

1. JANUARY 2023 – 31. DECEMBER 2023

20

ANNUAL REPORT // KAPITALFORENINGEN  
FORMUEPLEJE PENTA

23

FORMUE | PLEJE

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## Management report for the Fund // Fund information

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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](http://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  
Company registration (CVR) no.: 35 40 14 07

Financial Supervisory Authority reg. number: 24024

The Fund is based in Aarhus.

[www.formuepleje.dk](http://www.formuepleje.dk)

### **Fund manager**

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

### **Depository**

Danske Bank A/S  
Holmens Kanal 2-12  
DK-1092 Copenhagen K, Denmark  
CVR no.: 61 12 62 28

### **Audit**

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

### **Portfolio advisor**

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

Approved by the General Meeting on / 2024

**Chairman of the meeting**

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Profile of the sub-fund	Key figures	
Certificate issuing and listed	Net asset value	238.73
Base currency: DKK	High Water Mark (performance fee, end of December 2021)	300.40
Benchmark: No benchmark	Expense ratio	2.27
ISIN: DK0060498343	Expense ratio excl. performance fees	3.02
Start date of investment strategy: 1 January 1994	Performance fee for 2023 (%)	-0.75
Advisor: Formuepleje A/S	Return (%)	19.87
Tax status: Accumulative	Sharpe Ratio	0.17

**Net income and assets for the period**

In 2023, the sub-fund realised a result of DKK 1,150 million.

The sub-fund's total assets have decreased by DKK 251 million during the period. At the end of the accounting period, the sub-fund had assets of DKK 6,111 million.

**Return**

The sub-fund delivered a return of 19.87% for the financial year. Measured over the most recent five-year horizon, from 1 January 2019 to 31 December 2023, the sub-fund has delivered a return of 27.2%, corresponding to an average annual return of 4.9%. In the same period, an index with the same risk profile as the sub-fund, i.e. high risk, has yielded a return of 79.9%, corresponding to an annual return of 12.5%.

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

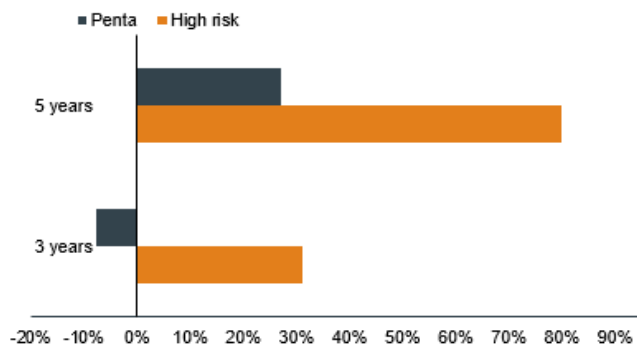
Figure 1 below shows the return in the sub-fund as compared to the index with the same risk profile.

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.

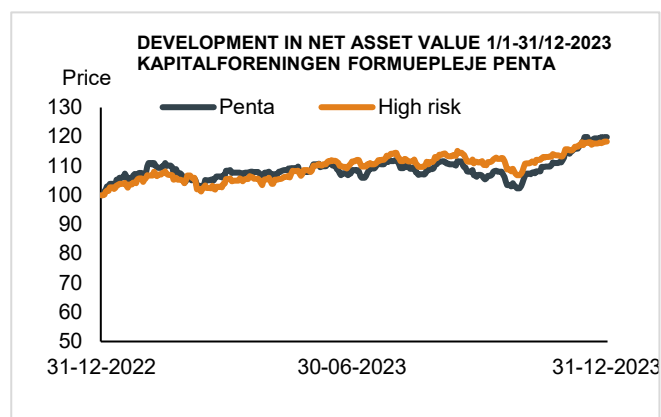
Figure 1

RETURN COMPARED TO INDEX WITH THE SAME RISK PROFILE



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.

### MEMBERS OF THE BOARD OF DIRECTORS

#### **CARSTEN WITH THYGESEN, chairman**

CEO, MA in Forestry Management, E\*MBA, HD (F)  
Born: 1964  
Joined the Board of Directors on 10 July 2013 and is up for re-election in 2025.

