



# **LYNX ACTIVE BALANCED FUND**

A SUB-FUND OF THE LYNX UCITS FUNDS ICAV

## **ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

For the year ended 31 December 2022



# LYNX ACTIVE BALANCED FUND

## MANAGEMENT AND ADMINISTRATION

|  |  |
|--|--|
| <b><i>Registered Office</i></b>                  | 35 Shelbourne Road<br>4th Floor, Ballsbridge<br>Dublin D04 A4E<br>Ireland  |
| <b><i>Directors</i></b>                          | Brian Dunleavy (Irish Resident)*<br>Fiona Mulhall (Irish Resident)**<br>Henrik Landén (Swedish resident)*                |
| <b><i>Manager</i></b>                            | KBA Consulting Management Limited<br>35 Shelbourne Road<br>4th Floor, Ballsbridge<br>Dublin, D04 A4E<br>Ireland          |
| <b><i>Investment Manager and Distributor</i></b> | Lynx Asset Management AB<br>Regeringsgatan 30-32<br>Box 7060<br>SE – 103 86 Stockholm<br>Sweden                          |
| <b><i>Depositary</i></b>                         | HSBC Continental Europe<br>1 Grand Canal Square<br>Grand Canal Harbour<br>Dublin 2<br>Ireland                            |
| <b><i>Administrator</i></b>                      | HSBC Securities Services (Ireland) DAC<br>1 Grand Canal Square<br>Grand Canal Harbour<br>Dublin 2<br>Ireland             |
| <b><i>Legal Counsel (as to Irish law)</i></b>    | Matheson<br>70 Sir Rogerson's Quay<br>Dublin 2<br>Ireland  |
| <b><i>Independent Auditor</i></b>                | KPMG<br>Chartered Accountants<br>1 Harbourmaster Place<br>International Financial Services Centre<br>Dublin 1<br>Ireland |
| <b><i>Secretary</i></b>                          | KB Associates<br>35 Shelbourne Road<br>4th Floor, Ballsbridge<br>Dublin, D04 A4E<br>Ireland                              |

\* Non-executive director.

\*\* Non-executive independent director.

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*Words and expressions defined in the Prospectus, unless the context otherwise requires, have the same meaning when used in this annual report and financial statements.*

# DIRECTORS' REPORT

*For the year ended 31 December 2022*

■ The Directors present their report for Lynx Active Balanced Fund (the “Fund”), a sub-fund of the Lynx UCITS Funds ICAV (the “ICAV”), and audited financial statements for the year ended 31 December 2022.

The Directors have opted to prepare separate reports and financial statements for each of the ICAV's sub-funds in accordance with the Irish Collective Asset-management Vehicles Act 2015 (as amended) (the “ICAV Act”). As of 31 December 2022, the ICAV has established one other sub-fund, Lynx UCITS Fund. The reports and financial statements for Lynx UCITS Fund are available free of charge on request from the Manager. Any reference hereafter to the reports and financial statements will mean the reports and financial statements for Lynx Active Balanced Fund.

The investment objective of the Fund is to achieve long-term capital appreciation to a moderate risk level by providing dynamic long exposure to a diversified range of asset classes and financial instruments.

The ICAV was incorporated on 11 December 2018 and the Fund commenced operation on 28 December 2018.

## PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

A detailed review of the Fund's activities for the year ended 31 December 2022 and the Fund's outlook is included in the Investment Manager's Report on pages 9-15.

## DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

The ICAV Act requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”).

The financial statements are required to give a true and fair view of the assets, liabilities and financial position of the Fund at the end of the financial year and of the profit or loss of the Fund for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the ICAV will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Fund and enable them to ensure that the financial statements comply with the ICAV Act, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the “UCITS Regulations”) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (“the Central Bank UCITS Regulations”). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the ICAV. In this regard, they have entrusted the assets of the ICAV to HSBC Continental Europe, as Depositary, for safekeeping. They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the ICAV Act.

## RESULTS, FINANCIAL POSITION AND DIVIDENDS

The results of operations for the year and the financial position as at the year end are set out in the Statement of Comprehensive Income and the Statement of Financial Position on page 21 and 19-20 respectively. There were no dividends declared during the year.

## KEY PERFORMANCE INDICATORS

The Directors consider that the change in net asset value (“NAV”) per share is a key indicator of the performance of the Fund. Key performance indicators (“KPIs”) monitored by the Directors for the Fund include the month to month movement in the NAV per share and the share capital movements.

## RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Fund's financial instruments as defined by IFRS 7 for financial reporting purposes are market risk (including market price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk as detailed, together with the associated risk management objectives and policies, in Note 11 on pages 35-40 in the financial statements.

## **DIRECTORS WHO HELD OFFICE DURING THE YEAR**

The Directors who held office at any time during the year were: Brian Dunleavy, Fiona Mulhall and Henrik Landén.

## **DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES OF THE ICAV AND ITS FUND**

Henrik Landén, Director of the Fund, held 2,719 shares in Class D2 SEK of the Fund. None of the other Directors nor the ICAV Secretary or their respective families held any interest, beneficial or otherwise, in the share capital of the ICAV during or at the end of the financial year.

## **TRANSACTIONS INVOLVING DIRECTORS**

Other than as disclosed in Note 14 on page 50-51 to the financial statements, there were no contracts or agreements of any significance in relation to the business of the ICAV or the Fund in which the Directors had any interest, as defined in the ICAV Act, at any time during the year.

## **TRANSACTIONS WITH CONNECTED PERSONS**

Regulation 43(1) of the Central Bank UCITS Regulations requires in effect that any transaction carried out with a UCITS by a management company or depositary to the UCITS, the delegates or sub-delegates of the management company or depositary, and any associated or group company of such a management company, depositary, delegate or sub-delegate ("connected persons") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the shareholders.

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected persons entered into during the year complied with the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations.

## **SOFT COMMISSION AND DIRECT BROKERAGE SERVICES**

There were no soft commissions or directed brokerage service arrangements in place during the financial year

ended 31 December 2022 and financial year ended 31 December 2021.

## **DIRECTORS' REMUNERATION**

Please see details of Directors' fees disclosed in Note 8 on page 35. Henrik Landén was an employee of Lynx Asset Management AB during the year and was not entitled to Directors' fees from the Fund.

## **ACCOUNTING RECORDS**

The Directors believe that they have complied with the requirements of Sections 109 to 113 of the ICAV Act, with regard to keeping adequate accounting records. The Directors have appointed HSBC Securities Services (Ireland) DAC to maintain adequate accounting records.

The address at which this business is located is as follows: 1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland

## **SIGNIFICANT EVENTS DURING THE YEAR**

Significant events during the year are disclosed in Note 16 on page 43.

## **SUBSEQUENT EVENTS**

Subsequent events are disclosed in Note 17 on page 44.

## **CORPORATE GOVERNANCE CODE (THE "CODE")**

Irish Funds, the association for the funds industry in Ireland, has published a corporate governance code that may be adopted on a voluntary basis by Irish authorized investment funds. The Board of Directors have adopted the Code, and the ICAV was in compliance with all elements of the Code during the year.

## **INDEPENDENT AUDITORS**

The auditor, KPMG, Chartered Accountants, have been appointed by the ICAV. KPMG have expressed their willingness to continue in office in accordance with Section 125 of the ICAV Act.

*On behalf of the Board of Directors  
25 April 2023*

*Brian Dunleavy*

*Fiona Mulhall*

# INVESTMENT MANAGER'S REPORT

*For the year ended 31 December 2022*

## PERFORMANCE OVERVIEW

Lynx Active Balanced Fund realized a loss of 11.78 per cent<sup>1</sup> net of fees in 2022 as global equity and fixed income markets declined sharply; the MSCI World Index ended the year down 16.26 per cent while the JPM Global Bond Index lost 12.96 per cent<sup>2</sup>. A modest gain in commodities mitigated the negative result as the program capitalized on an extraordinary move in energies early in the year before neutralizing long exposure in the second half as prices receded. The yearly result brings annualized net performance since inception to 2.76 per cent net of fees with an annualized standard deviation of 8.20 per cent.

With inflation reaching levels unseen in over a generation, stocks and bonds simultaneously collapsed in the first half of 2022 as investors revised expectations of monetary and fiscal policy. At the same time, commodities rocketed higher fueled by geopolitical conflict in Ukraine as sanctions on Russian exports and a ravaged Ukrainian infrastructure led to speculation that energy and grain supplies would fall well short of demand. However, financial and commodity markets retreated from their extreme levels as the year progressed. Stocks and bond prices fluctuated widely with changing sentiment, while energy and grain prices ultimately ended the year not far from where they began.

## YEAR IN REVIEW

2021 was a welcomed change for most investors following the extraordinary events of the prior year. Monetary and fiscal stimulus contributed to record high equity prices and relatively subdued financial market volatility. While inflationary pressures began to build, investors and policy makers largely attributed the heightened readings to what they believed were transitory factors relating to COVID-19. Increases in consumer prices were measured off pandemic lows and supply chain disruptions were expected to diminish as economies and borders reopened. With the benefit of hindsight, we now know that those assumptions were misguided as 2021 proved to be just the calm before the storm.

2022 marked a true departure from what had been status quo as after years of exceptionally accommodative monetary policy, the tide turned dramatically. In-

flation reached the highest level across the developed world in forty years and remained stubbornly elevated as the year progressed. Central bankers, quickly realizing they had gotten behind the curve, aggressively began tightening policy.

### *Central bank actions*

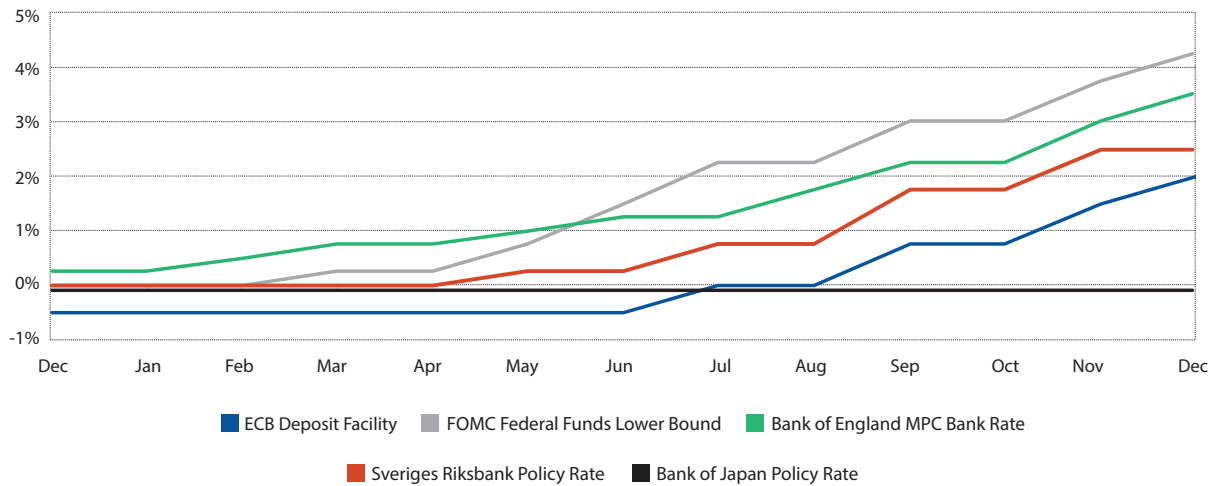
During the height of the coronavirus outbreak in the US, the Fed cut the lower bound of their target lending rate to zero where it remained for two years. Then in March 2022, they began tightening policy for the first time since the pandemic. Before the year was through, the FOMC had hiked rates seven times for a total of 425 basis points – including four consecutive 75 basis point moves – the largest annual increase since 1980. Over the previous 22 years, the policy rate had only risen in 25 basis point increments. In June, they also began reducing their balance sheet of Treasuries and mortgage-backed securities, further tightening financial conditions.

On the other side of the Atlantic, the European Central Bank (ECB) had not raised interest rates in over 11 years by the time they tightened policy in July for the first time in 2022; before the year concluded, the rate of their overnight deposit facility had climbed from -0.5 to 2 per cent. While the pace lagged the US, ECB President Christine Lagarde indicated that the bank was determined to achieve their 2 per cent inflation objective and that significant increases should be expected in the future. Additionally, the Governing Council decided to end net asset purchases in July and announced their intention to begin decreasing the ECB's balance sheet in March 2023. Across the rest of the continent, the Swiss National Bank increased rates for the first time in 15 years, while other central banks hiked dramatically off their post-COVID lows to combat double-digit inflation.

In the UK, the Bank of England (BoE) raised the sterling overnight lending rate by over 300 basis points beginning in February and the resulting increase in gilt yields had unintended and undesirable consequences. The controversial “mini budget” proposed in September after Liz Truss succeeded Boris Johnson as British Prime Minister exacerbated inflationary concerns resulting in a sharp spike in bond yields. Pension schemes in the UK

<sup>1</sup> The performance figure is represented for Class D1 EUR.

<sup>2</sup> Index-figures are based on available data at the time of publication and are subject to revision. The MSCI World NDTR Index (local currency) and the JP Morgan Government Bond Index (local currency) figures represents the period 30 December 2021 to 30 December 2022.



**Chart 1.** Global Central Bank Policy Rates. Source: Each Central Bank respectively.

following a liability driven investing (LDI) strategy suffered heavy losses on interest rate derivative positions linked to gilt prices and margin calls resulted in a vicious downward spiral in prices. Ultimately, the BoE intervened to stabilize the market, although rates remained elevated until significant policy changes were announced in October.

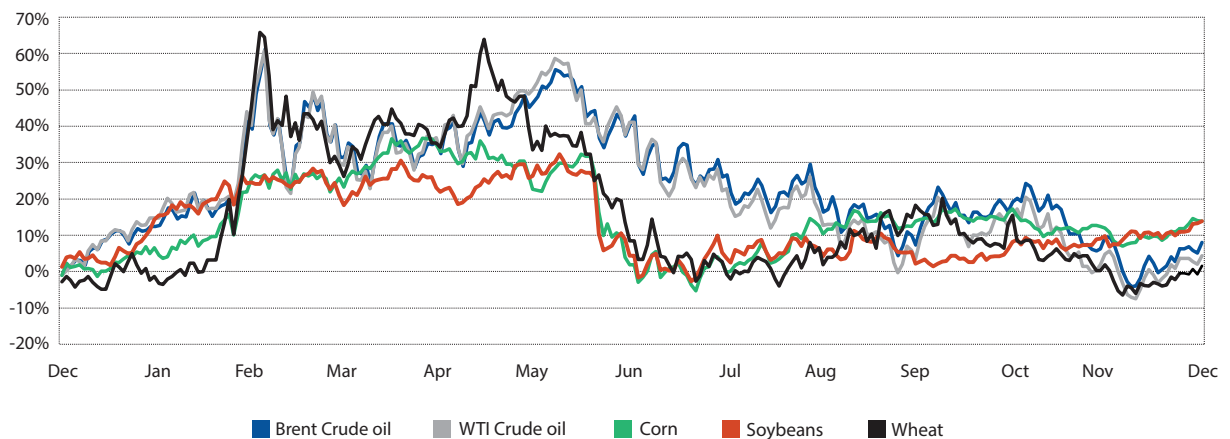
In Asia, the Bank of Japan (BoJ) initially bucked the trend of most other global central banks, maintaining highly accommodative monetary policy even as inflation was climbing. In December, however, they unexpectedly lifted their government bond yield curve control range by a quarter of a per cent as the depreciation of the yen was exacerbating price pressures and direct currency intervention during the year had done little to stem its decline. The Japanese currency responded, although most economists speculated that the bank would need to take additional action as CPI ended 2022 at a 40-year high. While inflation remained relatively muted in China as domestic demand was impacted by the government's response to the COVID pandemic, many other Asian nations experienced significantly higher consumer prices

as weakening foreign exchange rates pushed up import prices and higher energy costs took a toll.

