle/OE CD Guidelines Violations (% involvement)	Controversial weapons (% involvement)
Penta (total)**	22.3	99.4	1.8%	0%	0%
Penta (equities)	22.3	99.4	1.8%	0%	0%
Comparison index (equities)	68.4	199.2	10.4%	1.8%	0%

Data is valid for the portfolios as at 31 December 2022

* scope 1+2

**It is not possible to calculate correct issuance figures for Danish mortgage credit bonds. For the mixed sub-funds, the issuance figures are based solely on the sub-funds' investments in equities and corporate bonds.

Endorsements // Management's statement

On this date, the Fund's board of directors and management company have considered and approved the annual report for 2022 for Kapitalforeningen Formuepleje Penta.

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 Funds etc.).

The financial statements of the sub-fund give a true and fair view of the sub-fund's assets and liabilities, financial position as at 31

December 2022 and performance for the period 1 January to 31 December 2022.

The management report for the fund and the management report for the sub-fund give a true and fair view of the development of the activities and financial situation of the fund and the sub-fund and a description of the main risks and uncertainties that may affect the fund or the sub-fund, respectively.

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

Aarhus, 21 March 2023

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 the investors in the Kapitalforeningen Formuepleje Penta

Conclusion

We have audited the financial statements of Kapitalforeningen Formuepleje Penta for the financial year ended 31 December 2022, which comprise the income statement, balance sheet, notes and shared 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 Funds etc.).

In our opinion, the financial statements give a true and fair view of the sub-fund's assets, liabilities and financial position as at 31 December 2022, and of the results of the sub-fund's operations for the financial year 1 January to 31 December 2022, in accordance with the Act on Managers of Alternative Investment Funds, etc., as well as the accounting provisions of the Act on Investment Funds, 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 appointed as auditors of Kapitalforeningen Penta on 25 April 2018 and have been reappointed annually by resolution of the general meeting for a total engagement period of 5 years up to and including the 2022 financial year.

Key factors in the audit

Key factors in the audit are factors that, in our professional assessment, were most significant in our audit of the financial statements for the 2022 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 bonds, equities, investment certificates and derivatives (collectively referred to as "financial instruments") at fair value constitutes the main element in the calculation of the sub-fund's return and assets.

In our opinion, in relation to the valuation of the sub-fund's financial instruments, there are generally no significant risks of material misstatement in the financial statements, as the sub-fund's financial instruments consist mainly of liquid listed financial instruments for which there is a quoted price in an active market, and only to a limited extent of less liquid listed and unlisted financial instruments for which the fair value is determined using recognised valuation techniques and managerial discretion.

Due to the significant importance of the instruments for the sub-fund's total return and assets, the valuation of the sub-fund's financial instruments is assessed to be the most key factor of the audit.

How the factor was addressed in the audit

Our audit procedures focused on the valuation of financial instruments in the Fund have included, among other things

- 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

The management is responsible for the management report and the sub-fund report for the sub-fund, hereinafter 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 the Act on Managers of Alternative Investment Funds, etc., with the adoption of the accounting provisions of the Act on Investment Funds, etc.

Based on the work performed, it is our opinion that the management's reviews are consistent with the annual accounts and have been prepared in accordance with the requirements in the Act on Managers of Alternative Investment Funds, etc., with the adoption of the accounting provisions in the Act on Investment Funds, etc. We have not found material misstatements in the management's reviews.

Management's responsibility for the annual accounts

Management is responsible for the preparation of annual accounts which provide a true and fair view in accordance with the Act on Managers of Alternative Investment Funds, etc. with the adoption of the accounting provisions of the Act on Investment Funds, etc. Management is also responsible for any internal control which management determines is necessary in order to prepare annual accounts free from material misstatement, whether due to fraud or error.

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

The auditor's responsibility for auditing 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 provide a statement to senior management that we have complied with relevant ethical requirements regarding independence and disclose to them all relationships and other matters that might reasonably be thought to affect our independence and, where appropriate, any safeguards applied or measures 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, 21 March 2023

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 2022

As of 1 January 2022, Formuepleje changed its fee model to comply with new EU rules and the Danish FSA's interpretation of these. 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 result of DKK -3,315 million was realised in the financial year. Assets as at 31 December 2022 amounted to DKK 6,362 million. In the accounting period, the sub-fund had net redemptions of DKK 383 million.

Return for the year and performance

The sub-fund delivered a return for the financial year of -33.27%, which is significantly below the return expectation cited at the presentation of the 2021 Annual Report. An index with the same risk profile as the sub-fund, i.e. high risk, yielded a return of -13.03% during the accounting period.

It is the assessment of the board that both absolute and relative performance are unsatisfactory.