#### **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  
LFI Silva Investments A/S  
Silva Baltica 1 ApS  
Silva Baltica 2 ApS  
Silva Baltica 3 ApS  
Silva Baltica 4 ApS  
Aarhus School of Architecture  
Fonden Jagtejendommen i Trend Skov

#### **Member of the Board of Directors of**

Formuepleje Holding A/S  
Formuepleje A/S  
Den Schimmelmanske fond  
Færchfonden  
Mobilhouse Invest ApS  
Mobilhouse Holding A/S

#### **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.  
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 ApS

#### **Vice Chairman of**

Kapitalforeningen Formuepleje Penta  
Kapitalforeningen Formuepleje Fokus  
Kapitalforeningen Formuepleje Pareto  
Kapitalforeningen Formuepleje Safe  
Kapitalforeningen Formuepleje Epikur  
Kapitalforeningen FP  
Investeringsforeningen Formuepleje

#### **Member of the Board of Directors of**

Grundfos Pumps Limited Retirement Fund

Formuepleje Nicolinehus Nord A/S  
Formuepleje Trøjborg A/S  
Formuepleje Ejendomme Select 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 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  
Born: 1963  
Joined the Board of Directors on 10 July 2016 and is up for re-election in 2025.

#### **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 Gruppen A/S  
Justt A/S  
K/S Hamborg Rennbahnstrasse  
MJJM A/S  
Nybolig Jan Milvertz A/S  
Ny Valby Byggemodning P/S  
Ny Valby Holding A/S  
Ny Valby Udvikling A/S  
Teglholmen 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  
Bluetown A/S  
Boliggruppen A/S  
Boliggruppen Erhverv A/S  
Boliggruppen Fyn A/S  
Derma Pharm A/S  
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  
Newcap Holding A/S  
Oestergaard A/S  
Sport Scandinavia A/S  
Tech Town Odense A/S

#### **CEO of**

Komplementar Hamborg Rennbahnstrasse ApS  
Rennbah35 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 businesses in matters relating to commercial and company law.

#### **HANNE SØNDERGAARD BIRKMOSE**

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

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  
Cresco Capital Services A/S  
Nasdaq Nordic Foundation

#### **Special competences**

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 2023.

#### **MEETINGS OF THE BOARD OF DIRECTORS**

In 2023, the Board of Directors held four ordinary meetings.

#### **REMUNERATION OF THE BOARD OF DIRECTORS**

As remuneration to the Board of Directors for 2023, a total amount of DKK 280,000 is proposed for approval by the General Meeting.

Information about each Board member's remuneration can be found at <https://formuepleje.dk/om-os/foreningsbestyrelserne/>

In 2023, 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  
8000 Aarhus C, Denmark

#### **Peter Kjærgaard, CEO**

Appointed as director of Formuepleje A/S on 1 January 2023.

#### **Chairman of the Board of**

Absalon Corporate Credit Fondsmæglerselskab A/S  
CEO of  
Formuepleje Holding A/S  
Formuepleje A/S  
FP Kapital A/S  
Formuepleje Safe A/S  
Formuepleje Real Estate Consulting 1 A/S  
Formuepleje Nicolinehus Nord A/S  
Formuepleje Trøjborg A/S  
Formuepleje Ejendomme Select A/S  
Formuepleje Frederiks Plads A/S

### Global economy

In the past year, the global economy has been characterised by the central banks' continued fight against inflation. In an attempt to bring inflation down, the world's central banks have steadily raised monetary policy rates throughout 2023 while at the same time focusing on not forcing the global economy into a recession. Going into 2023, the consensus expectation was that a recession during the year was inevitable, but strong consumers, robust labour markets and positive growth impulses from fiscal policy averted a slowdown in growth.

The US economy in particular helped the global economy through 2023. As the Federal Reserve managed to bring down inflation, accommodative fiscal policy and a strong consumer kept the economy growing while the housing market remained intact.

The same cannot be said for the Eurozone, where activity stalled at the end of 2022, and continued to be under pressure in 2023. Germany's economy in particular has been challenged due, in particular, to its high energy dependency on Russia and increasing competition from China.

China has faced major challenges in 2023, and the reopening after the coronavirus pandemic did not provide the growth impulse for either China or the global economy that many had expected. The Chinese property market has had another problematic year with solvency issues and bankruptcies among property developers.