As growth declined with tighter financial conditions, speculators began to expect central banks to pivot. This unfounded optimism was repeatedly met with definitive comments from central bankers that they would not bend to the will of investors, but rather stay true to their stated objectives. Despite their aggressive actions, inflation remained elevated even as growth forecasts fell. The gross domestic product (GDP) in the US contracted in the first two quarters of the year, technically putting the nation in a recession, although most economists disagreed with that categorization since employment remained robust and corporate earnings continued to grow. However, many of those same economists began forecasting recessions in the US, Europe and elsewhere across the globe in early 2023.

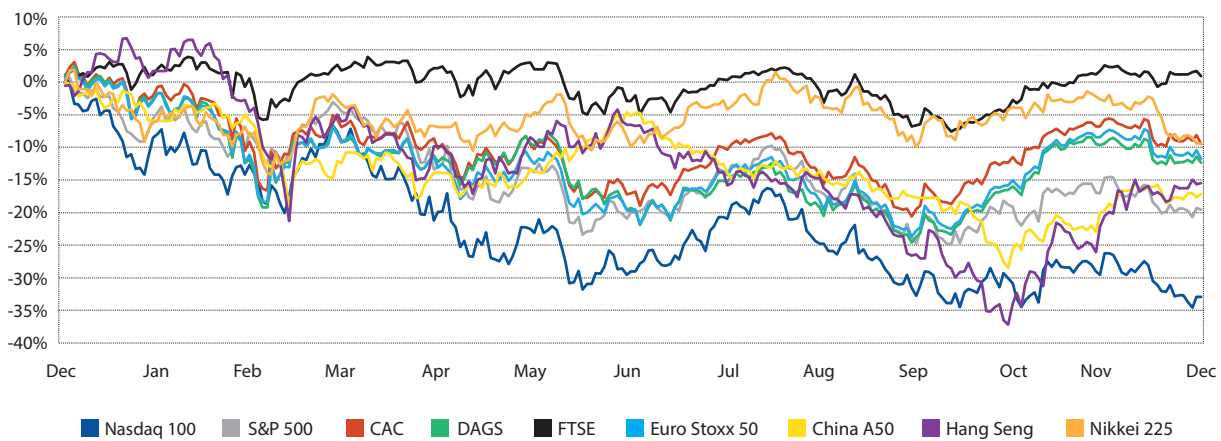
### Commodities

The increase in inflation was partly due to significantly higher commodity prices, particularly in the first half of the year. Energies were already climbing entering



**Chart 2.** Crude oil and grains price development during 2022. Source: Bloomberg.





**Chart 3.** Global Stock Index Performance. Source: Bloomberg.

January but spiked considerably following the Russian invasion of Ukraine in late February. Half of Russian crude oil and three quarters of natural gas exports had been delivered to Europe in 2021, but a series of trade sanctions limited the transfers in 2022. Supply concerns were exacerbated after an explosion believed to be sabotage damaged Nord Stream pipelines under the Baltic Sea significantly reducing the potential flow of natural gas to Western Europe which had already been halted in August due to supposed mechanical issues. Remarkably, energy prices retreated as the year progressed, ultimately surrendering previous gains as recessionary pressures outweighed supply concerns. A smaller-than-expected production cut by OPEC+ nations in October and anemic Chinese demand due to COVID-related shutdowns were also contributing factors to the decline.

In other commodities, grains similarly began the year sharply higher on concerns that the conflict in Ukraine would result in a significant supply shortfall. Russia and Ukraine are each major agricultural producers, having accounted for around 30 per cent of wheat and 20 per cent of corn exports in the three years before the invasion, so fears of food shortages appeared warranted. However, farmers in the Americas were able to increase production and carryover stocks from previous harvests were able to bridge the gap until new supply was available. In the metals, a dislocation in nickel was notable as a phenomenal short squeeze catalyzed by the conflict in Ukraine drove prices up 250% from where they were immediately before the invasion. The unprecedented decision by the London Metal Exchange (LME) to cancel trades and suspend trading until balance was restored was highly controversial and continues to be examined by the court system.

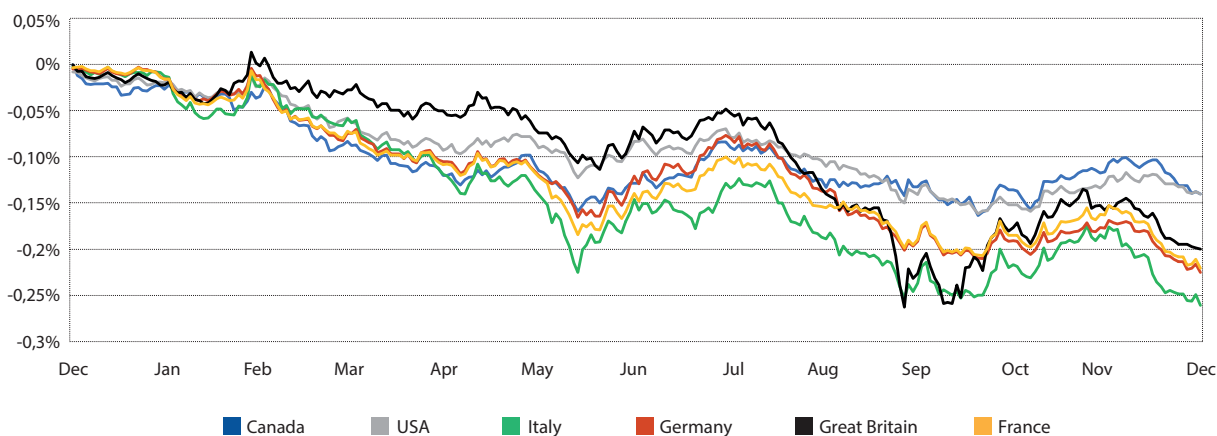
### **Geopolitics**

The conflict in Ukraine had a tremendous impact from a variety of perspectives, not only on the markets. The humanitarian cost has been devastating as tens of thou-

sands have lost their lives and millions of others displaced from their homes. The infrastructure in the country has been ravaged and will likely take years and huge investments to rebuild. The geopolitical balance which endured for decades following the collapse of the Berlin Wall has been disrupted and the relationship between Russia and West could remain dysfunctional for years to come. The financial implications have also been significant. Sanctions on Russia will likely remain in place until Putin withdraws troops from Ukraine and concedes claimed territory in Crimea and the Donbas region or is no longer leading the nation. Export controls have made it necessary for countries to develop new supply chains for natural resources, products, and materials, while energy security became a significant concern around the globe. Elsewhere, heightened geopolitical tensions between China and the US (and their Asian allies) regarding the sovereignty of Taiwan were perhaps influenced by the conflict in Ukraine. In August, the then-Speaker of the US House of Representatives, Nancy Pelosi, visited Taiwan despite warnings from Beijing that her visit could result in "very serious developments and consequences." The frequency of military exercises in the region increased as both sides exhibited their capabilities and risk of escalation was high as the year came to a close.

### **Politics**

On the political front, Liz Truss became the shortest tenured prime minister in UK history, lasting only 50 days in office. The controversial "Growth Plan" introduced under her stewardship to the House of Commons generated significant concern as economists forecasted higher government borrowing due to significant tax cuts for corporations and the wealthiest individuals. In the US, midterm elections resulted in a divided Congress as Democrats unexpectedly maintained control of the Senate but lost their majority in the House of Representatives to the Republicans. As the new congresspeople would not begin serving until the beginning of 2023, there was a



**Chart 4.** North American and European 10 year Government Bond performance. Source: Bloomberg.

flurry of activity as the year came to a close including the passing of a US \$1.7 trillion appropriations bill to keep the government funded through September and the conclusion of the January 6th Committee’s 18-month investigation into the Capitol riot in 2021 resulting in the referral of Donald Trump to the U.S. Department of Justice for prosecution.

### Climate change

On the environment, multiple international organizations focused on climate change sounded their most dramatic alarms to date regarding global warming. The Intergovernmental Panel on Climate Change (IPCC) warned of the consequences should greenhouse gas emissions not decline dramatically by 2030, while the World Meteorological Organization (WMO) estimated that the global mean temperature in 2022 was approximately 1.15° C above preindustrial levels. Historic floods in Pakistan impacted one third of the nation decimating much of the infrastructure in impacted areas, while deadly flooding also spread across India, Afghanistan, Nigeria, South Africa and Brazil. On the other extreme, drought conditions in the Western US set records for both duration and coverage, while East Africa experienced what the UN deemed “the worst drought in over 40 years.”

### ANALYSIS OF RESULT

Lynx Active Balanced Fund was down 11.78 per cent<sup>3</sup> net of fees in 2022 as losses in equities and fixed income overshadowed gains in commodities.

Largest losses were realized in global equity markets as the asset class contributed a negative 8.2 per cent return gross of fees. The program entered the year with a long position of approximately 60 per cent and generated early losses as global bourses collapsed on increasing inflationary pressures and geopolitical tensions. By

early March, the exposure had been cut by over half and remained relatively low until November when markets began climbing on expectations of less hawkish monetary policy. While losses were realized across the globe, trading in the US was particularly challenging as the S&P indices and the NASDAQ were among the worst performing markets during the year.

Fixed income generated a loss of 3.9 per cent gross of fees. Increasing inflation, normalizing monetary policy, and quantitative tightening all contributed to extraordinary moves in global interest rates. Like equities, the program entered the year with a significant long position but cut exposure by over half as markets drew down. Exposure fluctuated as the year progressed as increasing concern regarding global growth and speculation that global central banks might slow the pace of interest rate hikes resulted in relatively large price swings. However, exposure never approached the levels from early January and by the end of the year, fixed income only accounted for approximately 13 per cent of the overall risk. While losses were realized across regions and fixed income duration, largest declines were generated on the long-end of the US yield curve and the short-end of the German curve.

Conversely, commodities contributed a positive 2.4 per cent gross return during the year. While most commodity markets were up in the early months of 2022, energies were particularly profitable as prices spiked following the invasion of Ukraine. Sanctions on Russian oil and gas led to concerns that Europe would not be able to source sufficient supply to meet demand. After surging over 50 per cent, oil prices subsequently collapsed as recession concerns emerged and Chinese demand declined due to COVID-related lockdowns. The models were quick to respond to this reversal, neutralizing commodity risk and retaining early gains.

The tables and the chart below show a summary of returns by asset class.

<sup>3</sup> The performance figure is represented for Class D1 EUR.

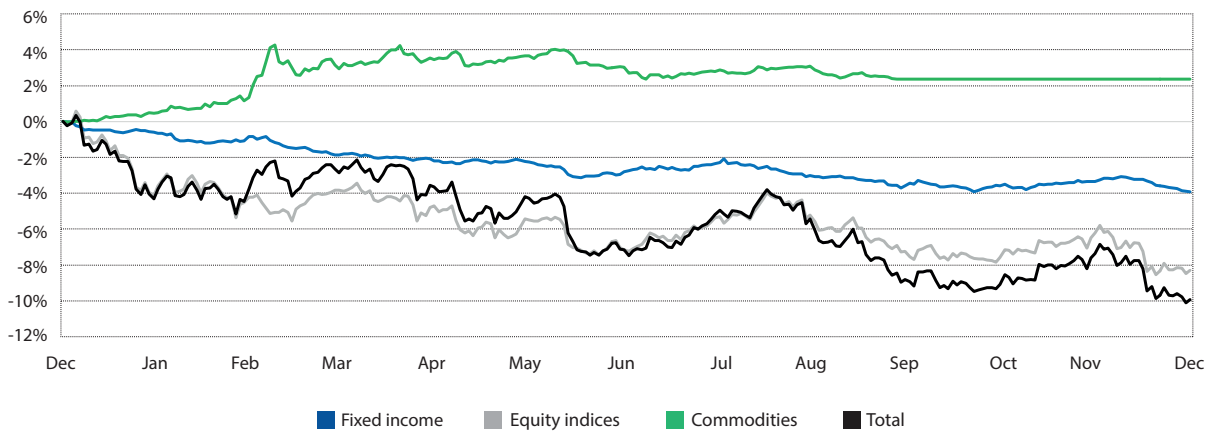


Chart 5. Contribution to performance by Asset Class during 2022.

**RETURN BY ASSET CLASS**

|                                  | 2022          | 2021        |
|----------------------------------|---------------|-------------|
| Commodity-related investments    | 2.4%          | 2.6%        |
| Fixed income-related investments | -3.9%         | -3.9%       |
| Equity-related investments       | -8.2%         | 11.0%       |
| Other (fees, interest etc.)      | -1.1%         | -2.3%       |
| <b>Total performance</b>         | <b>-11.8%</b> | <b>7.4%</b> |

**RISK AND EXPOSURE**

The cornerstone of the investment process of the Lynx Active Balanced Fund is to allocate risk rather than capital to different asset classes. By balancing the risk, the strategy seeks to minimize the negative impact of market downturns on performance. The Fund targets a baseline risk-balanced allocation of 60 per cent to equities, 30 per cent to fixed income and 10 per cent to commodities. Since inception, these risk allocations have tactically deviated from the strategic levels in line with our active allocation approach as illustrated in Chart 6 below.

The risk budgeted to asset classes fluctuated broadly during 2022 as models reacted to shifting price action. Ultimately, the average allocation to equities was ap-

proximately 69 per cent and remained well above the target throughout the second half of the year, as the net exposure ranged between around 43 per cent and 87 per cent. Conversely, the average fixed income allocation averaged just 14 per cent, well below the target, mitigating the potential loss that could otherwise have been generated as rate expectations climbed. Meanwhile, the average allocation to commodities was approximately 17%, above longer-term expectations, although the risk fluctuated between zero and 39 per cent; the relatively significant contribution from the asset class reflects the strong results early in the year.

While the long-term risk target for the fund is 8% annual volatility, the program continuously adjusts its risk taking based on the market environment. During 2022, the fund ran below its long-term target for much of the year which helped mitigate losses.

**SUSTAINABILITY**

*Sustainability activities in 2022*

On 1 August 2022, the AIF Regulation was amended in such a way that it now requires AIF managers to have processes, systems and internal controls to take

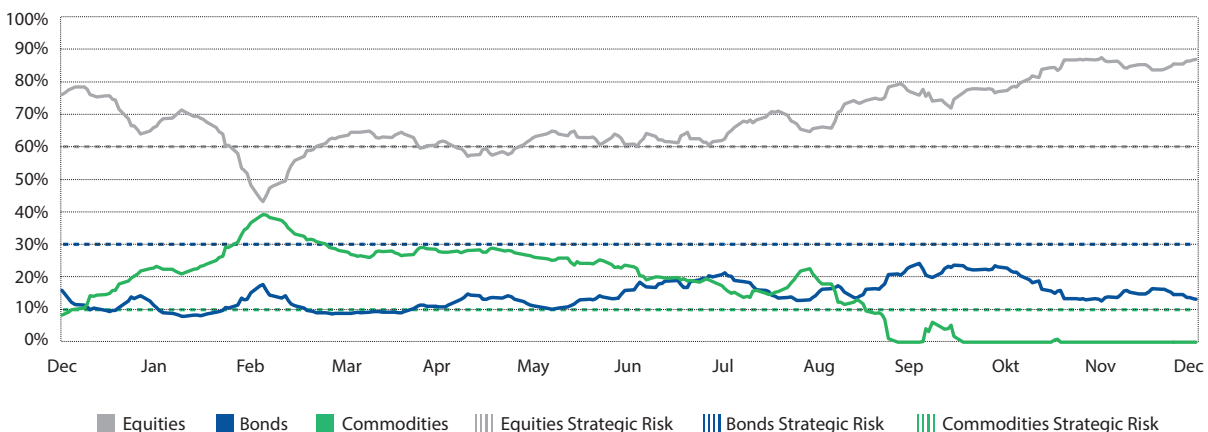


Chart 6 Risk proportions per asset class

into account relevant sustainability risks in the investment management. Sustainability risks are defined as an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of an investment. Lynx previously identified three such key sustainability risks in our Sustainability Risk Policy: physical risk, transition risk and operational risk.