2022 was an unusual investment year with the vast majority of asset classes delivering negative returns, and stands out as both Danish and global bonds have fallen as much as equities. As a result, the diversification effect normally present in the portfolio was severely challenged. Like the global equity and bond markets, the sub-fund has been affected by inflation, monetary tightening, geopolitical turmoil and general uncertainty about future global growth.

The largest negative contribution to the return for the year came from investment in Danish mortgage credit bonds, which contributed -17.1%, thereby also significantly reducing the total return for the year, while investment in equities contributed -13.6%. Bond returns in 2022 have been mainly driven by the rise in interest rates, which has affected all bond types. In addition, both callable mortgage credit bonds and shorter-dated floating-rate mortgage bonds experienced significant fluctuations and widening of their yield spreads during the year, but ended close to the starting point from early 2022. Equity selection contributed negatively to relative performance, while tactical equity allocation made a positive contribution. It is recommended reading the section on general market developments on page 7.

Expectations for 2023

Despite a number of uncertainties, such as anti-inflationary measures by central banks and geopolitical factors such as war and tensions, the

outlook for 2023 is considered positive. Both asset classes in which the sub-fund is invested – equities and mortgage credit bonds – are expected to make positive contributions to the return. Overall, a return of 7-9% 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. The investments, that are the basis for this financial product, do not take into account the EU criteria for environmentally sustainable economic activities.

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 2022, no securities lending has been made.

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

Management finds no uncertainty in the recognition and measurement of the value of the assets.

Key events in 2022

Apart from the above-mentioned change in the cost structure – see separate section – there have been no further significant events in 2022.

Significant events after the end of the financial year

There are no post-balance sheet events that affect the annual accounts.

Payroll information

According to the Act on Managers of Alternative Investment Funds Etc. (the AIFM Act), in accordance with Section 61(3), 5th and 6th sentences, the following information must be provided.

The total pay for 2022 to employees, excl. management, of the manager Formuepleje A/S amounts to DKK 86,762 thousands, of which DKK 77,933 thousands is fixed salary and DKK 8,829 thousands is variable salary. The total pay to management of the manager amounts to DKK 6,581 thousands, of which DKK 6,581 thousands is fixed salary and DKK 0 thousands is variable salary. The total pay to employees of the manager who, in accordance with the AIFM Act, have a significant influence on the risk profile of the managed funds amounts to DKK 17,115 thousands, of which DKK 14,794 thousands is fixed salary and DKK 2,321 thousands is variable salary.

No preferential returns are paid to any employees or 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 employed by the manager in 2022, converted into full-time equivalents, is 74.

Holdings // Formuepleje Penta KL

The Fund's equity and bond exposure is taken either directly or via Danish and foreign investment and capital funds. For more information on the underlying funds, see note 6 to the financial statements and the 2022 annual reports of the investment and capital funds concerned.

The sub-fund's 10 biggest indirect share investments as a % of investors' assets	%
Microsoft Corp.	3.09
Thermo Fisher Scientific INC	1.94
Linde PLC	1.82
Koninklijke DSM NV	1.71
Apple Inc	1.62
Unilever PLC	1.55
HDFC Bank Ltd	1.55
Mastercard Inc	1.52
Boston Scientific Corp	1.45
Alcon Inc	1.44

The sub-fund's indirect bond exposure by issuer, as % of investors' assets	%
Nykredit	166.39
Realkredit Danmark	91.98
Nordea Realkredit	51.93
Jyske Realkredit	31.13
DLR Kredit	10.68

Risk limits and risk statement // Formuepleje Penta KL

The table below shows the numerical risk limits, cf. the sub-fund's articles of association and the risk limits set by the Board of Directors of the manager, and the risk calculated as at 31 December 2022. The Board of Directors of the manager has adopted numerical risk limits that entail a lower risk, which are applicable 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 31-12-2022	Board of directors upper limit	Statute upper limit
Position and market risk					
Share exposure as % of assets	0%	0%	79.6%	130%	150%
Alpha strategy exposure as % of assets	0%	0%	0.0%	14.95%	-
Other securities as % of assets	0%	0%	0.0%	10%	10%
Other bonds as % of assets	0%	0%	0.0%	10%	10%
Option-adjusted duration	-2	-1	2.76	6	8
Concentration risk					
Single greatest exposure towards single share as % of share investments	0%	0%	4.10%	10%	13%
Sum of share positions exceeding 5% of share investments	0%	0%	0.00%	40%	42%
Largest issuer as % of bond investments	0%	0%	46.8%	80%	80%
Currency risk					
Foreign currency loans in EUR as % of foreign currency loans	0%	0%	100.0%	100%	100%
Hedging of EUR loans as % of EUR loans*	-	0%	100.0%	100%	-
Unhedged foreign currency loans in currencies other than EUR and DKK as % of assets	0%	0%	0.0%	10%	10%
Gearing risk					
Loan gearing as % of assets	0%	0%	368.7%	500%	500%
Market value of long dispositions as % of assets	0%	0%	435.8%	500%	600%
Gross exposure in % of assets	0%	0%	615.1%	1450%	1,500%
Standard deviation					
Return over 12 months**	0%	0%	26.1%	50 %	56%
Return over 36 months**	0%	0%	28.1%	34%	40%
Return over 60 months**	0%	0%	24.6%	31 %	37%