2023 also saw a number of geopolitical tensions, including the ongoing war in Ukraine, the conflict between China and Taiwan, and unrest in the Middle East towards the end of the year. In addition, the financial system averted a banking crisis in March and April 2023, with the world's central banks safeguarding financial stability and limiting the extent of the growing turmoil in the banking sector.

### The share market

The expected recession did not materialise in 2023, despite the consensus expectation at the start of the year that a recession was inevitable. On the contrary, global equity markets responded with double-digit returns on the back of the central banks' initial fight against inflation and an expectation of lower interest rates in 2024 as a result of a successful soft landing.

The global share market, measured by MSCI World All Countries, rose 22 per cent in 2023. For Danish investors, the weakening of the dollar resulted in a total share market return measured in Danish kroner of 18.6 per cent. At a regional level, the US delivered the best returns measured in Danish kroner at 23 per cent, followed by Europe at 17 per cent, Japan at 16 per cent and emerging markets at 7 per cent. In the US, the large tech companies in particular delivered returns, where 'The Magnificent 7' (Microsoft, Apple, Alphabet, NVIDIA, Meta, Amazon and Tesla) delivered a return of 100 per cent measured in Danish kroner, while the small and medium-sized companies, as measured by the Russell 2000 index, 'only' delivered a return of 13 per cent measured in Danish kroner.

At the sector level, IT (+47 per cent) and communication services (+34 per cent) came out on top along with the cyclical consumption sector (+25 per cent), while utilities (-3 per cent) and the non-cyclical consumption sector (-1 per cent) were at the bottom along with the energy sector (+2 per cent).

### The bond market

On the interest rate side, 2023 was dominated by the central banks' continued battle against inflation and the market's expectations of central bank rate announcements in 2024. Despite both Danish 2-year and 10-year yields rising steadily throughout most of 2023, the year ended with both 2- and 10-year Danish yields falling by 0.6 percentage points. Due to the strong Danish krone, Danmarks Nationalbank again raised interest rates less than the ECB in 2023. This means that very short-term interest rates in Denmark are 0.4 percentage points lower than in the Eurozone.

The Danish mortgage bond market performed well throughout 2023, helped in particular by less volatility in the market and sharply falling interest rates throughout November and December. The yield spread of 5-year adjustable-rate bonds over government bond yields (OAS spread) ended approx. 0.3 percentage points lower, while the yield spread of callable mortgage bonds over government bond yields ended close to unchanged on average. All Danish bond types generated positive returns in 2023, primarily due to the noticeable decline in interest rates.

The broad index for Danish mortgage bonds rose by 5.8 per cent in 2023.

### Corporate bonds

The global high yield market surprised most market participants in 2023. The market was significantly stronger than predicted at the beginning of the year. The absence of the large number of bankruptcies that many had expected in the wake of higher monetary policy interest rates and tighter bank lending in particular contributed to the positive sentiment in the credit bond markets. One of the major events of the year for the world's credit bond markets was the bank turmoil in the spring of 2023, where especially corporate bonds from financial companies experienced large price fluctuations.

The global high yield index returned 10 per cent, while the emerging markets index returned 6 per cent. Emerging markets have been under pressure from the Chinese property market again this year, which has limited the potential for Chinese corporate bonds in particular.

Throughout most of 2023, bankruptcy levels in the US and Europe remained at low levels, and bankruptcies primarily occurred among already well-identified bankruptcy candidates in the lower rating classes.

### Currencies

During 2023, the USD weakened against the Danish krone and the euro, partly as a consequence of the expectation of imminent interest rate cuts from the US Federal Reserve in 2024. The weakening of the dollar has been negative for the return on shares, as the increase in the share market has been smaller when converted to Danish kroner. The dollar fell 2.8 per cent against the Danish krone in 2023.

### Expectations for 2024

The factors that fuelled growth in 2022 and 2023 are fading. Significant consumer spending triggered by the extra savings during the coronavirus pandemic is on the decline, the labour market is no longer red-hot and the positive effects of fiscal policy are diminishing. Finally, the rising cost of interest rates is beginning to impact businesses and households, which will have an impact on economies.