ESG factors are carefully assessed when selecting new instruments to trade. Of those markets that meet our liquidity requirements, the Sustainability Forum analyzes and gives recommendations to the Investment Committee on which instruments to trade. In 2022, the Forum advised against including coal, cryptocurrencies, and palm oil in our programs.

The Sustainability Forum increased its interactions with derivatives exchanges and industry organizations during the year to help facilitate the development of standards, practices and new products designed to enable the green transition. Liaising with these groups has enabled us to increase our understanding of ESG risks relating to our investment universe and opened us up to potentially including new ESG-related investments. Members of the Forum also regularly participated in roundtables, conferences and panels sponsored by external organizations such as the Standards Board for Alternative Investments (SBAI) and global exchanges including Eurex and CME Group with the intent of raising awareness about ESG derivatives and for showing our commitment to responsible investing.

### *Diversity & Inclusion*

Lynx strives to be an inclusive workplace where people are equally valued. The Diversity and Inclusion Forum, established in 2021 by the CEO (who also chairs the Forum), has intensified its efforts in promoting inclusion and diversity at Lynx. The Diversity & Inclusion Plan has been updated with goals and an extensive activity list on how to achieve them. In many cases, diversity and inclusion begins at the hiring stage. The company has produced a Recruitment Policy with the ambition to identify and attract a diverse applicant pool. Additionally, Lynx has adopted a policy and action plan against discrimination, bullying and harassment which should be read in conjunction with the Diversity & Inclusion Plan.

### *Community engagement*

Lynx has an extensive Community Engagement Program through which we support the 17 sustainable development goals, adopted in 2013 by the United Nations as part of the 2030 Sustainable Development Agenda. In 2022, the Community Engagement Group added two more organizations to the portfolio. More information can be found in the Community Engagement Report for 2022 on our website.

## **ASSETS UNDER MANAGEMENT**

Total assets under management for Lynx Asset Management as of the end of 2022 were approximately EUR 7.073 billion, compared with EUR 5.592 billion at the end of 2021. The increase in assets under management is largely the result of solid performance from the Lynx Program. Assets under management in Lynx Active Balanced as of the end of 2022 were approximately EUR 31 million, compared with EUR 40 million at the end of 2021.

## **OUTLOOK**

It is easy to imagine scenarios developing in 2023 that could take markets in either direction. Consumer prices could continue climbing despite tighter policy due to supply-related challenges while global growth and employment rates decline. Traditional monetary policy is ill equipped to tackle stagflation as addressing one side of the imbalance exacerbates the other, so the potential repercussions could be disastrous. Conversely, the lagged impact of higher interest rates on demand could stabilize consumer prices allowing central banks to ease financial conditions later in the year. Equity and bond markets would likely welcome the change of course and prices could rally back beyond previous highs. And while commodity inflation has mitigated in recent months, China's abandonment of their "zero-COVID" policy could result in refreshed demand for raw materials as their economy reopens. To be sure, there are a multitude of potential scenarios which could develop, and what transpires in one economy may be wholly different from another. An active, opportunistic approach with a global mandate could be in the best position to manage the potential risks and rewards.

There are other factors that should be considered outside of inflation. While we have previously highlighted nationalist policies as a risk to global trade and macroeconomic balances, the conflict in Ukraine has somewhat changed that narrative. "Everyone for themselves" no longer had the same attraction and countries sought to cement military alliances. After generations of neutrality, Sweden and Finland applied to join NATO during the year and many NATO members advocated changing the organization's aspirational, yet rarely achieved, military spending target into a minimum requirement. While globalization appears to be declining, regional and ideological coalitions are strengthening, potentially resulting in shifts in the balance of trade, supply chains and asset flows. The economic isolation of Russia from the West has already led to significant changes, but the financial market impact of future shifts could be dramatic.

Additionally, while energy security seemingly took precedence over the environment in 2022 with coal usage hitting a record high according to the Interna-

tional Energy Agency (IEA), the quest for energy independence could lead to the increasing adoption of alternative power sources going forward. Lynx supports ESG and sustainability initiatives and looks forward to the eventual “green transition” when fossil fuels are replaced by renewable energy. The foundation for this change is firmly in place with substantial government support, particularly in Europe with the EU taxonomy, and strong economic incentives. As nations refocus on the environment, this transition could accelerate and have a tremendous impact on financial and commodity markets alike.

The moves resulting from any of the above catalysts could be extraordinary. We believe that Lynx Active Balanced Fund would be well suited to capitalize on upside opportunities as they develop, while managing the downside risk should the environment deteriorate. Lynx is committed to managing your capital responsibly and profitably. We are grateful for the confidence that you have placed in us and hope to reward that faith with differentiated, positive returns in 2023. We are invested alongside our clients in every program we manage, aligning our interests directly with yours, so you can be sure that we will do our best to reach our potential.

# ANNUAL DEPOSITARY'S REPORT TO THE SHAREHOLDERS

■ We, HSBC Continental Europe, appointed Depositary to Lynx Active Balanced Fund (the “Fund”) provide this report solely in favour of the Shareholders of the Fund for the year ended 31 December 2022 (“the Accounting Period”). This report is provided in accordance with the UCITS Regulations - European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (“the Regulations”). We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

In accordance with our Depositary obligation as provided for under the Regulations, we have enquired

into the conduct of the Fund for the Accounting Period and we hereby report thereon to the Shareholders of the Fund as follows;

We are of the opinion that the Fund has been managed during the Accounting Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Fund by the constitutional documents and the Regulations; and
- (ii) otherwise in accordance with the provisions of the constitutional documents and the Regulations..

*On behalf of*

*HSBC Continental Europe  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland*

*25 April 2023*

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LYNX ACTIVE BALANCED FUND

*For the period ended 31 December 2022*

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Lynx Active Balanced Fund ("the Sub-Fund") for the year ended December 31, 2022 set out on pages 19 to 44, which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, the Statement of Cashflows and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Sub-Fund as at December 31, 2022 and of its decrease in net assets attributable to holders of redeemable participating shares for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Irish Collective Asset-management Vehicles Acts 2015 to 2021 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Sub-Fund in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on any of the Sub-Fund's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report, the investment manager's report, the depository's report and supplemental unaudited information including the schedule of investments, the schedule of portfolio changes, other additional disclosures and appendix. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work undertaken during the course of the audit, we have not identified material misstatements in the other information.

### Opinion on other matter prescribed by the Irish Collective Asset-management Vehicles Acts 2015 to 2021

In our opinion, the information given in the Directors' Report is consistent with the financial statements.

### **Matters on which we are required to report by exception**

The Irish Collective Asset-management Vehicles Acts 2015 to 2021 requires us to report to you, if in our opinion, the disclosures of Directors' remuneration specified by law are not made. We have nothing to report in this regard.

### **RESPECTIVE RESPONSIBILITIES AND RESTRICTIONS ON USE**

#### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free

from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

#### **The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the shareholders of the Sub-Fund, as a body, in accordance with the Section 120 of the Irish Collective Asset-management Vehicles Act 2015. Our audit work has been undertaken so that we might state to the Sub-Fund's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Sub-Fund and the Sub-Fund's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

*Brian Clavin*

*for and on behalf of*

*KPMG  
Chartered Accountants, Statutory Audit Firm  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5*

*Date: 25 April 2023*



## STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

|  | Notes     | 31 December 2022<br>EUR | 31 December 2021<br>EUR |
|--|-----------|-------------------------|-------------------------|
| <b>ASSETS</b>  |           |                         |                         |
| Cash and cash equivalents  | 2(h)      | 345,198                 | 1,277,514               |
| Due from brokers   | 2(m)      | 1,917,595               | 2,581,823               |
| Subscriptions receivable   | 2(o)      | 3,260                   | 90,354                  |
| Financial assets at fair value through profit or loss  | 2(e), 3,4 |                         |                         |
| -Transferable securities   |           | 28,394,565              | 35,321,884              |
| -Financial derivative instruments  |           | 46,234                  | 440,150                 |
| Cash held as collateral  | 2(n)      | 1,151,839               | 731,797                 |
| <b>TOTAL ASSETS</b>  |           | <b>31,858,691</b>       | <b>40,443,522</b>       |
| <b>LIABILITIES</b>   |           |                         |                         |
| Bank overdraft   |           | (607)                   | -                       |
| Financial liabilities at fair value through profit or loss   | 2(e), 3,4 |                         |                         |
| -Financial derivative instruments  |           | (634,998)               | (210,721)               |
| Redemptions payable  | 2(o)      | -                       | (36,411)                |
| Other payables and accrued expenses  | 7         | (44,944)                | (61,588)                |
| <b>LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES)</b> |           | <b>(680,549)</b>        | <b>(308,720)</b>        |
| <b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES</b>                         |           | <b>31,178,142</b>       | <b>40,134,802</b>       |

| Share class   | Shares in issue | Net asset value |                 |
|---------------|-----------------|-----------------|-----------------|
|               |                 | per share       | Net asset value |
|               | 2022            | 2022            | 2022            |
| Class USD I1* | 1,000           | \$119.83        | \$119,826       |
| Class USD I2* | 44,540          | \$121.27        | \$5,401,413     |
| Class USD D1* | 100             | \$118.40        | \$11,840        |
| Class USD D2* | 100             | \$120.55        | \$12,055        |
| Class USD A1* | 100             | \$118.40        | \$11,840        |
| Class EUR I1  | 1,000           | €112.84         | €112,840        |
| Class EUR I2  | 44,460          | €114.20         | €5,077,350      |
| Class EUR D1  | 114             | €111.52         | €12,681         |
| Class EUR D2  | 100             | €113.52         | €11,352         |
| Class EUR A2  | 100             | €111.52         | €11,152         |
| Class SEK I1* | 52,374          | Kr112.17        | Kr5,874,531     |
| Class SEK I2* | 830,366         | Kr113.52        | Kr94,261,843    |
| Class SEK D1* | 227,943         | Kr110.83        | Kr25,262,795    |
| Class SEK D2* | 933,620         | Kr112.84        | Kr105,349,261   |
| Class SEK A3* | 1,000           | Kr110.83        | Kr110,830       |

\* Hedged share class

| <i>Share class</i> | <i>Shares in issue<br/>2021</i> | <i>Net asset value<br/>per share<br/>2021</i> | <i>Net asset value<br/>2021</i> |
|--------------------|---------------------------------|---|---------------------------------|
| Class USD I1*      | 1,000                           | \$132.73                                      | \$132,732                       |
| Class USD I2*      | 44,540                          | \$133.93                                      | \$5,965,238                     |
| Class USD D1*      | 100                             | \$131.55                                      | \$13,154                        |
| Class USD D2*      | 100                             | \$133.33                                      | \$13,333                        |
| Class USD A1*      | 100                             | \$131.55                                      | \$13,154                        |
| Class EUR I1       | 1,000                           | €127.53                                       | €127,534                        |
| Class EUR I2       | 44,460                          | €128.69                                       | €5,721,329                      |
| Class EUR D1       | 115                             | €126.42                                       | €14,579                         |
| Class EUR D2       | 100                             | €128.11                                       | €12,811                         |
| Class EUR A2       | 100                             | €126.39                                       | €12,639                         |
| Class SEK I1*      | 52,374                          | Kr126.87                                      | Kr6,644,437                     |
| Class SEK I2*      | 837,979                         | Kr128.01                                      | Kr107,270,809                   |
| Class SEK D1*      | 327,101                         | Kr125.73                                      | Kr41,126,723                    |
| Class SEK D2*      | 1,104,620                       | Kr127.44                                      | Kr140,769,251                   |
| Class SEK A3*      | 1,000                           | Kr125.73                                      | Kr125,731                       |

*\* Hedged share class*

*The accompanying notes form an integral part of these financial statements.*

*On behalf of Board of Directors:*

*Brian Dunleavy*

*Fiona Mulball*

*Date 25 April 2023*

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

|   | <i>Notes</i> | <i>31 December 2022</i> | <i>31 December 2021</i> |
|---|--------------|-------------------------|-------------------------|
|   |              | <i>EUR</i>              | <i>EUR</i>              |
| <b>INVESTMENT INCOME</b>  |              |                         |                         |
| Interest income   | 2(j)         | 2,405                   | -                       |
| Other income  |              | 6,985                   | -                       |
| Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss and on foreign exchange | 3            | (5,423,699)             | 3,218,480               |
| <b>TOTAL INVESTMENT (LOSS)/INCOME</b>   |              | <b>(5,414,309)</b>      | <b>3,218,480</b>        |
| <b>OPERATING EXPENSES</b>   |              |                         |                         |
| Operating expenses  | 8            | (413,449)               | (467,004)               |
| <b>TOTAL OPERATING EXPENSES</b>   |              | <b>(413,449)</b>        | <b>(467,004)</b>        |
| <b>OPERATING (LOSS)/GAIN</b>  |              | <b>(5,827,758)</b>      | <b>2,751,476</b>        |
| <b>FINANCE COSTS</b>  |              |                         |                         |
| Interest expense  | 2(j)         | (34,373)                | (56,539)                |
| <b>TOTAL FINANCE COSTS</b>  |              | <b>(34,373)</b>         | <b>(56,539)</b>         |
| <b>(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FROM OPERATIONS</b>           |              | <b>(5,862,131)</b>      | <b>2,694,937</b>        |

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

For the year ended 31 December 2022

|  | <i>31 December 2022</i> | <i>31 December 2021</i> |
|--|-------------------------|-------------------------|
|  | <i>EUR</i>              | <i>EUR</i>              |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT THE BEGINNING OF THE YEAR           | 40,134,802              | 36,015,094              |
| Issue of redeemable participating shares   | 1,577,164               | 4,105,098               |
| Redemptions of redeemable participating shares   | (4,671,693)             | (2,680,327)             |
| (Decrease)/increase in net assets attributable to holders of redeemable participating shares from operations | (5,862,131)             | 2,694,937               |
| <b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT THE END OF THE YEAR</b>          | <b>31,178,142</b>       | <b>40,134,802</b>       |

*The accompanying notes form an integral part of these financial statements.*

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

|   | <i>Notes</i> | <b>31 December 2022</b><br><b>EUR</b> | <b>31 December 2021</b><br><b>EUR</b> |
|---|--------------|---------------------------------------|---------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |              |                                       |                                       |
| Net (decrease)/increase in net assets resulting from operations                                       |              | (5,862,131)                           | 2,694,937                             |
| Net (gains)/losses on financial assets and financial liabilities at fair value through profit or loss |              | 5,436,585                             | (3,135,011)                           |
| Purchase of financial assets  |              | (38,719,320)                          | (53,788,576)                          |
| Proceeds from sale of financial assets  |              | 45,449,331                            | 48,852,047                            |
| (Payment)/proceeds on settlement of financial derivative instruments                                  |              | (4,421,084)                           | 3,343,753                             |
| Decrease in due from brokers  |              | 664,228                               | 582,162                               |
| (Increase)/decrease in cash held as collateral  |              | (420,092)                             | 475,814                               |
| (Decrease)/increase in other payables and accrued expenses  |              | (16,644)                              | 33,148                                |
| <b>NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES</b>  |              | <b>2,110,923</b>                      | <b>(941,726)</b>                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |              |                                       |                                       |
| Proceeds on the issue of redeemable participating shares  |              | 1,664,258                             | 4,046,402                             |
| Payment on redemption of redeemable participating shares  |              | (4,708,104)                           | (2,690,853)                           |
| <b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>  |              | <b>(3,043,846)</b>                    | <b>1,355,549</b>                      |
| Net increase in cash and cash equivalents   |              | (932,923)                             | 413,823                               |
| Cash and cash equivalents at beginning of the year  |              | 1,277,514                             | 863,691                               |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>   | <b>2(h)</b>  | <b>344,591</b>                        | <b>1,277,514</b>                      |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>   |              |                                       |                                       |
| Interest received   |              | 2,405                                 | -                                     |
| Interest paid   |              | (34,373)                              | (56,539)                              |

The accompanying notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 1. GENERAL

The reporting entity Lynx Active Balanced Fund (the “Fund”) is a sub-fund of Lynx UCITS Funds ICAV (the “ICAV”). The ICAV is an open-ended Irish collective asset-management vehicle with registered number C184319 structured as an umbrella fund with segregated liability between sub-funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the “UCITS Regulations”). As of 31 December 2022, the ICAV has established one other sub-fund, Lynx UCITS Fund.

