

Danske Invest Management A/S

Parallelvej 17
2800 Kgs. Lyngby, Denmark

Company reg. (CVR) no. 12 52 25 76

FT no. 17.110

Annual report 2023

The annual report was presented and adopted by the shareholders
at the Company's annual general meeting on

17 April 2024

Chair of the meeting
Andreas Bonnichsen Jedig

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Management's Report

Main activity and events in 2023

Danske Invest Management A/S is a subsidiary of Danske Bank A/S. The Company has a branch in Luxembourg. The Company's main activity is the management of UCITS and AIF investment funds domiciled in Denmark and Luxembourg. The various managed funds consist of sub-funds and legal corporate structures (in the following referred to as "funds"). The Company's primary field of funds are marketed towards retail and institutional investors. The Company's source of income is fees from the managed funds based on a fee structure agreed in advance.

Further information about the legal structure can be found here:

https://www.danskeinvest.dk/w/show_pages.content?p_nld=75&p_vPage=DIDKDK_ABOUT_US

Breakdown of the Company's assets and number of managed funds in the 2022-2023 period:

	Year-end 2023			Year-end 2022		
	Assets under management in DKKbn	# of Fund structures	# of Sub-Funds	Assets under management in DKKbn	# of Fund structures	# of Sub-Funds
Danske Invest DK UCITS	282	4	123	270	4	122
Danske Invest LU UCITS	172	2	86	144	2	73
Danske Invest DK multipurpose AIF funds	121	1	29	82	2	43
Other Danish AIF's including AIF-SIKAV	16	10	15	14	10	12
Other Non Danish AIF's	27	2	10	23	2	9
Total Danske Invest	619	19	263	533	20	259

Performance in 2023

The outlook for 2023 was a profit after tax of DKK 130-135 million. The actual profit after tax was in 2023 DKK 135.3 million, which is in line with the expectations.

After a troublesome 2022 with lower equity prices and higher interest levels, we have seen a 2023 characterized by a strong turn-around with higher equity prices and lower interest levels. The change was driven by a decline in inflation levels and strong financial results among companies. Assets under Management (AuM) in Danske Invest developed from DKK 533 billion end 2022 to DKK 619 billion representing a growth of 16%. UCITS¹ funds, which are sold to both retail and institutional investors were up 10%, whereas the more specialized AIF² funds targeted institutional and private banking clients were up 38% when comparing 2023 with 2022. Measured on average AuM in 2023 compared to 2022 the development was slightly negative on both UCITS and AIF funds (please see the table on next page).

1) UCITS - Undertakings for Collective Investment in Transferable Securities Directive.

2) AIF - Alternative Investment Funds.

Management's Report, continued

Results of operations for 2023

DKK million	Full year 2023	Full year 2022	Change 2023-22	Index 2023-22
Operational and admin fees (net of FoF)	518.2	567.4	-49.2	91
Fees paid for custody, central admin, etc	-278.4	-300.4	22.0	93
Net Institutional and other items	64.4	59.1	5.3	109
Fees and Commissions (net)	304.2	326.1	-21.9	93
Financial items	12.7	-3.4	16.1	n.a.
Net income	316.8	322.7	-5.8	98
Staff and administrative expenses	-130.5	-129.5	-1.1	101
Profit before tax	186.3	193.2	-6.9	96
Tax	-51.0	-44.8	-6.3	114
Profit after tax	135.3	148.5	-13.2	91
<u>Assets under Management (average - net of FoF)</u>				
- UCITS/Retail funds	408,417	424,100	-15,683	96
- AIF funds	139,246	155,401	-16,155	90
= Total	547,663	579,500	-31,838	95
Fees and Commissions (net) - in % of AuM	0.056%	0.056%	0.001%	99

In 2023, the profit after tax amounted to DKK 135.3 million compared to DKK 148.5 million in 2022. The lower net profit of DKK 13.2 million was driven by lower net income of DKK 5.8 million, higher staff and administrative expenses of DKK 1.1 million and a higher tax of DKK 6.3 million partly driven by the increase in Danish corporate tax from 22% in 2022 to 25.2% in 2023.

The lower net income came primarily from a decline in fees and commission (net) of DKK 21.9 mill. It was caused by lower operational and administration fees from the UCITS funds. Lower average AuM of -4% combined with lower margins led to a decline in fees of DKK 49.2 million. However we obtained savings on paid fees for custody and central administration totalling DKK 22.0 million. Finally the net fees from institutional and other items were up DKK 5.3 million driven by higher income on funds within the AIF SIKAV structure, where we over the recent years have launched Private Equity funds targeted Private Banking Clients. Total net income in 2023 was also impacted by financial items, which were up DKK 16.1 million, when comparing 2023 with 2022. Higher returns on Danske Invest's bond portfolio combined with higher interest on deposits in Danske Bank were the main reasons for the higher income.

Staff and administrative expenses were up DKK 1.1 million compared to last year. Expenses charged by Danske Bank for outsourced services were down DKK 7.6 million; however we saw extra costs in Danske Invest related to refurbishment in the Luxembourg office and higher costs related to the Artemis project (the Artemis project deals with a change of service provider from Caceis to JP Morgan on custody and central administration).