Therefore, the expectation is that there is some risk of the global economy experiencing a slowdown in growth in 2024. The main scenario is a slowdown in growth for both the European and US economies, but the resilience of the global economy in 2023 has been a positive surprise. There is still a high probability that the slowdown in growth is coming, but the timing can be difficult to predict. The recession is expected to be mild and short, but will result in negative growth in the European and US economies for a short period of time.

Inflation will continue to be an important issue in the global economy in 2024. The rate of increase in the overall price index is steadily decreasing, but that does not mean the battle to keep inflation down has been won, and core inflation in particular has proven to be sticky. There are several reasons for this, but one important factor is strong wage growth. Inflation is expected to slow down in 2024 if the central banks continue to maintain a tight monetary policy, but whether the 2 per cent inflation target will be reached, and

whether inflation can stay there without a sharp cooling of the labour market, is seen as less certain.

A central theme in 2024 will be elections, as 2024 will be the biggest election year ever. Globally, 50 countries are due to hold elections and more than 2 billion people will vote. In particular, the US presidential election in November 2024 will be an important focal point in the second half of 2024.

A cautious approach to risk assets will be maintained in 2024, as a slowdown in growth in the global economy is still considered most likely. For equities, the starting point is that there is a certain risk that the market could be challenged, although there is also the prospect of earnings developments stabilising in 2024, which, all else being equal, will support the equity market. Moderate share price increases are therefore expected.

For Danish mortgage bonds, 2024 has the potential to be a very good year. There are many indications that interest rates will move downwards – led by rate cuts from the European Central Bank and Danmarks Nationalbank.

The global high yield market surprised most in 2023, and the market was significantly stronger than expected. Positive returns are expected for both global corporate bonds and emerging market corporate bonds in 2024, although a slowdown in global economic growth could challenge the corporate bond market as well as the equities market.



**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](http://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 wishes to work towards an equal distribution of women and men among the members of the board of Directors elected by the general meeting. The target is met through continuous evolution of the board of Directors, and the target has already been met in accordance with the section below ‘Policy to increase the proportion of the underrepresented gender on the board of Directors’.

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.

**Policy to increase the proportion of the underrepresented gender on the board of directors**

	2023	2024	2025	2026	2027
<b>Top management body</b>					
Total number of members	4				
Underrepresented gender in per cent.	1				
Target figures in per cent.	n/a				
Year of target fulfilment	n/a				
<b>Other management levels</b>					
Total number of members	0				
Underrepresented gender in per cent.	n/a				
Target figures in per cent.	n/a				
Year of target fulfilment	n/a				

At the end of 2023, the board of directors consisted of four members elected by the general meeting. Of the four members, one is female and three are male. The proportion of the underrepresented gender among the members elected by the general meeting is therefore 25%, which corresponds to an equal distribution according to the Danish Business Authority’s guidelines. Based on this, no targets have been set for the future proportion of the underrepresented gender.

The Fund is exempt from disclosing similar information for other levels of management as the fund has no employees. Similarly, the Fund is exempt from the obligation to develop a policy to increase the proportion of the underrepresented gender at other management levels.

If the distribution of men and women changes over time such that there is no longer a gender balance on the board of directors, a target will be set and a policy will be drawn up on how this will be achieved again.

The above constitutes the Fund's reporting in accordance with Section 66 a of the Executive Order on Financial Reports for Danish UCITS.

#### **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 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](http://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 auditors attend the board meeting where the annual report is discussed, which includes a discussion of accounting policies and the auditors' 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 competences, minimum requirements for the management have been implemented in the articles of association. In essence, there is a requirement that the board of directors must have adequate experience to perform the duties and take the necessary investment decisions. In addition, management must not have a criminal record, be undergoing reorganisation, be involved in bankruptcy proceedings, etc. When there is a change in a manager's management, the new management members must be authorised by the Danish Financial Supervisory Authority.

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. 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.

Department	ESG Risk Score	ESG Risk Category
Penta (total)*	15.8	Low
Penta (equities)	17.6	Low
Comparison index (equities)	21.6	Medium
Penta (mortgage bonds)	15.3	Low
Comparison index (mortgage bonds)		NA

Data are valid for the portfolios as of 31.12.2023

\*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 can be done both by screening out companies with severe negative impacts and by favouring companies that perform best within a given industry. 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 corporate 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.