Any liability incurred on behalf of or attributable to the Fund of the ICAV shall be discharged solely out of the assets of the Fund. Notwithstanding the foregoing, there can be no assurance that should an action be brought against the ICAV in the courts of another jurisdiction, the segregated nature of the Fund would necessarily be upheld.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Fund in the preparation of these financial statements are set out below.

#### (a) Basis of preparation

The Directors have opted to prepare separate financial statements for the Fund in accordance with the Irish Collective Asset-management Vehicles Act 2015 (as amended) (the “ICAV Act”). The financial statements for Lynx UCITS Fund are available free of charge on request from the Manager. Any reference hereafter to the financial statements will mean the financial statements of the Fund of the ICAV.

These financial statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted for use by the European Union (“EU”) and with the requirements of the ICAV Act and the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the “Central Bank UCITS Regulations”).

The financial statements have been prepared on a going concern basis and under the historical cost convention except for financial instruments classified at fair value through profit or loss that have been measured at fair value.

#### (b) Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities at the date of the financial statements and, income and expense during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the financial year in which the estimate is revised if the revision affects only that financial period or in the financial period of the revision and future financial periods if the revision affects both current and future financial periods.

#### *Judgements*

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements of the Fund are included in - Note 2 (c) (i): functional and presentation currency.

#### (c) Foreign currency translation

##### *(i) Functional and presentation currency*

The Directors consider the currency of the primary economic environment in which the Fund operates to be the Euro (“EUR”) as this is the currency which, in their opinion most faithfully represents the economic effects of underlying transactions, events and conditions. The financial statements are presented in EUR which is the Fund’s functional and presentation currency.

*(ii) Foreign currency transactions*

Assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the closing rates at each financial period end. Transactions during the financial period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction gains and losses are included in net gains or losses on financial assets and financial liabilities at fair value through profit or loss and net gains or losses on foreign currency in the Statement of Comprehensive Income.

**(d) New standards, amendments and interpretations effective for the period beginning 1 January 2022 and adopted by the Fund, and effective after 1 January 2022 and not early adopted**

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Fund.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January, 2022, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

**(e) Financial assets and financial liabilities at fair value through profit or loss**

*(i) Classification*

The Fund classifies all of its investments as financial assets or financial liabilities at fair value through profit or loss. In addition to this, the Fund measures assets and liabilities at amortized cost.

• **Assets**

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any securities as fair value through other comprehensive income. Derivative contracts that have a positive fair value are presented as assets at fair value through profit or loss. Consequently, all investments are measured at fair value through profit or loss.

• **Liabilities**

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

As such, the Fund classifies all of its investment portfolio as financial assets or financial liabilities at fair value through profit or loss.

The Fund's policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information.

*(ii) Recognition, derecognition and measurement*

Investment transactions are accounted for on a trade date basis. Investments are initially recognized at the fair value of acquisition. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Investments are derecognized when the rights to receive cash flow from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within 'net gains or losses on financial assets and financial liabilities at fair value through profit or loss' in the period in which they arise.

The fair value of investments traded in active markets is based on quoted market prices at the close of trading on the reporting date. The Fund utilises the last traded market price for such investments.

*(iii) Financial derivative instruments ("FDI")*

**Future contracts**

Futures are valued at fair value based on the daily quoted settlement price on the relevant valuation date. Futures are contracts for delayed delivery of financial instruments or commodities in which the seller agrees to make delivery at a specific future date of a specific financial instrument or commodity, at a specified price or yield. Gains and losses on futures are recorded by the Fund based on market fluctuations and are recorded as realized or unrealized gains or losses depending on STM/CTM for centrally cleared derivative. The Fund uses bond futures, currency futures and futures on equity indices.

### ***Swaps***

Generally, a swap contract is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified notional amount of the underlying assets. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

### ***Forward contracts***

Forward contracts entered into by the Fund represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time based upon an agreed or contracted quantity. Gains and losses on forward contracts are measured by the Fund based upon fair value fluctuations and are recorded as realized or unrealized gains or losses in the Statement of Comprehensive Income. The Fund values forward contracts at last settlement prices or closing prices provided by certain third party pricing sources.

### **(f) Impairment of financial assets**

The IFRS 9 expected credit losses (ECL) impairment model applies to financial assets measured at amortized cost. IFRS 9 requires the Fund to record ECLs on all of its cash and collateral, due from broker and trade receivables, either on a 12 month or lifetime basis. Given the limited exposure of the Fund to ECL, this requirement has not had a material impact on these financial statements. The Fund only holds receivables with no financing component and which have maturities of less than 12 months at amortized cost and therefore it has adopted an approach similar to the simplified approach to ECLs.

The carrying value of cash and cash equivalents, cash held as collateral, subscriptions receivable and due from broker measured at amortized cost less any expected loss, is an approximation of fair value given their short-term nature and no history of default.

### **(g) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position where there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### **(h) Cash and cash equivalents**

Cash, including cash denominated in foreign currencies, represents cash on hand and demand deposits held at financial institutions. Cash equivalents include short-term, highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are held to meet short-term liquidity requirements, rather than for investment purposes.

### **(i) Transaction costs**

Transaction costs are incremental costs which are separately identifiable and directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. The Fund's portfolio transactions include the purchase and sale of treasury bills and certificates and the derivative transactions.

### **(j) Interest income and interest expense**

Deposit interest is recognized as income on an effective interest basis. Interest expense is charged on broker balances and is recognized daily on an accrual basis using the original effective interest rate of the instrument and under the finance costs heading within the Statement of Comprehensive Income.

### **(k) Expenses**

All expenses are recognized in the Statement of Comprehensive Income on an accrual basis. Transaction costs on financial assets and financial liabilities at fair value through profit or loss, including commission fees, are presented gross under operating expenses and are expensed immediately.

### **(l) Redeemable participating shares**

All redeemable participating shares issued by the Fund provide the shareholders with the right to require redemption for cash at the value proportionate to the shareholder's share in the Fund's net assets at the redemption date. In accordance



with IAS 32, 'Financial Instruments: Presentation', such instruments are classified as financial liabilities. Subject to the terms of the Prospectus, the Fund is contractually obliged to redeem shares at the NAV per share on the valuation date.

#### **(m) Due from/to brokers**

Amounts due from/to brokers represent spot trades and margin accounts. Margin accounts represent those cash deposits with brokers which are transferred as collateral against open derivative contracts.

#### **(n) Cash held as collateral**

As at 31 December 2022, the Fund's broker Goldman Sachs held cash as collateral for the purpose of over-the-counter ("OTC") derivative contracts that is identified in the Statement of Financial Position as cash held as collateral and is not included as a component of cash and cash equivalents.

#### **(o) Subscriptions receivable and redemptions payable**

Subscriptions receivable represent amounts due from investors from subscriptions that have been contracted for but not yet received and therefore are shown as a receivable at the financial year end. Redemptions payable represent amounts due to shareholders for redemptions that have been contracted for but not yet paid and therefore are shown as a payable at the financial period end.

### **3. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS AND FOREIGN EXCHANGE**

|  | 31 December 2022   | 31 December 2021  |
|--|--------------------|-------------------|
|  | EUR                | EUR               |
| <b>Financial assets at fair value through profit or loss</b>   |                    |                   |
| Transferable securities  |                    |                   |
| -Treasury bills  | 21,768,559         | 28,587,098        |
| -Treasury certificates   | 6,626,006          | 6,734,786         |
| Financial derivative instruments   |                    |                   |
| -Forward contracts   | 4,315              | 105,212           |
| -Future contracts  | 41,919             | 334,938           |
| <b>Total financial assets at fair value through profit or loss</b>   | <b>28,440,799</b>  | <b>35,762,034</b> |
| <b>Financial liabilities at fair value through profit or loss</b>  |                    |                   |
| Financial derivative instruments   |                    |                   |
| -Forward contracts   | 595,248            | 72,886            |
| -Future contracts  | 39,750             | 137,835           |
| <b>Total financial liabilities at fair value through profit or loss</b>  | <b>634,998</b>     | <b>210,721</b>    |
| <b>Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss</b>                         |                    |                   |
| (Losses) on treasury bills   | (163,233)          | (172,514)         |
| (Losses) on treasury certificates  | (34,075)           | (42,644)          |
| (Losses)/gains on futures contracts  | (4,689,724)        | 2,657,663         |
| Gains on swaps   | 907,917            | 952,992           |
| (Losses) on forward contracts  | (1,457,470)        | (260,486)         |
| <b>Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss</b>                         | <b>(5,436,585)</b> | <b>3,135,011</b>  |
| <b>Net gains on foreign exchange</b>   |                    |                   |
| Net gains on foreign exchange  | 12,886             | 83,469            |
| <b>Net gains on foreign exchange</b>   | <b>12,886</b>      | <b>83,469</b>     |
| <b>Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss and on foreign exchange</b> | <b>(5,423,699)</b> | <b>3,218,480</b>  |

#### 4. FAIR VALUE MEASUREMENT

IFRS 13 ‘Fair value measurement’ establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described in the table below.

|         |   |
|---------|---|
| Level 1 | Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;   |
| Level 2 | Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;   |
| Level 3 | Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments. |

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgement by the Directors. The Directors consider observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Directors’ perceived risk of that instrument.

##### *Transferable securities*

Transferable securities whose values are based on quoted market prices in active markets are classified within level 1. These include active treasury bills and certificates. The Directors do not adjust the quoted price for such instruments, even in situations where the Fund holds a large position and a sale could reasonably impact the quoted price.

Transferable securities that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Transferable securities classified within level 3 have significant unobservable inputs, as they trade infrequently or not at all. There are no level 3 investments held at financial year end.

##### *Financial derivative instruments*

Financial derivative instruments can be exchange-traded or privately negotiated over-the-counter (“OTC”). Exchange-traded derivatives, such as futures contracts are typically classified within level 1 or level 2 of the fair value hierarchy depending on whether or not they are deemed to be actively traded. OTC derivatives, such as forward contracts and swaps have inputs which can generally be corroborated by market data and are therefore classified within level 2.

The following table presents the financial instruments carried at fair value on the Statement of Financial Position by caption and by level within the valuation hierarchy as at 31 December 2022.

|  | Total             | (Level 1)         | (Level 2)    | (Level 3) |
|--|-------------------|-------------------|--------------|-----------|
| Financial assets at fair value through profit or loss              | EUR               | EUR               | EUR          | EUR       |
| Transferable securities  |                   |                   |              |           |
| -Treasury bills  | 21,768,559        | 21,768,559        | -            | -         |
| -Treasury certificates   | 6,626,006         | 6,626,006         | -            | -         |
| Financial derivative instruments                                   |                   |                   |              |           |
| -Forward contracts   | 4,315             | -                 | 4,315        | -         |
| -Future contracts  | 41,919            | 41,919            | -            | -         |
| <b>Total financial assets at fair value through profit or loss</b> | <b>28,440,799</b> | <b>28,436,484</b> | <b>4,315</b> | <b>-</b>  |

### Financial liabilities at fair value through profit or loss

|   |                |               |                |          |
|---|----------------|---------------|----------------|----------|
| Financial derivative instruments  |                |               |                |          |
| -Forward contracts  | 595,248        | -             | 595,248        | -        |
| -Future contracts   | 39,750         | 39,750        | -              | -        |
| <b>Total financial liabilities at fair value through profit or loss</b> | <b>634,998</b> | <b>39,750</b> | <b>595,248</b> | <b>-</b> |

The Fund recognizes transfers between levels of the fair value hierarchy as at the end of the reporting year during which the change occurred.

There were no transfers between levels during the year ended 31 December 2022.

The following table presents the financial instruments carried at fair value on the Statement of Financial Position by caption and by level within the valuation hierarchy as at 31 December 2021.

|   | <b>Total</b>      | <b>(Level 1)</b>  | <b>(Level 2)</b> | <b>(Level 3)</b> |
|---|-------------------|-------------------|------------------|------------------|
|   | <b>EUR</b>        | <b>EUR</b>        | <b>EUR</b>       | <b>EUR</b>       |
| <b>Financial assets at fair value through profit or loss</b>            |                   |                   |                  |                  |
| Transferable securities   |                   |                   |                  |                  |
| -Treasury bills   | 28,587,098        | 28,587,098        | -                | -                |
| -Treasury certificates  | 6,734,786         | 6,734,786         | -                | -                |
| Financial derivative instruments  |                   |                   |                  |                  |
| -Forward contracts  | 105,212           | -                 | 105,212          | -                |
| -Future contracts   | 334,938           | 334,938           | -                | -                |
| <b>Total financial assets at fair value through profit or loss</b>      | <b>35,762,034</b> | <b>35,656,822</b> | <b>105,212</b>   | <b>-</b>         |
| <b>Financial liabilities at fair value through profit or loss</b>       |                   |                   |                  |                  |
| Financial derivative instruments  |                   |                   |                  |                  |
| -Forward contracts  | 72,886            | -                 | 72,886           | -                |
| -Future contracts   | 137,835           | 137,835           | -                | -                |
| <b>Total financial liabilities at fair value through profit or loss</b> | <b>210,721</b>    | <b>137,835</b>    | <b>72,886</b>    | <b>-</b>         |

There were no transfers between levels during the year ended 31 December 2021.

### Financial assets and liabilities not measured at fair value

The financial assets and financial liabilities not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value. Cash and cash equivalents are categorized as Level 1 and all other financial assets and financial liabilities not measured at fair value through profit or loss are categorized as Level 2 in the fair value hierarchy.

## 5. DERIVATIVE CONTRACTS

The Fund will pursue its investment policy principally through investment in FDI. The FDI used in the implementation of the Fund's investment objective include futures contracts, forwards and swaps. Futures contracts and forward contracts may also be used to hedge against market risk.

The Fund records its derivative activities on a fair value basis. For over-the-counter ("OTC") contracts, the Fund enters into master netting agreements with its counterparties. At year end, assets and liabilities are presented gross and there is no netting on the face of the statement of financial position.