* The sub-fund has hedged its foreign currency loans in EUR via forward foreign-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	2022	2021
Interest and dividend yield		
1 Interest expenses	-20,287	-4,885
Total interest and dividend yield	-20,287	-4,885
Capital gains and losses		
2 Equity holdings	-3,124,865	1,844,500
2 Derivatives	-210	-6,860
Currency accounts and loans	1,782	3,141
Other assets and liabilities	0	21
3 Trading costs	-9	-42
Total capital gains and losses	-3,123,302	1,840,761
Total revenue	-3,143,589	1,835,876
4 Administrative costs	-170,946	-402,010
Net profit for the year	-3,314,535	1,433,866
Total transferred to assets	-3,314,535	1,433,866

Balance (in TDKK)			
		2022	2021
Note	ASSETS		
	Cash and cash equivalents		
	Balance with depositary	55,322	31,179
	Cash and cash equivalents total	55,322	31,179
	Equity holdings		
	Unlisted equity holdings from Danish companies	1,711	1,248,741
	Investment certificates in other Danish UCITS, etc.	9,185,734	13,321,836
	Total equity holdings	9,187,446	14,570,577
	Derivatives		
	Unlisted derivatives	0	451
	Total derivatives	0	451
	Other assets		
	Balance due to trade settlement	0	2,697
	Total other assets	0	2,697
	TOTAL ASSETS	9,242,768	14,604,904
		2022	2021
	LIABILITIES		
5	Investors' assets	6,361,710	10,059,120
	Derivatives		
	Unlisted derivatives	303	0
	Total derivatives	303	0
	Loans	2,878,570	4,537,259
	Other debts		
	Payables	190	190
	Balance due to trade settlement	1,995	8,336
	Total other debts	2,185	8,526
	TOTAL LIABILITIES	9,242,768	14,604,904
6	Additional notes on financial instruments		
7	Underlying exposure for forward foreign exchange contracts:		
8	Exposure and collateral for loans		
9	Unlisted ownership shares wherein the Fund possesses more than 5% of the capital or the votes		
10	Key figures and ratios		
11	Audit fees		
12	Accounting policies		

Notes (in TDKK)

Note	2022	2021
1 Interest expenses:		
Balance with depositary	655	519
Loans	19,632	4,365
Total interest expenses	20,287	4,885
2 Capital gains and losses, equity holdings:		
Unlisted Danish shares, realised	-35,500	2,666
Unlisted Danish shares, unrealised	-138	2,685
Investment certificates in other Danish UCITS, etc., realised	-1,089,116	302,138
Investment certificates in other Danish UCITS, etc., unrealised	-2,000,111	1,537,011
Total capital gains and losses, equity holdings	-3,124,865	1,844,500
Capital gains and losses, derivatives:		
Forward foreign-exchange contracts, realised	94	-7,311
Forward foreign-exchange contracts, unrealised	-303	451
Total capital gains and losses, derivatives	-210	-6,860
3 Trading costs:		
Gross trading costs	9	46
Covered by issue and redemption income	0	-4
Total trading costs	9	42
4 Administrative expenses:		
Administration	18,047	23,858
Investment management	152,899	378,153
– of which performance-related fee	-56,490	172,354
Distribution, marketing and communication	0	0
Total administrative expenses	170,946	402,010
5 Investor assets 2022	Circ. certificates	Asset value
Investors' assets (start of year)	3,370,431	10,059,120
Issues during the period	142,650	339,120
Redemptions during the period	-318,750	-727,704
Net issue and redemption charges		5,709
Transferred from income statement		-3,314,535
Total investors' assets	3,194,331	6,361,710
Investors' assets 2021	Circ. certificates	Asset value
Investors' assets (start of year)	3,787,243	9,794,229
Issues during the period	150,149	408,565
Redemptions during the period	-566,962	-1,586,885
Net issue and redemption charges		9,345
Transferred from income statement		1,433,866
Total investors' assets	3,370,431	10,059,120