The equity investments in Formuepleje generally have lower CO<sub>2</sub> emissions than a comparable market index, and the proportion 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.

Formuepleje refrains from investing in companies involved in controversial weapons and has not invested in companies where the issuer has confirmed breaches of international codes of practice. If a company becomes involved in a case, an engagement case will be initiated and Formuepleje follows 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](http://www.formuepleje.dk).

In 2023, Formuepleje voted on behalf of the sub-funds at 153 out of 160 possible general meetings. There were slightly more votes than last year, mainly due to more shares in the portfolios. In 96% 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, Communications, Legal and Fund Management. The Committee has overall responsibility for policies and guidelines, and a number of sub-committees deal with practical issues such as screening and marketing.

## Management report for the Fund // Corporate social responsibility

Department	Carbon footprint* (tonnes of CO <sub>2</sub> eq per million EUR invested)	Greenhouse gas intensity* (tonnes CO <sub>2</sub> eq per turnover in EUR million)	Fossil fuels (% involvement)	UNCG Principle/OECD Guidelines Violations (% involvement)	Controversial weapons (% involvement)
Penta (total)**	13.6	52.6	0.4%	0%	0%
Penta (equities)	13.6	52.6	1.8%	0%	0%
Comparison index (equities)	59.0	163.8	8.8%	1.4%	0%
Penta (mortgage bonds)	NA	NA	0%	0%	0%
Comparison index (mortgage bonds)	NA				

Data is valid for the portfolios as at 31.12.2023

\* 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

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On this date, the Fund's board of directors and management company have considered and approved the annual report for 2023 for Kapitalforeningen Formuepleje Penta.

The annual report has been prepared in accordance with statutory requirements, including the Danish Alternative Investment Fund Managers, etc. Act, with the option of the accounting provisions in the Investment Associations, etc. Act

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 2023 and performance for the period 1 January to 31 December 2023.

Aarhus, 3 April 2024

Fund manager  
Formuepleje A/S  
Executive board

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Peter Kjærgaard

Board of Directors

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Carsten With Thygesen  
Chairman

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Lars Sylvest  
Deputy chairman

---

Michael Vinther

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Hanne Søndergaard Birkmose

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.

### 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 2023, 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 2023, and of the results of the sub-fund's operations for the financial year 1 January to 31 December 2023, 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 6 years up to and including the 2023 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 2023 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 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 reports 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 reports.

#### **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, 3 April 2024

EY GODKENDT REVISIONSPARTNERSELSKAB  
CVR 30 70 02 28

Michael Laursen  
State-authorized public accountant  
mne26804

Anders Thorhauge  
State-authorized public accountant  
mne50630



### 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.

### Performance and assets

A profit of DKK 1,150 million was realised for the financial year. Assets as at 31 December 2023 amounted to DKK 6,111 million. The sub-fund's assets decreased by DKK 251 million during the financial year. During the financial period, the sub-fund saw net redemptions of DKK 1,400 million.

### Return for the year and performance

The sub-fund delivered a return for the financial year of 19.87 per cent, which is significantly above the expected return of 7-9 per cent upon presentation of the annual report for 2022. An index with the same risk profile as the sub-fund, i.e. high risk, generated a return of 18.35 per cent during the reporting period.

The board considers both absolute and relative performance to be satisfactory.

Going into 2023, the consensus expectation was that a recession during the year was inevitable, but strong consumers, robust labour markets and positive growth impulses from fiscal policy meant that the slowdown in growth was averted and the prospect of interest rate cuts in 2024 paved the way for positive returns for global equities, Danish bonds and global bonds. Like the global equity and bond markets, the sub-fund was affected by inflation, monetary policy tightening, geopolitical turmoil and general uncertainty about future global growth during the financial year.

The largest positive contribution to the year's return came from the investment in global equities, which contributed 14.5 per cent. 2023 was an extremely positive year for the global equity markets, with double-digit returns on most broad equity market indices. Equity selection and tactical equity allocation in the sub-fund contributed negatively to relative performance. The investment in Danish mortgage bonds contributed 7.7 per cent to the return.