The following derivative contracts were included in the Fund's statement of financial position at fair value through profit or loss at period end:

|   | 31 December<br>2022<br>USD | 31 December<br>2021<br>USD |
|---|----------------------------|----------------------------|
| <b>Financial assets at fair value through profit or loss</b>            |                            |                            |
| -Forward contracts  | 4,315                      | 105,212                    |
| -Future contracts   | 41,919                     | 334,938                    |
| <b>Total financial assets at fair value through profit or loss</b>      | <b>46,234</b>              | <b>440,150</b>             |
| <b>Financial liabilities at fair value through profit or loss</b>       |                            |                            |
| -Forward contracts  | (595,248)                  | (72,886)                   |
| -Future contracts   | (39,750)                   | (137,835)                  |
| <b>Total financial liabilities at fair value through profit or loss</b> | <b>(634,998)</b>           | <b>(210,721)</b>           |
| <b>Net Liabilities/Assets</b>   | <b>(588,764)</b>           | <b>229,429</b>             |

Notional exposures on derivative contracts were as follows:

| 31 December 2022               | Long exposure              |                        | Short exposure             |                        |
|--------------------------------|----------------------------|------------------------|----------------------------|------------------------|
|                                | Notional<br>amounts<br>USD | Number of<br>contracts | Notional<br>amounts<br>USD | Number of<br>contracts |
| <b>Primary underlying risk</b> |                            |                        |                            |                        |
| <b>Equity price</b>            |                            |                        |                            |                        |
| Index futures                  | 14,655,509                 | 16                     | -                          | -                      |
| <b>Bond price</b>              |                            |                        |                            |                        |
| Bond futures                   | 4,087,538                  | 6                      | -                          | -                      |
| <b>Currency price</b>          |                            |                        |                            |                        |
| Currency futures               | 1,663,662                  | 1                      | (8,393,862)                | 1                      |
| <b>Forward contracts</b>       | 658,379                    | 1                      | (27,438,006)               | 2                      |
| <b>31 December 2021</b>        |                            |                        |                            |                        |
|                                | Long exposure              |                        | Short exposure             |                        |
|                                | Notional<br>amounts<br>USD | Number of<br>contracts | Notional<br>amounts<br>USD | Number of<br>contracts |
| <b>Primary underlying risk</b> |                            |                        |                            |                        |
| <b>Interest rate</b>           |                            |                        |                            |                        |
| Interest rate futures          | 19,227,181                 | 2                      | -                          | -                      |
| <b>Equity price</b>            |                            |                        |                            |                        |
| Index futures                  | 23,349,621                 | 15                     | -                          | -                      |
| Index swaps                    | 1,524,576                  | 1                      | -                          | -                      |
| <b>Bond price</b>              |                            |                        |                            |                        |
| Bond futures                   | 29,840,485                 | 11                     | -                          | -                      |
| <b>Currency price</b>          |                            |                        |                            |                        |
| Currency futures               | 5,179,737                  | 3                      | (20,775,786)               | 1                      |
| <b>Forward contracts</b>       | -                          | -                      | (68,227,182)               | 5                      |

## 6. FEES AND EXPENSES

### (a) Investment Management fees

The Investment Manager is entitled to receive from the Fund, an investment management fee in relation to each class of shares calculated on a percentage of net assets attributable to such class of shares. Such fees are accrued daily and paid monthly in arrears at an annual rate as set out below:

| <b>Classes of shares</b> | <b>Investment management fee (per annum)</b> |
|--------------------------|--|
| Class I1                 | 0.90%  |
| Class I2                 | 0.60%  |
| Class D1                 | 1.20%  |
| Class D2                 | 0.75%  |
| Class A                  | 1.20%  |

The Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate shareholders part or all of the investment management fees.

Any such rebate(s) may be applied in paying up additional shares to be issued to the shareholder(s).

### **(b) Manager fees**

The Manager shall be entitled to receive from the ICAV, a manager fee calculated as a percentage of the net asset value (“NAV”) of the ICAV. The Fund shall be responsible for its attributable portion of the fees payable to the Manager and fees shall be allocated to the sub-funds on a pro-rata basis. Such fees are accrued daily and paid monthly in arrears as set out below. The Investment Manager may take responsibility for payment of the fees to the Manager. These fees are subject to a minimum fee of EUR 65,000 per annum for the initial two sub-funds of the ICAV. The manager fees are as follows:

| <b>Net Asset Value of the ICAV</b> | <b>Fee payable to the Manager</b> |
|------------------------------------|-----------------------------------|
| €0 - €250 million (“M1”)           | 0.03% per annum                   |
| €250Ml - €500Ml                    | 0.0275% per annum                 |
| €500Ml - €750Ml                    | 0.025% per annum                  |
| €750Ml - €1 billion (Bn”)          | 0.0225% per annum                 |
| Above €1Bn                         | 0.02% per annum                   |

### **(c) Administration fees**

The Administrator is entitled to receive out of the assets of the Fund an administration fee, accrued and calculated daily and paid monthly in arrears, at a rate of up to 0.06% per annum of the Fund’s NAV for the first EUR 500 million and 0.05% per annum of the Fund’s NAV above EUR 500 million subject to a minimum annual fee of up to EUR 30,000 for the Fund. The Fund shall be responsible for the fees of and reasonable out-of-pocket expenses properly incurred by the Administrator.

### **(d) Depositary fees**

The Depositary is entitled to an annual fee out of the assets of the Fund at a rate which shall not exceed 0.03% per annum of the NAV of the Fund, subject to a minimum fee EUR 36,000 per annum pro-rated between the sub-funds of the ICAV on the basis of the assets under administration of each sub-fund. This fee accrues and is calculated on each dealing day and paid monthly in arrears. The Depositary shall also be entitled to receive out of the assets of the Fund all agreed sub-custodian fees and transaction charges.

### **(e) Directors’ fees**

The Directors may be entitled to a fee by way of remuneration for their services at a rate to be determined from time to time by the Directors. The Directors’ remuneration will not exceed EUR 50,000 at the ICAV level per annum in the aggregate or such other amount as may be determined by the Directors and notified to shareholders from time to time. Any Directors employed by the Investment Manager will waive their entitlement to fees. The Directors shall be entitled to be reimbursed by the ICAV for all reasonable disbursements and out-of-pocket expenses incurred by them, if any.

## (f) Audit fees

The remuneration for all work carried out by the statutory audit firm in respect of the year is as follows:

|   | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
|   | EUR              | EUR              |
| Statutory audit (exclusive of VAT and out-of-pocket expenses) | 15,003           | 12,400           |
| Assurance   | -                | -                |
| Tax Services  | -                | -                |
| Other non-audit services                                      | -                | -                |
| <b>Total</b>  | <b>15,003</b>    | <b>12,400</b>    |

## 7. OTHER PAYABLES AND ACCRUED EXPENSES

|                                    | 31 December 2022 | 31 December 2021 |
|------------------------------------|------------------|------------------|
|                                    | EUR              | EUR              |
| Audit fees payable                 | 13,020           | 22,817           |
| Administration fees payable        | 2,466            | 2,466            |
| Directors' fees payable            | 2,631            | 634              |
| Depository fees payable            | 791              | 1,601            |
| Investment management fees payable | 18,409           | 23,458           |
| Manager fees payable               | 1,259            | 2,312            |
| Other payables                     | 6,368            | 8,300            |
|                                    | <b>44,944</b>    | <b>61,588</b>    |

## 8. OPERATING EXPENSES

|                            | 31 December 2022 | 31 December 2021 |
|----------------------------|------------------|------------------|
|                            | EUR              | EUR              |
| Transaction costs          | 19,177           | 28,813           |
| Audit fees                 | 15,003           | 12,400           |
| Administration fees        | 30,000           | 30,000           |
| Depository fees            | 22,786           | 24,618           |
| Investment management fees | 249,608          | 275,353          |
| Directors' fees            | 10,898           | 18,936           |
| Manager fees*              | 25,249           | 28,101           |
| Other expenses             | 40,728           | 48,783           |
|                            | <b>413,449</b>   | <b>467,004</b>   |

## 9. SHARE CAPITAL AND REDEEMABLE PARTICIPATING SHARES

The minimum authorized share capital of the ICAV is €2 represented by subscriber shares of no par value. The maximum authorized share capital of the ICAV, as may be amended by the Directors from time to time and notified to shareholders, is 500,000,000,002 shares of no par value represented by 2 (two) subscriber shares of no par value and 500,000,000,000 (five hundred billion) shares of no par value, initially designated as unclassified shares. The Directors are empowered to issue up to 500,000,000,000 shares of no par value designated as shares of any class on such items as they think fit. Both subscriber shares are held by Lynx Asset Management AB.

The subscriber shares entitle the holders to attend and vote at general meetings of the ICAV but do not entitle the holders to participate in the profits or assets of the sub-funds of the ICAV except for a return of capital on a winding-up. The shares entitle the holders to attend and vote at general meetings of the ICAV and to participate in the profits and assets of the relevant sub-fund of the ICAV. There are no pre-emption rights attaching to the shares.

The issued redeemable participating share capital of the Fund, is at all times equal to the net asset value of the Fund. Redeemable participating shares are redeemable at the shareholders' option and in accordance with the offering documents are classified as financial liabilities.

The movement in the number of redeemable participating shares during the year ended 31 December 2022 was as follows:

| Share class   | At the beginning of the financial year | Shares issued | Shares redeemed | At the end of the financial year |
|---------------|--|---------------|-----------------|----------------------------------|
| Class USD I1* | 1,000                                  | -             | -               | 1,000                            |
| Class USD I2* | 44,540                                 | -             | -               | 44,540                           |
| Class USD D1* | 100                                    | -             | -               | 100                              |
| Class USD D2* | 100                                    | -             | -               | 100                              |
| Class USD A1* | 100                                    | -             | -               | 100                              |
| Class EUR I1  | 1,000                                  | -             | -               | 1,000                            |
| Class EUR I2  | 44,460                                 | -             | -               | 44,460                           |
| Class EUR D1  | 115                                    | -             | (1)             | 114                              |
| Class EUR D2  | 100                                    | -             | -               | 100                              |
| Class EUR A2  | 100                                    | -             | -               | 100                              |
| Class SEK I1* | 52,374                                 | -             | -               | 52,374                           |
| Class SEK I2* | 837,979                                | -             | (7,613)         | 830,366                          |
| Class SEK D1* | 327,101                                | 73,301        | (172,459)       | 227,943                          |
| Class SEK D2* | 1,104,620                              | 67,175        | (238,175)       | 933,620                          |
| Class SEK A3* | 1,000                                  | -             | -               | 1,000                            |

\* Hedged share class

The amounts for the redeemable participating shares movements during the year ended 31 December 2022 were as follows:

| Share class   | Beginning net assets EUR | Amounts subscribed EUR | Amounts redeemed during the year EUR | Amount of Profit/loss EUR | Ending net assets EUR |
|---------------|--------------------------|------------------------|--------------------------------------|---------------------------|-----------------------|
| Class USD I1* | 117,280                  | -                      | -                                    | (4,968)                   | 112,312               |
| Class USD I2* | 5,270,809                | -                      | -                                    | (208,092)                 | 5,062,717             |
| Class USD D1* | 11,623                   | -                      | -                                    | (526)                     | 11,097                |
| Class USD D2* | 11,781                   | -                      | -                                    | (482)                     | 11,299                |
| Class USD A1* | 11,623                   | -                      | -                                    | (526)                     | 11,097                |
| Class EUR I1  | 127,534                  | -                      | -                                    | (14,694)                  | 112,840               |
| Class EUR I2  | 5,721,329                | -                      | -                                    | (643,979)                 | 5,077,350             |
| Class EUR D1  | 14,579                   | -                      | (182)                                | (1,716)                   | 12,681                |
| Class EUR D2  | 12,811                   | -                      | -                                    | (1,459)                   | 11,352                |
| Class EUR A2  | 12,639                   | -                      | -                                    | (1,487)                   | 11,152                |
| Class SEK I1* | 647,135                  | -                      | -                                    | (119,269)                 | 527,866               |
| Class SEK I2* | 10,447,646               | -                      | (82,920)                             | (1,894,670)               | 8,470,056             |
| Class SEK D1* | 4,005,539                | 823,481                | (1,927,107)                          | (631,883)                 | 2,270,030             |
| Class SEK D2* | 13,710,228               | 753,683                | (2,661,484)                          | (2,336,093)               | 9,466,334             |
| Class SEK A3* | 12,246                   | -                      | -                                    | (2,287)                   | 9,959                 |
|               | <b>40,134,802</b>        | <b>1,577,164</b>       | <b>(4,671,693)</b>                   | <b>(5,862,131)</b>        | <b>31,178,142</b>     |

\* Hedged share class

The movement in the number of redeemable participating shares during the year ended 31 December 2021 were as follows:

| Share class   | At the beginning of the financial period | Shares issued | Shares redeemed | At the end of the financial period |
|---------------|--|---------------|-----------------|------------------------------------|
| Class USD I1* | 1,000                                    | -             | -               | 1,000                              |
| Class USD I2* | 44,540                                   | -             | -               | 44,540                             |
| Class USD D1* | 100                                      | -             | -               | 100                                |
| Class USD D2* | 100                                      | -             | -               | 100                                |
| Class USD A1* | 100                                      | -             | -               | 100                                |
| Class EUR I1  | 1,000                                    | -             | -               | 1,000                              |
| Class EUR I2  | 44,460                                   | -             | -               | 44,460                             |
| Class EUR D1  | 131                                      | 7             | (23)            | 115                                |
| Class EUR D2  | 100                                      | -             | -               | 100                                |
| Class EUR A2  | 100                                      | -             | -               | 100                                |
| Class SEK I1* | 52,374                                   | -             | -               | 52,374                             |
| Class SEK I2* | 803,130                                  | 44,001        | (9,152)         | 837,979                            |
| Class SEK D1* | 323,641                                  | 54,878        | (51,418)        | 327,101                            |
| Class SEK D2* | 1,026,932                                | 235,865       | (158,177)       | 1,104,620                          |
| Class SEK A3* | 1,000                                    | -             | -               | 1,000                              |

\*Hedged share class

The amount for the Investor Share movements during the year ended 31 December 2021 were as follows:

| Share class   | Beginning net assets<br>EUR | Amounts subscribed<br>EUR | Amounts redeemed<br>EUR | Amount of Profit/loss<br>during the year<br>EUR | Ending net assets<br>EUR |
|---------------|-----------------------------|---------------------------|-------------------------|---|--------------------------|
| Class USD I1* | 99,777                      | -                         | -                       | 17,503  | 117,280                  |
| Class USD I2* | 4,470,747                   | -                         | -                       | 800,062   | 5,270,809                |
| Class USD D1* | 9,918                       | -                         | -                       | 1,705   | 11,623                   |
| Class USD D2* | 10,008                      | -                         | -                       | 1,773   | 11,781                   |
| Class USD A1* | 9,918                       | -                         | -                       | 1,705   | 11,623                   |
| Class EUR I1  | 118,431                     | -                         | -                       | 9,103   | 127,534                  |
| Class EUR I2  | 5,297,020                   | -                         | -                       | 424,309   | 5,721,329                |
| Class EUR D1  | 15,414                      | 900                       | (2,848)                 | 1,113   | 14,579                   |
| Class EUR D2  | 11,879                      | -                         | -                       | 932   | 12,811                   |
| Class EUR A2  | 11,772                      | -                         | -                       | 867   | 12,639                   |
| Class SEK I1* | 614,374                     | -                         | -                       | 32,761  | 647,135                  |
| Class SEK I2* | 9,477,762                   | 520,392                   | (109,487)               | 558,979   | 10,447,646               |
| Class SEK D1* | 3,773,839                   | 666,816                   | (624,143)               | 189,027   | 4,005,539                |
| Class SEK D2* | 12,082,574                  | 2,916,990                 | (1,943,849)             | 654,513   | 13,710,228               |
| Class SEK A3* | 11,661                      | -                         | -                       | 585   | 12,246                   |
|               | <b>36,015,094</b>           | <b>4,105,098</b>          | <b>(2,680,327)</b>      | <b>2,694,937</b>                                | <b>40,134,802</b>        |

\* Hedged share class

## 10. TAXATION

Under current law and practice the ICAV qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act 1997 (as amended). On that basis, it is not chargeable to Irish tax on its income or gains.

However, Irish tax may arise on the happening of a “chargeable event”. A chargeable event includes any distribution payments to shareholders, any encashment, redemption, cancellation or transfer of shares and any deemed disposal of shares for Irish tax purposes arising as a result of the holding of shares for an eight-year period or more.