Notes (in TDKK)

Note

6	Financial instruments as percentage of assets	2022	2021
	Listed financial instruments	99.02%	99.84%
	Other financial instruments	45.39%	45.02%
	Total financial instruments	144.41%	144.85%
	Other assets and debt	-44.41%	-44.85%
	Total	100.00%	100.00%

Asset allocation as % of investors' assets	%
Share-based investment funds	99.02
Unlisted equities	0.03
Total share-based investments	99.05
Bond-based investment funds	45.37
Total bond-based investments	45.37
Total	144.42

Specification of investment and capital fund certificates	%
<i>Danish bond-based inv. certificates</i>	
Kapitalforeningen FP Fokus II	45.37
Total Danish bond-based inv. certificates	45.37
<i>Danish share-based inv. certificates</i>	
Formuepleje LimiTellus	94.06
Formuepleje Better World Environmental Leaders	2.84
Formuepleje Globale Aktier Akk.	2.12
Total Danish share-based inv. certificates	99.02
Total investment fund certificates, proportion of assets	144.39

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

7	Underlying exposure (buyer +/- seller -) in forward foreign exchange transactions:	2022	2021
	<i>Counterparty Danske Bank A/S:</i>		
	DKK – maturity 0-3 months	-1,874,024	-1,613,655
	EUR – maturity 0-3 months	1,873,978	1,613,958
	<i>Counterparty Jyske Bank A/S:</i>		
	DKK – maturity 0-3 months	0	-1,383,319
	EUR – maturity 0-3 months	0	1,383,393
	<i>Counterparty SEB AB:</i>		
	DKK – maturity 0-3 months	-74,344	-1,539,459
	EUR – maturity 0-3 months	74,364	1,539,582

Notes (in TDKK)

Note	2022	2021			
8 Exposure and collateral for loans					
<i>Market value of loans from depositary banks and other banks</i>					
DKK loans with Danske Bank A/S	-926,195	0			
EUR loans with Nordea Bank Abp	-1,952,375	-4,537,259			
Total market value of loans from custodian and other financial institutions	-2,878,570	-4,537,259			
Market value of collateral received/issued (+/-) in the form of:					
<i>Investment certificates in other Danish UCITS, etc.</i>					
Counterparty Danske Bank A/S	-1,326,924	0			
Counterparty Nordea Bank Abp	-2,439,787	-5,626,915			
Total market value of collateral received/delivered (+/-):	-3,766,711	-5,626,915			
9 Unlisted ownership shares wherein the Fund possesses more than 5% of the capital or the votes					
2022	Equity	Ownership share			
Triple Alfa Global Equities ApS, Værkmestergade 25, 8000 Aarhus C	2,657	52.03%			
Formuepleje Safe A/S, Værkmestergade 25, DK-8000 Aarhus C	1,760	17.73%			
2021	Equity	Ownership share			
Triple Alfa Global Equities ApS, Værkmestergade 25, 8000 Aarhus C	2,301,506	54.24%			
Formuepleje Safe A/S, Værkmestergade 25, DK-8000 Aarhus C	1,803	17.73%			
10 Key figures and ratios	2022	2021	2020	2019	2018
Net result (in TDKK)	-3,314,535	1,433,866	549,430	1,651,050	-113,908
Assets (TDKK)	6,361,710	10,059,120	9,794,229	7,654,672	4,477,775
Circulating shares (pcs.)	31,943,307	33,704,307	37,872,433	30,505,942	23,860,056
Net asset value per share	199.16	298.45	258.61	250.92	187.67
Return for the year as %	-33.27	15.41	3.08	33.70	-1.98
Cost percentage	2.26	4.00	2.42	4.19	3.30
Cost percentage, excl. performance fee	3.01	2.29	2.27	2.27	2.27
Sharpe ratio*	0.04	0.59	0.66	0.93	0.98
Standard deviation*	25.44	20.35	19.72	15.26	13.24
11 Audit fees				2022	2021
Statutory audit fee				66	95
Fees for services other than statutory audit				16	14
Total fee				82	109

Note 12 Applied accounting policies

General

The annual accounts have been prepared in accordance with Lov om forvaltning af alternative investeringsfonde m.v. (the Act on Managers of Alternative Investment Funds, etc.) with the adoption of the accounting provisions in Lov om investeringsforeninger mv. (the Act on Investment Funds, etc.), including the FSA's 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' represents costs incurred under a separate agreement with Formuepleje A/S for the management function and all other costs not related to 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 a sub-fund owns shares in another sub-fund, the parent sub-fund is partially reimbursed for certain costs in the 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 (Administrative expenses / Investors' average assets) x 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.

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.

Fund 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).