The Danish mortgage bond market performed well throughout 2023, helped in particular by less volatility in the market and sharply falling interest rates throughout November and December. All Danish bond types generated positive returns in 2023 and bond selection made a positive contribution to the relative performance. It is recommended reading the section on general market developments on page 7.

### Expectations for 2024

Despite a number of uncertainties, such as anti-inflationary measures by central banks and geopolitical factors such as war and tensions, the outlook for 2024 is considered positive. For equities, there is a risk of a challenged market, but also the prospect of a stabilisation of earnings growth in 2024, which, all else being equal, will support the equity market. Moderate share price increases are expected.

For Danish mortgage bonds, 2024 has the potential to be a very good year. There are many indications that interest rates will move downwards – led by rate cuts from the ECB and Danmarks Nationalbank. Both asset

classes are therefore expected to make a positive contribution to the return, which overall is expected to be in the 6-8 per cent range. The expectations should be seen in the context of 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. No securities lending was made in 2023 apart from securities lending in connection with loan financing.

### 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.

### Significant events in 2023

There were no significant events in 2023.

### 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.

Total payroll costs for 2023 for employees, excluding management, at the manager Formuepleje A/S amount to TDKK 101,892, of which TDKK 95,854 thousand is fixed salary and TDKK 6,038 is variable salary. Total payroll costs for the management of the manager amount to TDKK 10,602, of which TDKK 7,437 is fixed salary and TDKK 3,165 is variable salary. Total payroll costs for employees of the manager, who, according to the AIFM Act, have a significant influence on the risk profile of the managed funds, amount to TDKK 20,870, of which TDKK 14,905 is fixed salary and TDKK 5,965 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 that makes it possible to allocate the total payroll costs to the individual managed funds. The average number of people employed by the manager in 2023, converted to full-time employees, was 86.

## Holdings // Formuepleje Penta KL

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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 7 in the financial statements and to the annual reports of the relevant investment and capital funds for 2023.

The sub-fund's 10 biggest indirect share investments as a % of investors' assets	%
Microsoft Corp.	4.79
iShares MSCI EM SRI UCITS ETF	4.10
Linde PLC	2.51
Thermo Fisher Scientific Inc	2.38
Alcon Inc	2.30
Apple Inc	2.17
Mastercard Inc	2.16
Schneider Electric SE	2.09
HDFC Bank Ltd	1.99
L'Oreal SA	1.97
<hr/>	
The sub-fund's indirect bond exposure by issuer, as % of investor assets	%
Nykredit Realkredit A/S	159.72
Realkredit Danmark A/S	88.64
Nordea Kredit Realkreditaktieselskab	59.45
Jyske Realkredit A/S	33.57
DLR Kredit A/S	11.53
<hr/>	
Total bond exposure	352.92

## Risk limits and risk statement // Formuepleje Penta KL

The table below shows numerical risk limits in accordance with the sub-fund's articles of association and risk limits set by the manager's Board of Directors, as well as the risk calculated as at 31 December 2023. 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 31-12-2023	Board of directors upper limit**	Statute upper limit
<b>Position and market risk</b>					
Share exposure as % of assets	0%	0%	99.7%	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	1.81	6	8
<b>Concentration risk</b>					
Single greatest exposure towards single share as % of share investments	0%	0%	4.81%	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%	45.3%	80%	80%
<b>Currency risk</b>					
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%
<b>Gearing risk</b>					
Loan gearing as % of assets	0%	0%	364.1%	500%	500%
Market value of long dispositions as % of assets	0%	0%	451.1%	500%	600%
Gross exposure in % of assets	0%	0%	590.7%	1450%	1,500%

\* The sub-fund has hedged its foreign currency loans in EUR via forward foreign-exchange contracts.

\*\* The framework is defined in the prospectus as a pre-trade framework with the exception of alpha strategy exposure, which is post trade.