A chargeable event does not include:

- (i) A shareholder who is not an Irish resident and not ordinarily resident in Ireland at the time of the chargeable event provided the necessary signed statutory declarations are held by the ICAV and its Fund; or
- (ii) Certain exempted Irish resident investors who have provided the ICAV and its Fund with the necessary signed statutory declaration; or
- (iii) Any transactions in relation to shares held in a recognized clearing system as designated by order of the Revenue Commissioners of Ireland; or
- (iv) An exchange of shares in the ICAV for other shares in the ICAV; or
- (v) An exchange of shares arising on a qualifying amalgamation or reconstruction of the ICAV with another investment undertaking; or
- (vi) Certain exchanges of shares between spouses and former spouses.

On the happening of a chargeable event, the ICAV shall be entitled to deduct the appropriate amount of tax on any payment made to a shareholder in respect of the chargeable event. On the occurrence of chargeable event where no payment is made by the ICAV to the shareholder, the ICAV may appropriate or cancel the required number of shares to meet the tax liability.

Dividends, interest and capital gains (if any) received on investments made by the Fund may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Fund or its shareholders.

## 11. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Fund's risks are those set out in the Prospectus and the Supplement and any consideration of risk here should be viewed in the context of the Prospectus and the Supplement which is the primary documentation governing the operations of the Fund.

The Fund's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and market price risk), credit risk and liquidity risk. The ICAV's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance. The Fund may use derivative financial instruments to moderate certain risk exposures.

The Investment Manager assesses the risk profile of the Fund on the basis of the investment policy, strategy and the use made of financial derivative instruments. The Investment Manager operates risk management controls over all of the Fund's positions, which may include risk attribution and exposure analysis by liquidity and size and may utilize a number of multi-factor simulations including the value-at-risk simulation and stress-testing, where appropriate.

### (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Investment Manager moderates market risk through careful selection of securities and other financial instruments within specified limits. The Fund has exposure to some of the above risks to generate investment returns on its portfolios, although these risks can also potentially result in a reduction in the Fund's assets. The Fund's overall market position is monitored on a daily basis by the Fund's Investment Manager and is reviewed on a regular basis by the Manager.

As at 31 December 2022, the Fund's market risk is affected by three components:

- (i) *foreign currency movements ("currency risk");*
- (ii) *interest rate movements ("interest rate risk"); and*
- (iii) *changes in actual equity prices and commodity prices ("market price risk").*

#### (i) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund may invest in securities and financial instruments denominated in currencies other than its functional currency. Consequently, the Fund may be exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner which may have a favourable or unfavourable effect on the value of that portion of the Fund's assets which are denominated in currencies other than its own currency. However, the Fund may seek to hedge this currency risk through foreign exchange ("FX") transactions in the spot, forward, currency swaps or futures markets.

Any financial instruments used to implement strategies for hedging one or more share classes denominated in a currency other than EUR from unwanted exposure to fluctuations in the currency versus EUR shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant class. The gains/losses of financial instruments and the costs of the relevant financial instruments will accrue solely to the relevant class.

The table below outlines the net foreign currency risk exposure of the Fund as at 31 December 2022.

|                      | <b>Net investments<br/>and other assets/<br/>liabilities</b> | <b>Hedged share<br/>class exposure</b> | <b>Forwards</b>   | <b>Net exposure</b> |
|----------------------|--|--|-------------------|---------------------|
|                      | <b>EUR</b>   | <b>EUR</b>                             | <b>EUR</b>        | <b>EUR</b>          |
| Australian Dollar    | (219,754)  | -                                      | -                 | (219,754)           |
| Canadian Dollar      | 166,478  | -                                      | -                 | 166,478             |
| Hong Kong Dollar     | (62,570)   | -                                      | -                 | (62,570)            |
| Japanese Yen         | (277,312)  | -                                      | -                 | (277,312)           |
| Pound Sterling       | (54,169)   | -                                      | -                 | (54,169)            |
| Swedish Krona        | 140,564  | (20,744,244)                           | 20,904,839        | 301,159             |
| United States Dollar | (3,561)  | (5,208,523)                            | 5,283,855         | 71,771              |
|                      | <b>(310,324)</b>   | <b>(25,952,767)</b>                    | <b>26,188,694</b> | <b>(74,397)</b>     |

The table below outlines the net foreign currency risk exposure of the Fund as at 31 December 2021.

|                      | <b>Net investments<br/>and other assets/<br/>liabilities</b> | <b>Hedged share<br/>class exposure</b> | <b>Forwards</b>   | <b>Net exposure</b> |
|----------------------|--|--|-------------------|---------------------|
|                      | <b>EUR</b>   | <b>EUR</b>                             | <b>EUR</b>        | <b>EUR</b>          |
| Australian Dollar    | (302,663)  | -                                      | -                 | (302,663)           |
| Canadian Dollar      | 284,942  | -                                      | -                 | 284,942             |
| Hong Kong Dollar     | 101,342  | -                                      | -                 | 101,342             |
| Japanese Yen         | 73,971   | -                                      | -                 | 73,971              |
| Pound Sterling       | (34,271)   | -                                      | -                 | (34,271)            |
| Swedish Krona        | (28,410,643)   | (28,822,794)                           | 57,412,444        | 179,007             |
| United States Dollar | (5,486,833)  | (5,423,116)                            | 10,847,064        | (62,885)            |
|                      | <b>(33,774,155)</b>  | <b>(34,245,910)</b>                    | <b>68,259,508</b> | <b>239,443</b>      |

*(ii) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

*(iii) Market price risk*

Market price risk is the risk that the value of instruments will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Fund's investments are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Fund seeks to balance risk across asset classes to minimize the negative effect of market downturns that may result from e.g. economic recessions or inflationary environments. The Fund uses quantitative models for asset allocation and portfolio construction purposes. The models are proprietary developed by the Investment Manager and aim to forecast, among other things, market trends and volatility.

The Fund may shift its allocation across markets, sectors and asset classes more frequently than traditional balanced funds and FDI may comprise a substantial part of the investment universe.

**Value-at-risk**

Under the Central Bank UCITS Regulations, the ICAV is required to employ a risk management process ("RMP") which enables it to accurately monitor and manage the global exposure of the ICAV from derivatives. The market risks generated by the Fund are measured by the Investment Manager through the use of an Absolute Value-

at-Risk ("VaR") measure. Global exposure for the Fund is calculated using a VaR model. VaR is monitored in terms of absolute VaR defined as the VaR of the Fund as a percentage of NAV. The absolute VaR of the Fund should not be greater than 20%. VaR is measured over a holding period of 20 business days with a 99% confidence level and a historical observation period of not less than one year. The simulated returns are calculated using equally-weighted historical simulation.

The market risks of the Fund's positions are monitored by the Investment Manager on a daily basis. VaR analysis represents the interdependencies between risk variables, unlike a traditional sensitivity analysis. VaR represents a statistical estimate of the potential losses from adverse changes in market factors for a specified time period and confidence level.

VaR enables a comparison of risks across asset classes and serves as an indicator to the Investment Manager of the investment risk in a portfolio. If used in this way, and considering the limitations of VaR methods and the particular model chosen, it can act as a signal to the Investment Manager of an increase in the general level of risk in a portfolio and as a trigger for corrective action by the Investment Manager.

### ***VaR analysis***

The Portfolio manager monitors the Value at Risk on a daily basis using three different VaR-models

- a) historical simulation over 18 months equally weighted historical data,
- b) a co-variance model based on 18 months exponentially weighted historical data with a half-life of 11 days and
- c) a co-variance model based on 18 months exponentially weighted historical data with a half-life of 90 days.

The figures represented in the table shows data for the model which has shown the largest Value at Risk on a single day during the period.

The below table shows the minimum, maximum and average VaR level as a percentage of the NAV and VaR limit utilization percentage over the reporting year ended 31 December 2022:

| <b>31 December 2022</b> | <b>Leverage Employed*</b> | <b>Limit Utilisation<br/>(VaR as % of Limit)</b> |
|-------------------------|---------------------------|--|
| Maximum                 | 6.27%                     | 31.35%   |
| Minimum                 | 2.38%                     | 11.90%   |
| Average                 | 4.06%                     | 20.38%   |
| 31 December 2022        | 4.12%                     | 20.59%   |

The below table shows minimum, maximum and average VaR level as a percentage of the NAV and VaR limit utilization percentage over the reporting year ended 31 December 2021:

| <b>31 December 2021</b> | <b>Leverage Employed*</b> | <b>Limit Utilisation<br/>(VaR as % of Limit)</b> |
|-------------------------|---------------------------|--|
| Maximum                 | 11.92%                    | 59.60%   |
| Minimum                 | 3.22%                     | 16.10%   |
| Average                 | 7.95%                     | 39.75%   |
| 31 December 2021        | 5.35%                     | 26.74%   |

*\* Leverage-figures are calculated using a 20 days holding period with a 99% confidence level.*

### **(b) Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from investment in treasury bills and certificates held and due from brokers. For risk management reporting purposes, the Fund considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country risk and sector risk).

The carrying amounts of financial assets represent the maximum credit risk exposure at 31 December 2022:

|   | <b>31 December 2021</b> | <b>31 December 2020</b> |
|---|-------------------------|-------------------------|
|   | <b>EUR</b>              | <b>EUR</b>              |
| Financial assets at fair value through profit or loss | 28,440,799              | 35,762,034              |
| Cash and cash equivalents                             | 345,198                 | 1,277,514               |
| Cash held as collateral                               | 1,151,839               | 731,797                 |
| Subscriptions receivable                              | 3,260                   | 90,354                  |
| Due from brokers                                      | 1,917,595               | 2,581,823               |
| <b>Total financial assets</b>                         | <b>31,858,691</b>       | <b>40,443,522</b>       |

Credit risk relating to unsettled transactions is considered small due to the short-term settlement period. As at 31 December 2022, the Fund had exposure to the following counterparties and their Standard & Poor's long-term credit ratings are as follows:

| <b>Financial assets</b>   | <b>Counterparty</b>     | <b>Credit rating</b> | <b>EUR</b> |
|---------------------------|-------------------------|----------------------|------------|
| Cash and cash equivalents | HSBC Continental Europe | A+                   | 345,198    |
| Cash held as collateral   | Goldman Sachs           | A+                   | 1,151,839  |
| Due from broker           | Goldman Sachs           | A+                   | 1,917,595  |
| Forward contracts         | Goldman Sachs           | A+                   | 4,315      |
| Future contracts          | Goldman Sachs           | A+                   | 41,919     |

As at 31 December 2021, the Fund had exposure to the following counterparties and their Standard & Poor's long-term credit ratings are as follows:

| <b>Financial assets</b>   | <b>Counterparty</b>     | <b>Credit rating</b> | <b>EUR</b> |
|---------------------------|-------------------------|----------------------|------------|
| Cash and cash equivalents | HSBC Continental Europe | A+                   | 1,277,514  |
| Cash held as collateral   | Goldman Sachs           | A+                   | 731,797    |
| Due from broker           | Goldman Sachs           | A+                   | 2,581,823  |
| Forward contracts         | Goldman Sachs           | A+                   | 105,212    |
| Future contracts          | Goldman Sachs           | A+                   | 334,938    |

The Fund's Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management approach within the Fund. All the cash and cash equivalents and due from broker balances are held with counterparties with minimum ratings of A+. The Fund did not recognize any impairment during the year ended 31 December 2022 and year ended 31 December 2021. The ICAV will also be exposed to a credit risk in relation to the counterparties with whom it transacts or places margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default.

The Fund's credit risk is monitored on a quarterly basis by the Board of Directors.

### **(c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemptions of redeemable participating shares and monitors this activity to ensure that funds are available to meet the redemption requirements.

The Fund's actively traded securities are considered to be readily realizable as they are actively traded on recognized stock exchanges.

The Fund's financial instruments also comprise investments in OTC derivative contracts, which are not traded in an organized public market and which generally may be illiquid. As a result, the Fund may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as a deterioration in the credit worthiness of any particular issuer.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

The following table sets out the Fund's total exposure to liquidity risk as at 31 December 2022:

| <b>As at 31 December 2022</b>  | <b>Less than<br/>1 month<br/>EUR</b> | <b>1-3 month<br/>EUR</b> | <b>3-6 months<br/>EUR</b> | <b>More than<br/>6 months<br/>EUR</b> | <b>Total<br/>EUR</b> |
|--|--------------------------------------|--------------------------|---------------------------|---------------------------------------|----------------------|
| <b>Liabilities</b>   |                                      |                          |                           |                                       |                      |
| Bank overdraft   | 607                                  | -                        | -                         | -                                     | 607                  |
| Financial liabilities at fair value through profit or loss           | 1,622                                | 633,376                  | -                         | -                                     | 634,998              |
| Other payables and accrued expense                                   | 25,025                               | 4,268                    | 15,651                    | -                                     | 44,944               |
| Net assets attributable to holders of redeemable participating share | 31,178,142                           | -                        | -                         | -                                     | 31,178,142           |
| <b>Total liabilities and redeemable participating shares</b>         | <b>31,205,396</b>                    | <b>637,644</b>           | <b>15,651</b>             | <b>-</b>                              | <b>31,858,691</b>    |

The following tables set out the Fund's total exposure to liquidity risk as at 31 December 2021:

| <b>As at 31 December 2021</b>  | <b>Less than<br/>1 month<br/>EUR</b> | <b>1-3 month<br/>EUR</b> | <b>3-6 months<br/>EUR</b> | <b>More than<br/>6 months<br/>EUR</b> | <b>Total<br/>EUR</b> |
|--|--------------------------------------|--------------------------|---------------------------|---------------------------------------|----------------------|
| <b>Liabilities</b>   |                                      |                          |                           |                                       |                      |
| Financial liabilities at fair value through profit or loss           | 16,847                               | 188,324                  | 5,550                     | -                                     | 210,721              |
| Redemptions payable  | 36,411                               | -                        | -                         | -                                     | 36,411               |
| Other payables and accrued expense                                   | 30,515                               | 7,622                    | 23,451                    | -                                     | 61,588               |
| Net assets attributable to holders of redeemable participating share | 40,134,802                           | -                        | -                         | -                                     | 40,134,802           |
| <b>Total liabilities and redeemable participating shares</b>         | <b>40,218,575</b>                    | <b>195,946</b>           | <b>29,001</b>             | <b>-</b>                              | <b>40,443,522</b>    |

The table below analyses the Fund's derivative exposures at 31 December 2022 and 2021 that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date.

**As at 31 December 2022**

|              | <b>Currency</b> | <b>Less than<br/>3 months</b> | <b>More than<br/>3 months</b> | <b>Total</b>     |
|--------------|-----------------|-------------------------------|-------------------------------|------------------|
| Inflow       | EUR             | 26,842,758                    | -                             | 26,842,758       |
| Outflow      | EUR             | (27,477,756)                  | -                             | (27,477,756)     |
| <b>Total</b> |                 | <b>(634,998)</b>              | <b>-</b>                      | <b>(634,998)</b> |

**As at 31 December 2021**

|              | <b>Currency</b> | <b>Less than<br/>3 months</b> | <b>More than<br/>3 months</b> | <b>Total</b>     |
|--------------|-----------------|-------------------------------|-------------------------------|------------------|
| Inflow       | EUR             | 39,962,286                    | -                             | 39,962,286       |
| Outflow      | EUR             | (40,167,457)                  | (5,550)                       | (40,173,007)     |
| <b>Total</b> |                 | <b>(205,171)</b>              | <b>(5,550)</b>                | <b>(210,721)</b> |

The principal investment strategies that involve foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk.

The Investment Manager monitors the Fund's liquidity position on a daily basis, focusing on both the requirements for liquidity and that suitable assets are able to meet such requirements.

#### (d) Concentration Risk

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular issuer, manager, asset class or geographical location of risk. In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to monitor the relevant risk concentrations on a periodic basis.

Concentration of risk is disclosed in the Schedule of Investments.

The Investment Manager reviews the concentration of financial instruments held based on geographical location of risk and industry.

## 12. OFFSETTING FINANCIAL INSTRUMENTS

None of the financial assets or financial liabilities are offset in the Statement of Financial Position. The disclosures set out in the table below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments.