## Annual accounts // Formuepleje Penta KL

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### Income statement (in TDKK)

Note	2023	2022
Interest and dividend yield		
1 Interest income	958	0
2 Interest expenses	-102,734	-20,287
Total interest and dividend yield	-101,776	-20,287
Capital gains and losses		
3 Equity holdings	1,393,098	-3,124,865
3 Derivatives	9,715	-210
Currency accounts and loans	-5,475	1,782
4 Trading costs	14	-9
Total capital gains and losses	1,397,352	-3,123,302
Total revenue	1,295,576	-3,143,589
5 Administrative costs	-145,800	-170,946
Net profit for the year	1,149,776	-3,314,535
Total transferred to assets	1,149,776	-3,314,535

## Annual accounts // Formuepleje Penta KL

Balance (in TDKK)		2023	2022
Note	ASSETS		
	Cash and cash equivalents		
	Balance with depositary	61,850	55,322
	Cash and cash equivalents total	61,850	55,322
	Equity holdings		
	Unlisted equity holdings from Danish companies	312	1,711
	Investment certificates in other Danish UCITS, etc.	8,843,527	9,185,734
	Total equity holdings	8,843,839	9,187,446
	Derivatives		
	Unlisted derivatives	225	0
	Total derivatives	225	0
	Other assets		
	Receivable interest and dividend yield	10	0
	Total other assets	10	0
	<b>TOTAL ASSETS</b>	<b>8,905,924</b>	<b>9,242,768</b>
		2023	2022
	LIABILITIES		
6	Investors' assets	6,111,148	6,361,710
	Derivatives		
	Unlisted derivatives	0	303
	Total derivatives	0	303
	Loans	2,794,587	2,878,570
	Other debts		
	Payables	189	190
	Balance due to trade settlement	0	1,995
	Total other debts	189	2,185
	<b>TOTAL LIABILITIES</b>	<b>8,905,924</b>	<b>9,242,768</b>
	Notes		
7	Additional notes on financial instruments		
8	Underlying exposure for forward foreign exchange contracts:		
9	Exposure and collateral for loans		
10	Unlisted ownership shares wherein the Fund possesses more than 5% of the capital or the votes		
11	Key figures and ratios		
12	Audit fees		
13	Accounting policies		

## Annual accounts // Formuepleje Penta KL

Notes (in TDKK)			
Note		2023	2022
1	Interest income:		
	Balance with depositary	958	0
	<b>Total interest income</b>	<b>958</b>	<b>447</b>
2	Interest expenses:		
	Balance with depositary	0	655
	Loans	102,734	19,632
	<b>Total interest expenses</b>	<b>102,734</b>	<b>20,287</b>
3	Capital gains and losses, equity holdings:		
	Unlisted Danish shares, realised	89	-35,500
	Unlisted Danish shares, unrealised	0	-138
	Investment certificates in other Danish UCITS, etc., realised	291,124	-1,089,116
	Investment certificates in other Danish UCITS, etc., unrealised	1,101,884	-2,000,111
	<b>Total capital gains and losses, equity holdings</b>	<b>1,393,098</b>	<b>-3,124,865</b>
	Capital gains and losses, derivatives:		
	Forward foreign-exchange contracts, realised	9,489	94
	Forward foreign-exchange contracts, unrealised	225	-303
	<b>Total capital gains and losses, derivatives</b>	<b>9,715</b>	<b>-210</b>
4	Trading costs:		
	Gross trading costs	-14	9
	Covered by issue and redemption income	0	0
	<b>Total trading costs</b>	<b>-14</b>	<b>9</b>
5	Administrative expenses:		
	Administration	15,540	18,047
	Investment management*	130,260	152,899
	- of which consultancy fees, etc.	178,377	209,389
	- of which performance-related fee	-48,117	-56,490
	Distribution, marketing and communication	0	0
	<b>Total administrative expenses</b>	<b>145,800</b>	<b>170,946</b>
	*Of the total investment management fee, approx. 1/3, corresponding to TDKK 43,420, is attributable to general marketing costs incurred by the Fund's investment management company, Formuepleje AS.		
6	Investor assets 2023	Circ. certificates	Asset value
	Investors' assets (start of year)	3,194,331	6,361,710
	Issues during the period	1,300	2,753
	Redemptions during the period	-635,730	-1,406,508
	Net issue and redemption charges		3,418
	Transferred from income statement		1,149,776
	<b>Total investors' assets</b>	<b>2,559,901</b>	<b>6,111,148</b>
	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
	<b>Total investors' assets</b>	<b>3,194,331</b>	<b>6,361,710</b>