The International Swaps and Derivatives Association ("ISDA") and similar master netting arrangements do not meet the criteria for offsetting in the Statement of Financial Position. This is because they create a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Fund or the counterparties. In addition, the Fund and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The following table provides disclosure regarding the potential effects of netting arrangements on recognized assets and liabilities presented in the Statement of Financial Position as at 31 December 2022.

### *Offsetting Financial Assets*

| Counterparty  | Gross amount of recognised financial assets<br>EUR | Gross amounts of financial liabilities offset in the Statements of Financial Position<br>EUR | Net amount of financial assets presented in the Statements of Financial Position<br>EUR | Gross amounts not offset in the Statements of Financial Position |                                 |                   |
|---------------|--|--|---|--|---------------------------------|-------------------|
|               |  |  |   | Financial instrument (including non-cash collateral)<br>EUR      | Cash collateral received<br>EUR | Net amount<br>EUR |
| Goldman Sachs | 46,234   | -  | 46,234  | (46,234)   | -                               | -                 |
| <b>Total</b>  | <b>46,234</b>                                      | <b>-</b>   | <b>46,234</b>   | <b>(46,234)</b>  | <b>-</b>                        | <b>-</b>          |

### *Offsetting Financial liabilities*

| Counterparty  | Gross amount of recognised financial liabilities<br>EUR | Gross amounts of financial assets offset in the Statements of Financial Position<br>EUR | Net amount of financial liabilities presented in the Statements of Financial Position<br>EUR | Gross amounts not offset in the Statements of Financial Position |                                |                   |
|---------------|---|---|--|--|--------------------------------|-------------------|
|               |   |   |  | Financial instrument (including non-cash collateral)<br>EUR      | Cash collateral pledged<br>EUR | Net amount<br>EUR |
| Goldman Sachs | (634,998)   | -   | (634,998)  | 46,234   | 588,764                        | -                 |
| <b>Total</b>  | <b>(634,998)</b>  | <b>-</b>  | <b>(634,998)</b>   | <b>46,234</b>  | <b>588,764</b>                 | <b>-</b>          |

The following table provides disclosure regarding the potential effects of netting arrangements on recognized assets and liabilities presented in the Statement of Financial Position as at 31 December 2021.

#### Offsetting Financial Assets

| Counterparty  | Gross amount of recognised financial assets<br>EUR | Gross amounts of financial liabilities offset in the Statements of Financial Position<br>EUR | Net amount of financial assets presented in the Statements of Financial Position<br>EUR | Gross amounts not offset in the Statements of Financial Position |                                 | Net amount<br>EUR |
|---------------|--|--|---|--|---------------------------------|-------------------|
|               |  |  |   | Financial instrument (including non-cash collateral)<br>EUR      | Cash collateral received<br>EUR |                   |
| Goldman Sachs | 440,150  | -  | 440,150   | (210,721)  | -                               | 229,429           |
| <b>Total</b>  | <b>440,150</b>                                     | <b>-</b>   | <b>440,150</b>  | <b>(210,721)</b>   | <b>-</b>                        | <b>229,429</b>    |

#### Offsetting Financial liabilities

| Counterparty  | Gross amount of recognised financial liabilities<br>EUR | Gross amounts of financial assets offset in the Statements of Financial Position<br>EUR | Net amount of financial liabilities presented in the Statements of Financial Position<br>EUR | Gross amounts not offset in the Statements of Financial Position |                                | Net amount<br>EUR |
|---------------|---|---|--|--|--------------------------------|-------------------|
|               |   |   |  | Financial instrument (including non-cash collateral)<br>EUR      | Cash collateral pledged<br>EUR |                   |
| Goldman Sachs | (210,721)   | -   | (210,721)  | 210,721  | -                              | -                 |
| <b>Total</b>  | <b>(210,721)</b>  | <b>-</b>  | <b>(210,721)</b>   | <b>210,721</b>   | <b>-</b>                       | <b>-</b>          |

### 13. NET ASSET VALUE TABLE

The following table discloses the dealing NAV, the shares in issue and NAV per Share for each share class of the Fund as at 31 December 2022.

| Share class   | Shares in issue | Net asset value | Net asset value per share |
|---------------|-----------------|-----------------|---------------------------|
| Class USD I1* | 1,000           | \$119,826       | \$119.83                  |
| Class USD I2* | 44,540          | \$5,401,413     | \$121.27                  |
| Class USD D1* | 100             | \$11,840        | \$118.40                  |
| Class USD D2* | 100             | \$12,055        | \$120.55                  |
| Class USD A1* | 100             | \$11,840        | \$118.40                  |
| Class EUR I1  | 1,000           | €112,840        | €112.84                   |
| Class EUR I2  | 44,460          | €5,077,350      | €114.20                   |
| Class EUR D1  | 114             | €12,681         | €111.52                   |
| Class EUR D2  | 100             | €11,352         | €113.52                   |
| Class EUR A2  | 100             | €11,152         | €111.52                   |
| Class SEK I1* | 52,374          | Kr5,874,531     | Kr112.17                  |
| Class SEK I2* | 830,366         | Kr94,261,843    | Kr113.52                  |
| Class SEK D1* | 227,943         | Kr25,262,795    | Kr110.83                  |
| Class SEK D2* | 933,620         | Kr105,349,261   | Kr112.84                  |
| Class SEK A3* | 1,000           | Kr110,830       | Kr110.83                  |

\* Hedged share class

The following table discloses the dealing NAV, the shares in issue and NAV per Share for each share class of the Fund as at 31 December 2021.

| Share class   | Shares in issue | Net asset value | Net asset value per share |
|---------------|-----------------|-----------------|---------------------------|
| Class USD I1* | 1,000           | \$132,732       | \$132.73                  |
| Class USD I2* | 44,540          | \$5,965,238     | \$133.93                  |
| Class USD D1* | 100             | \$13,154        | \$131.55                  |
| Class USD D2* | 100             | \$13,333        | \$133.33                  |
| Class USD A1* | 100             | \$13,154        | \$131.55                  |
| Class EUR I1  | 1,000           | €127,534        | €127.53                   |
| Class EUR I2  | 44,460          | €5,721,329      | €128.69                   |
| Class EUR D1  | 115             | €14,579         | €126.42                   |
| Class EUR D2  | 100             | €12,811         | €128.11                   |
| Class EUR A2  | 100             | €12,639         | €126.39                   |
| Class SEK I1* | 52,374          | Kr6,644,437     | Kr126.87                  |
| Class SEK I2* | 837,979         | Kr107,270,809   | Kr128.01                  |
| Class SEK D1* | 327,101         | Kr41,126,723    | Kr125.73                  |
| Class SEK D2* | 1,104,620       | Kr140,769,251   | Kr127.44                  |
| Class SEK A3* | 1,000           | Kr125,731       | Kr125.73                  |

\* Hedged share class

The following table discloses the dealing NAV, the shares in issue and NAV per Share for each share class of the Fund as at 31 December 2020:

| Share class   | Shares in issue | Net asset value | Net asset value per share |
|---------------|-----------------|-----------------|---------------------------|
| Class USD I1* | 1,000           | \$122,526       | \$122.53                  |
| Class USD I2* | 44,540          | \$5,490,077     | \$123.26                  |
| Class USD D1* | 100             | \$12,180        | \$121.80                  |
| Class USD D2* | 100             | \$12,289        | \$122.89                  |
| Class USD A1* | 100             | \$12,180        | \$121.80                  |
| Class EUR I1  | 1,000           | €118,431        | €118.43                   |
| Class EUR I2  | 44,460          | €5,297,020      | €119.14                   |
| Class EUR D1  | 131             | €15,414         | €117.66                   |
| Class EUR D2  | 100             | €11,879         | €118.79                   |
| Class EUR A2  | 100             | €11,772         | €117.72                   |
| Class SEK I1* | 52,374          | Kr6,169,788     | Kr117.80                  |
| Class SEK I2* | 803,130         | Kr95,179,479    | Kr118.51                  |
| Class SEK D1* | 323,641         | Kr38,192,840    | Kr118.01                  |
| Class SEK D2* | 1,026,932       | Kr121,197,048   | Kr118.02                  |
| Class SEK A3* | 1,000           | Kr117,100       | Kr117.10                  |

\* Hedged share class

#### 14. RELATED PARTY TRANSACTIONS

IAS 24 'Related Party Disclosures' requires the disclosure of information relating to material transactions with parties who are deemed to be related to the reporting entity. The following transactions with related parties were entered into during the financial year.

Brian Dunleavy is a Director of the ICAV and an employee of the Manager.

The Money Laundering Reporting Officer ("MLRO") and the Secretary of the Fund are employees of KB Associates which is part of the same economic group as the Manager. During the year ended 31 December 2022, MLRO fees amounting to EUR 5,816 (2021: EUR 4,869) were charged to the Fund of which EUR 1,450 (2021: EUR 789) was outstanding at the year end. Secretary fees amounting to EUR 5,816 (2021: EUR 4,869) were charged to the Fund of which EUR 1,450 (2021: EUR 789) was outstanding at the year end.

KB Associates also provides VAT and payroll services to the Fund. VAT services fees amounting to EUR 3,082 (2021: EUR 1,703) were charged to the Fund and EUR 428 (2021: EUR 1,014) was outstanding at the year end and



payroll services fees amounting to EUR 527 (2021: EUR 1,217) were charged to the Fund of which EUR 214 (2021: EUR 424) was outstanding at the year end.

The fees for, and payable to, the Directors, Investment Manager and the Manager are disclosed in Note 8 and Note 7 respectively of the financial statements.

The below table provides an analysis of the number of shares held in the Fund by Lynx Asset Management AB, the Investment Manager during the year ended 31 December 2022:

| Share class   | 31 December 2022 | 31 December 2021 |
|---------------|------------------|------------------|
|               | No of shares     | No of shares     |
| Class USD I1* | 1,000            | 1,000            |
| Class USD I2* | 10,000           | 10,000           |
| Class USD D1* | 100              | 100              |
| Class USD D2* | 100              | 100              |
| Class USD A1* | 100              | 100              |
| Class EUR I1  | 1,000            | 1,000            |
| Class EUR I2  | 10,000           | 10,000           |
| Class EUR D1  | 100              | 100              |
| Class EUR D2  | 100              | 100              |
| Class EUR A2  | 100              | 100              |
| Class SEK I1* | 10,000           | 10,000           |
| Class SEK I2* | 265,000          | 265,000          |
| Class SEK D1* | 1,000            | 1,000            |
| Class SEK D2* | 1,000            | 1,000            |
| Class SEK A3* | 1,000            | 1,000            |

\* Hedged share class

Lynx Vinstandelsstiftelse is a trust for the benefit of employees of Lynx Asset Management AB. As at 31 December 2022, Lynx Vinstandelsstiftelse held 37,321 (2021: 37,321) shares in Class I2 SEK of the Fund.

Lynx Asset Management AB and Lynx Vinstandelsstiftelse jointly holds 15.81% (2021: 13.99%) of the Fund's shares.

Henrik Landén is a Director of the ICAV and is an employee of the Investment Manager. As on 31 December 2022 he held 2,719 (31 December 2021: 2,129) shares in Class D2 SEK of the Fund.

None of the other Directors of the ICAV held shares in the Fund during the year ended 31 December 2022 (2021: Nil)

With the exception of the above, there are no other related party transactions.

## 15. TRANSACTIONS WITH CONNECTED PERSONS

Regulation 43(1) of the Central Bank UCITS Regulations requires in effect that any transaction carried out with a UCITS by a management company or depositary to the UCITS, the delegates or sub-delegates of the management company or depositary, and any associated or group company of such a management company, depositary, delegate or sub-delegate ("connected persons") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the shareholders.

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected persons entered into during the period complied with the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations.

## 16. SIGNIFICANT EVENTS DURING THE YEAR

The Directors of the Fund acknowledge the situation in Ukraine and are monitoring the developments closely. The Lynx Active Balanced Program has never held any positions with exposures directly to Russia or Ukraine. While volatility remains elevated given the ongoing conflict, the Lynx Active Balanced Program is designed to adapt to changing market conditions. Neither the Directors nor the Investment Manager foresee any impact due to the situation other than market reactions to future developments.

On 28 October 2022, the Manager and Secretary became members of the Waystone Group.

On 12 December 2022, KBA Consulting Management Limited changed their registered address to 35 Shelbourne Road, 4th Floor, Ballsbridge, Dublin D04 A4E, Ireland. As part of the change, the registered office of the ICAV also changed to the same address.

There were no other significant events during the period which need to be recorded in the financial statements.

#### **17. SUBSEQUENT EVENTS**

There are no other material events subsequent to the Statement of Financial Position date which require disclosure in the financial statements.

#### **18. COMMITMENTS AND CONTINGENTS**

The Fund does not have any commitments or contingents as at 31 December 2022.

#### **19. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors on 25 April 2023.

## SCHEDULE OF INVESTMENTS (UNAUDITED)

As at 31 December 2022

| Holdings   | Description                                 | Fair Value<br>EUR | % of Net Asset<br>Value |
|--|---|-------------------|-------------------------|
| <b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b> |   |                   |                         |
| <i>Fixed Income Securities</i>                               |   |                   |                         |
| <b>Bermuda</b>   |   |                   |                         |
| 2,300,000  | Treasury Certificates 0% 09/03/2023         | 2,292,418         | 7.35                    |
| 2,200,000  | Treasury Certificates 0% 13/07/2023         | 2,172,284         | 6.97                    |
| 2,200,000  | Treasury Certificates 0% 14/09/2023         | 2,161,304         | 6.93                    |
|  |   | <b>6,626,006</b>  | <b>21.25</b>            |
| <b>France</b>  |   |                   |                         |
| 2,500,000  | French Discount Treasury Bill 0% 25/01/2023 | 2,498,250         | 8.01                    |
| 4,100,000  | French Discount Treasury Bill 0% 22/02/2023 | 4,091,575         | 13.12                   |
| 2,000,000  | French Discount Treasury Bill 0% 08/03/2023 | 1,994,350         | 6.40                    |
| 2,000,000  | French Discount Treasury Bill 0% 22/03/2023 | 1,992,970         | 6.39                    |
| 1,000,000  | French Discount Treasury Bill 0% 05/04/2023 | 995,495           | 3.19                    |
| 2,000,000  | French Discount Treasury Bill 0% 19/04/2023 | 1,988,790         | 6.38                    |
| 2,100,000  | French Discount Treasury Bill 0% 17/05/2023 | 2,085,720         | 6.69                    |
| 3,000,000  | French Discount Treasury Bill 0% 14/06/2023 | 2,971,020         | 9.53                    |
| 700,000  | French Discount Treasury Bill 0% 12/07/2023 | 691,484           | 2.22                    |
| 1,000,000  | French Discount Treasury Bill 0% 09/08/2023 | 984,420           | 3.16                    |
| 1,500,000  | French Discount Treasury Bill 0% 06/09/2023 | 1,474,485         | 4.73                    |
|  |   | <b>21,768,559</b> | <b>69.82</b>            |
| <b>Total Fixed Income Securities</b>                         |   | <b>28,394,565</b> | <b>91.07</b>            |
| <i>Futures Contracts</i>                                     |   |                   |                         |
| <b>Hong Kong</b>   |   |                   |                         |
| 15   | H-Shares Index future 30/01/2023            | 5,091             | 0.02                    |
| 4  | Hang Seng Index future 30/01/2023           | 6,348             | 0.02                    |
|  |   | <b>11,439</b>     | <b>0.04</b>             |
| <b>Singapore</b>   |   |                   |                         |
| 97   | FTSE China A50 Index future 30/01/2023      | 8,455             | 0.03                    |
|  |   | <b>8,455</b>      | <b>0.03</b>             |
| <b>United Kingdom</b>  |   |                   |                         |
| 10   | FTSE 100 Index future 17/03/2023            | 847               | -                       |
|  |   | <b>847</b>        | <b>-</b>                |
| <b>United States</b>   |   |                   |                         |
| 19   | JPY Currency future 13/03/2023              | 40,176            | 0.13                    |
|  |   | <b>40,176</b>     | <b>0.13</b>             |
| <b>Total Future Contracts</b>                                |   | <b>60,917</b>     | <b>0.20</b>             |
| Variation margin paid on futures contracts                   |   | (18,998)          | (0.06)                  |
| <b>Total Future Contracts</b>                                |   | <b>41,919</b>     | <b>0.14</b>             |

| Holdings   | Description  | Fair Value<br>EUR | % of Net Asset<br>Value |
|--|--|-------------------|-------------------------|
| <i>Forward Contracts<sup>1</sup></i>                               |  |                   |                         |
|  | Buy EUR658,379 / Sell SEK7,281,521 01/02/2023      | 4,315             | 0.01                    |
| <b>Total Forward Contracts (Notional Amount: 658,379)</b>          |  | <b>4,315</b>      | <b>0.01</b>             |
| <b>Total Financial Assets at Fair Value Through Profit or Loss</b> |  | <b>28,440,799</b> | <b>91.22</b>            |
| FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS         |  |                   |                         |
| <i>Future Contracts<sup>1</sup></i>                                |  |                   |                         |
| <b>Australia</b>   |  |                   |                         |
| 24   | Australia 10 Yr Bond future 15/03/2023             | (94,874)          | (0.30)                  |
|  |  | <b>(94,874)</b>   | <b>(0.30)</b>           |
| <b>Canada</b>  |  |                   |                         |
| 3  | Canada 10Yr Bond future 22/03/2023                 | (9,617)           | (0.03)                  |
| 5  | S&P/TSX 60 Index future 16/03/2023                 | (20,547)          | (0.07)                  |
|  |  | <b>(30,164)</b>   | <b>(0.10)</b>           |
| <b>Germany</b>   |  |                   |                         |
| 2  | DAX Index future 17/03/2023                        | (20,675)          | (0.07)                  |
| 10   | Euro-Schatz Bond future 08/03/2023                 | (7,670)           | (0.02)                  |
| 98   | STOXX EURO ESG-X Index future 17/03/2023           | (49,870)          | (0.16)                  |
|  |  | <b>(78,215)</b>   | <b>(0.25)</b>           |
| <b>Italy</b>   |  |                   |                         |
| 4  | FTSE/MIB Index future 17/03/2023                   | (15,100)          | (0.05)                  |
|  |  | <b>(15,100)</b>   | <b>(0.05)</b>           |
| <b>Singapore</b>   |  |                   |                         |
| 21   | MSCI Taiwan Index future 30/01/2023                | (10,123)          | (0.03)                  |
| 18   | Nikkei 225 Index future 09/03/2023                 | (112,361)         | (0.36)                  |
|  |  | <b>(122,484)</b>  | <b>(0.39)</b>           |
| <b>Sweden</b>  |  |                   |                         |
| 16   | OMXS30 ESG Index future 20/01/2023                 | (2,906)           | (0.01)                  |
|  |  | <b>(2,906)</b>    | <b>(0.01)</b>           |
| <b>United Kingdom</b>  |  |                   |                         |
| 1  | Long Gilt future 29/03/2023                        | (7,780)           | (0.03)                  |
|  |  | <b>(7,780)</b>    | <b>(0.03)</b>           |
| <b>United States</b>   |  |                   |                         |
| 1  | Emin Russell 2000 Index future 17/03/2023          | (2,357)           | (0.01)                  |
| 15   | Emini S&P 500 ESG Index future 17/03/2023          | (79,576)          | (0.25)                  |
| (67)   | Euro Currency future 13/03/2023                    | (23,527)          | (0.08)                  |
| 15   | Mini MSCI Emerging Markets Index future 17/03/2023 | (14,688)          | (0.05)                  |
| 2  | Nasdaq 100 E-Mini Index future 17/03/2023          | (32,216)          | (0.10)                  |
| 5  | S&P MID 400 E-mini Index future 17/03/2023         | (19,500)          | (0.06)                  |
| 1  | US Long Bond future 22/03/2023                     | (4,833)           | (0.02)                  |
| 5  | US Ultra Bond future 22/03/2023                    | (26,523)          | (0.08)                  |
|  |  | <b>(203,220)</b>  | <b>(0.65)</b>           |
| <b>Total Future Contracts</b>                                      |  | <b>(554,743)</b>  | <b>(1.78)</b>           |
| Variation margin paid on futures contracts                         |  | 514,993           | 1.65                    |
| <b>Total Future Contracts</b>                                      |  | <b>(39,750)</b>   | <b>(0.13)</b>           |

| <b>Holdings</b> | <b>Description</b>   | <b>Fair Value<br/>EUR</b> | <b>% of Net Asset<br/>Value</b> |
|-----------------|--|---------------------------|---------------------------------|
|                 | <b><i>Forward Contracts<sup>1</sup></i></b>                                  |                           |                                 |
|                 | Buy SEK240,009,432 / EUR22,016,972 01/02/2023                                | (458,069)                 | (1.47)                          |
|                 | Buy USD5,649,704 / EUR5,421,034 01/02/2023                                   | (137,179)                 | (0.44)                          |
|                 | <b>Total Forward Contracts (Notional Amount: EUR 27,438,006)</b>             | <b>(595,248)</b>          | <b>(1.91)</b>                   |
|                 | <b>Total Financial Liabilities at Fair Value Through Profit or Loss</b>      | <b>(634,998)</b>          | <b>(2.04)</b>                   |
|                 | <b>Total Financial Assets and Liabilities at Fair Through Profit or Loss</b> | <b>27,805,801</b>         | <b>89.18</b>                    |
|                 | <b>Other net assets</b>  | <b>3,372,341</b>          | <b>10.82</b>                    |
|                 | <b>Net Assets Attributable to Holders of Redeemable Participating Shares</b> | <b>31,178,142</b>         | <b>100.00</b>                   |

<sup>1</sup> The counterparty for forward, future and swap contracts is Goldman Sachs.

| <b>Analysis of Total Assets</b>                                | <b>Amount EUR</b> | <b>% of Total Asset</b> |
|--|-------------------|-------------------------|
| Transferable securities admitted to an official stock exchange | 21,768,559        | 68.33                   |
| Transferable securities traded on a regulated market           | 6,626,006         | 20.80                   |
| Financial derivative instruments traded over-the-counter       | 4,315             | 0.01                    |
| Financial derivative instruments traded on a regulated market  | 41,919            | 0.13                    |
| Cash and cash equivalents                                      | 345,198           | 1.08                    |
| Other assets   | 3,072,694         | 9.65                    |
| <b>Total Asset</b>   | <b>31,858,691</b> | <b>100.00</b>           |

## SCHEDULE OF PORTFOLIO CHANGES (UNAUDITED)

For the year ended 31 December 2022

| <b>Material Purchases</b>                   | <b>Cost in EUR</b>     |
|---|------------------------|
| French Discount Treasury Bill 0% 22/02/2023 | 4,102,261              |
| French Discount Treasury Bill 0% 04/01/2023 | 3,321,018              |
| French Discount Treasury Bill 0% 14/06/2023 | 2,968,759              |
| French Discount Treasury Bill 0% 25/01/2023 | 2,509,510              |
| Treasury Certificates 0% 09/03/2023         | 2,296,302              |
| Treasury Certificates 0% 13/07/2023         | 2,169,409              |
| Treasury Certificates 0% 14/09/2023         | 2,159,154              |
| French Discount Treasury Bill 0% 17/05/2023 | 2,092,588              |
| French Discount Treasury Bill 0% 22/03/2023 | 2,007,955              |
| French Discount Treasury Bill 0% 19/04/2023 | 1,998,673              |
| French Discount Treasury Bill 0% 11/01/2023 | 1,998,499              |
| French Discount Treasury Bill 0% 08/03/2023 | 1,994,240              |
| French Discount Treasury Bill 0% 06/09/2023 | 1,473,225              |
| French Discount Treasury Bill 0% 29/06/2022 | 1,103,211              |
| French Discount Treasury Bill 0% 30/11/2022 | 1,005,345              |
| French Discount Treasury Bill 0% 19/10/2022 | 1,001,237              |
| French Discount Treasury Bill 0% 16/11/2022 | 999,741                |
| French Discount Treasury Bill 0% 05/04/2023 | 992,839                |
| French Discount Treasury Bill 0% 09/08/2023 | 984,669                |
| French Discount Treasury Bill 0% 12/07/2023 | 691,817                |
| French Discount Treasury Bill 0% 02/11/2022 | 502,024                |
| French Discount Treasury Bill 0% 21/09/2022 | 173,647                |
| French Discount Treasury Bill 0% 09/11/2022 | 173,196                |
| <br>  |                        |
| <b>Material Sales</b>                       | <b>Proceeds in EUR</b> |
| Treasury Certificates 0% 10/11/2022         | 4,398,897              |
| French Discount Treasury Bill 0% 10/08/2022 | 4,000,753              |
| French Discount Treasury Bill 0% 18/05/2022 | 3,701,971              |
| French Discount Treasury Bill 0% 05/10/2022 | 3,500,345              |
| French Discount Treasury Bill 0% 26/01/2022 | 3,300,762              |
| French Discount Treasury Bill 0% 04/01/2023 | 3,297,379              |
| French Discount Treasury Bill 0% 07/09/2022 | 2,600,402              |
| French Discount Treasury Bill 0% 09/02/2022 | 2,500,677              |
| Treasury Certificates 0% 14/07/2022         | 2,300,673              |
| French Discount Treasury Bill 0% 23/02/2022 | 2,100,585              |
| French Discount Treasury Bill 0% 06/04/2022 | 2,001,302              |
| French Discount Treasury Bill 0% 15/06/2022 | 2,000,653              |
| French Discount Treasury Bill 0% 11/01/2023 | 1,999,260              |
| French Discount Treasury Bill 0% 02/11/2022 | 1,799,644              |
| French Discount Treasury Bill 0% 30/11/2022 | 1,499,490              |
| French Discount Treasury Bill 0% 29/06/2022 | 1,100,297              |
| French Discount Treasury Bill 0% 21/04/2022 | 1,000,280              |
| French Discount Treasury Bill 0% 19/10/2022 | 999,840                |

|   |         |
|---|---------|
| French Discount Treasury Bill 0% 16/11/2022 | 999,747 |
| French Discount Treasury Bill 0% 21/09/2022 | 173,200 |
| French Discount Treasury Bill 0% 09/11/2022 | 173,174 |

The portfolio changes reflect the aggregate purchases of a security exceeding one per cent of the total value of purchases and aggregate disposals of a security greater than one per cent of the total sales for the year. At a minimum the largest 20 purchases and largest 20 sales must be given. The full listing of the portfolio changes for the year is available, upon request at no extra cost from the Administrator.

## OTHER ADDITIONAL DISCLOSURES (UNAUDITED)

For the year ended 31 December 2022

### Exchange Rates

The following foreign exchange rates were used to translate assets and liabilities into EUR at the period year end:

|                      | 31 December 2022 | 31 December 2021 |
|----------------------|------------------|------------------|
| Australian Dollar    | 0.6370           | 0.6417           |
| Canadian Dollar      | 0.6924           | 0.6908           |
| Hong Kong Dollar     | 0.1202           | 0.1133           |
| Japanese Yen         | 0.0071           | 0.0077           |
| Pound Sterling       | 1.1292           | 1.1913           |
| Swedish Krona        | 0.0899           | 0.0974           |
| United States Dollar | 0.9373           | 0.8836           |

### Reconciliation of Net Asset Value Attributable To The Holders Of Redeemable Participating Shares To The Published Net Asset Value

|  | 31 December 2022  | 31 December 2021  |
|--|-------------------|-------------------|
|  | EUR               | EUR               |
| Published net asset value  | 31,175,087        | 40,080,859        |
| Adjustment for subscriptions receivable  | 3,055             | 90,354            |
| Adjustment for redemptions payable   | -                 | (36,411)          |
| <b>Net assets attributable to the holders of redeemable participating shares (in accordance with IFRS)</b> | <b>31,178,142</b> | <b>40,134,802</b> |

The above adjustment is required for financial reporting purposes only and has no impact on the subscription and redemption prices at which shareholders deal.



## APPENDIX (UNAUDITED)

### TOTAL EXPENSE RATIO

The Total Expense Ratio (“TER”) is calculated according to the following formula: (total expenses / AF)\* 100;

AF (= average fund assets)

|                     | %                | %                |
|---------------------|------------------|------------------|
|                     | 31 December 2022 | 31 December 2021 |
| Total Expense Ratio | 1.10             | 1.14             |

### THE SECURITIES FINANCING TRANSACTION REGULATION DISCLOSURE

The Securities Financing Transactions Regulation (“SFTR”) introduces mandatory reporting for Securities Financing Transactions (“SFTs”) and sets minimum disclosure and consent requirements on the re-use of collateral with the aim of improving transparency in the SFT market.

A SFT is defined as per Article 3(11) of the SFTR as:

- a repurchase transaction;
- securities or commodities lending and securities or commodities borrowing;
- any transaction having an equivalent economic effect, in particular a buy-sell back transaction or sell-buy back transaction; or
- a margin lending transaction.

As at 31 December 2022, the Fund held no SFTs and therefore SFT reporting requirements do not apply to the Fund.

### UCITS V REMUNERATION DISCLOSURES

KBA Consulting Management Limited (the “Manager”) has designed and implemented a remuneration policy (the “Policy”) in line with the provisions of S.I. 257 of 2013 European Union (Alternative Investment Fund Managers) Regulations 2013 (“AIFM Regulations”), S.I. 352 of 2011 European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (“UCITS Regulations”) and of the ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD (the “ESMA Guidelines”). The Policy is designed to ensure that the remuneration of key decision makers is aligned with the management of short and long-term risks, including the oversight and where appropriate the management of sustainability risks in line with the Sustainable Finance Disclosure Regulations.

The Manager’s remuneration policy applies to its identified staff whose professional activities might have a material impact on the ICAV’s risk profile and so covers senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the ICAV. The Manager’s policy is to pay identified staff a fixed component with the potential for identified staff to receive a variable component. It is intended that the fixed component will represent a sufficiently high proportion of the total remuneration of the individual to allow the Manager to operate a fully flexible policy, with the possibility of not paying any variable component. When the Manager pays a variable component as performance related pay certain criteria, as set out in the Manager’s remuneration policy, must be adhered to. The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the relevant staff rank and professional activity as well as best market practice. The Manager’s remuneration policy is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the funds it manages.

These disclosures are made in respect of the remuneration policies of the Manager. The disclosures are made in accordance with the ESMA guidelines.

Total remuneration (in EUR) paid to the identified staff of the Manager fully or partly involved in the activities of the ICAV that have a material impact on the ICAV's risk profile during the financial year to 31 December 2022:

|                                | <b>31 December 2022</b> |
|--------------------------------|-------------------------|
|                                | <b>EUR</b>              |
| <b>Fixed remuneration</b>      |                         |
| Senior management              | 1,387,113               |
| Other identified staffs        | -                       |
| <b>Variable remuneration</b>   |                         |
| Senior management              | 180,517                 |
| Other identified staffs        | -                       |
| <b>Total remuneration paid</b> | <b>1,567,630</b>        |

Number of identified staff: 15

Neither the Manager nor the ICAV pays any fixed or variable remuneration to identified staff of the Investment Manager.

#### **SUSTAINABLE FINANCE DISCLOSURE REGULATION AND TAXONOMY REGULATION**

The Fund has been categorised as an Article 6 financial product for the purposes of the Sustainable Finance Disclosure Regulation. For the purpose of the Taxonomy Regulation, it should be noted that the investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities.



## **LYNX ASSET MANAGEMENT AB**

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