## Annual accounts // Formuepleje Penta KL

### Notes (in TDKK)

#### Note

	2023	2022
7 Financial instruments as percentage of assets		
Listed financial instruments	100.03%	99.02%
Other financial instruments	44.69%	45.39%
Total financial instruments	144.72%	144.41%
Other assets and debt	-44.72%	-44.41%
Total	100.00%	100.00%
Asset allocation as % of investors' assets		%
Share-based investment funds		100.03
Unlisted equities		0.01
Total share-based investments		100.04
Mortgage bond-based investment and capital funds		44.68
Total mortgage bond-based investments		44.68
Total		144.72
Specification of investment and capital fund certificates		%
<i>Danish bond-based inv. certificates</i>		
Kapitalforeningen FP Fokus II		44.68
Total Danish bond-based inv. certificates		44.68
<i>Danish share-based inv. certificates</i>		
Formuepleje LimitTellus		94.15
Formuepleje Better World Environmental Leaders		3.33
Formuepleje Globale Aktier Akk.		2.55
Total Danish share-based inv. certificates		100.03
Total investment fund certificates, proportion of assets		144.71
The specification of securities can be obtained by contacting Formuepleje A/S		
8 Underlying exposure (buyer +/- seller -) in forward foreign exchange transactions:	2023	2022
<i>Counterparty Danske Bank A/S:</i>		
DKK – maturity 0-3 months	-879,071	-1,874,024
EUR – maturity 0-3 months	879,643	1,873,978
<i>Counterparty SEB AB:</i>		
DKK – maturity 0-3 months	0	-74,344
EUR – maturity 0-3 months	0	74,364
9 Exposure and collateral for loans		
<i>Market value of loans from depositary banks and other banks</i>		
DKK loans with Danske Bank A/S	-1,911,507	-926,195
EUR loans with Nordea Bank Abp	-883,079	-1,952,375
Total market value of loans from custodian and other financial institutions	-2,794,587	-2,878,570
Market value of collateral received/issued (+/-) in the form of:		
<i>Investment certificates in other Danish UCITS, etc.</i>		
Counterparty Danske Bank A/S	-2,731,615	-1,326,924
Counterparty Nordea Bank Abp	-1,103,246	-2,439,787
Total market value of collateral received/delivered (+/-):	-3,834,861	-3,766,711

Notes (in TDKK)

Note

10 Unlisted ownership shares wherein the Fund possesses more than 5% of the capital or the votes

2023	Equity	Ownership share
Triple Alfa Global Equities ApS, Værkmestergade 25, 8000 Aarhus C	0	0.00%
Formuepleje Safe A/S, Værkmestergade 25, DK-8000 Aarhus C	1,760	17.73%
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%

11 Key figures and ratios

	2023	2022	2021	2020	2019
Net result (in TDKK)	1,149,776	-3,314,535	1,433,866	549,430	1,651,050
Assets (TDKK)	6,111,148	6,361,710	10,059,120	9,794,229	7,654,672
Circulating shares (pcs.)	25,599,007	31,943,307	33,704,307	37,872,433	30,505,942
Net asset value per share	238.73	199.16	298.45	258.61	250.92
Return for the year as %	19.87	-33.27	15.41	3.08	33.70
Cost percentage	2.27	2.26	4.00	2.42	4.19
Cost percentage, excl. performance fee	3.02	3.01	2.29	2.27	2.27
Sharpe ratio	0.17	0.04	0.59	0.66	0.93
Standard deviation	25.27	25.44	20.35	19.72	15.26

12 Audit fees

	2023	2022
Statutory audit fee	64	66
Fees for services other than statutory audit	17	16
Total fee	81	82



### Note 13 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 "Capital 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.

##### 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**

The Fund has entered into an agreement with Nordea Danmark, Branch of Nordea Bank Abp, Finland, that – with reservations for special situations – the bank will quote current prices for the sub-fund's capital fund certificates in, among other things, NASDAQ Copenhagen's trading systems in order to promote liquidity and minimise the costs of trading in 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).