Management's Report, continued

Management

The Board of Directors represents the main stakeholders from Danske Bank and from the main Danske Invest funds managed by the Company. Chairman Lars Alstrup left the Board in April and was replaced by Anne Buchardt as representatives from the Danske Bank. The Board of Directors now consists of Anne Buchardt, Lars Eigen Møller, Bo Holse, Jan Stig Rasmussen, Nina Riisgaard Lauritsen and Natascha Bernstorff Knudsen.

The Executive Management consisted of Robert Bruun Mikkelsen, Managing Director, and Morten Rasten, Executive Director, throughout the period.

Further information about the management can be found here:

https://www.danskeinvest.dk/w/show_pages.content?p_nId=75&p_vPage=DIDKDK_MANAGEMENT

Risks and uncertainties

The managed funds' contributions to the Company's earnings are calculated as a percentage of each individual sub fund's market value. The Company's earnings are thus dependent on the managed funds' market value, which are dependent on issues, redemptions, dividends and developments in the financial markets. A DKK 10 billion decline in average AuM would have an adverse effect on earnings of approx. DKK 10 million, when we look one year a head.

Outlook for 2024

For 2024, Danske Invest Management A/S expects an ordinary profit after tax of DKK 150-155 million. However, the financial performance will continue to depend on developments in the financial markets.

Events after the balance sheet date

No events have occurred from the balance sheet date until signing of the annual report.

Remuneration of the Board of Directors and the Executive Management

Remuneration of the Board of Directors and the Executive Management in 2023 was based on a fixed payment structure and can be seen at Danske Invest's web page:

https://www.danskeinvest.dk/docs/remuneration_policy_dima.pdf

The Board of Directors and the Executive Management will in 2024 still be remunerated on a fixed fee basis.

The Company's remuneration policy reflects its goals of having a well-regulated governance process as well as sustained and long-term value creation for the shareholder. The policy further ensures that the Company can attract, develop and retain high-performing and motivated employees in a competitive market, where sustainability are integrated in all aspects of the work we do. Furthermore that there is a coherence between the best interests of the shareholder, the funds managed by the Company and the investors and the employees. The policy also focuses on ensuring sound and effective risk management.

Management's Report, continued

The Chairman's statement about compliance with the Remuneration policy

Board of directors in Danske Invest Management A/S receive fixed remuneration only and are not covered by incentive programmes and do not receive performance-based remuneration. If the member is employed by the Group and appointed as member due to this employment the fee is 0. Members of the executive management receive a fixed fee. The executive management members are not covered in their capacity of executive directors by incentive programmes and do not receive performance-based remuneration.

The remuneration is set at a level that is market aligned and reflects the qualifications and competencies required in view of the company's size and complexity, and the associated responsibilities. Danske Invest Management A/S is required to identify all employees whose professional activities could have a material impact on the risk profile of Danske Invest Management A/S. Material risk takers can receive variable remuneration up to DKK 100,000. The criteria for receiving variable remuneration by any employee is applied in accordance with the Group remuneration policy's requirements. Additionally, managers in control functions are subject to specific conditions laid down in the applicable legislation.

Variable remuneration must be based on an assessment of the performance against pre-determined KPIs and targets. Depending on the field of employment, the Company sets and uses an appropriate balance of financial, non-financial, absolute and relative KPIs, balancing short-term and long-term objectives. KPIs are further applied to ensure a strong risk management and compliance culture, facilitating the company's commitment to integrity. Where relevant, this means that the Company integrates sustainability risks into the existing KPI structures of variable remuneration programmes, so that the variable pay for individuals covered by such programmes, will partly depend on sound risk management and/or compliance to policies covering sustainability risks.

Remuneration in Danske Invest Management A/S is set with reference to the Diversity and Inclusion policy adopted by the board of directors. Danske Invest Management A/S complies with the remuneration policy and remuneration programme and no breaches have been identified.

Management's Report, continued

Diversity and inclusion

The Company has not set any gender balance targets for its board of directors or for its other management levels, as both management levels has an equal gender balance. The Company has, however, adopted a Diversity & Inclusion Policy setting gender balance aspirations on different management levels.

Board of directors – Danske Invest Management A/S

Number of members in the of the board of directors: 6

- Anne Buchardt
- Lars Eigen Møller
- Bo Holse
- Jan Stig Rasmussens
- Natascha Bernstorff Knudsen
- Nina Riisgaard Lauritsen

Gender split in the board of directors in 2023: 50% men and 50% women.

Gender split in the board of directors in 2022: 67% men and 33% women.

Gender split in the board of directors in 2021: 83% men and 17% women.

Gender split in the board of directors in 2020: 71% men and 29% women.

Gender split in the board of directors in 2019: 71% men and 29% women.

Other management levels

The first management level: (executive management):

Number of members of the executive management: 2

- Robert Bruun Mikkelstrup
- Morten Rasten

The second management level:

Number of members of the second management level: 5

- Peter Bernstorn
- Claude Blocry
- Mette Ødegaard
- Berit Hyldal
- Tina Hjorth Hetting

Gender split in other management levels in 2023: 57% men and 43% women.

Gender split in other management levels in 2022: 57% men and 43% women.

Gender split in other management levels in 2021: 57% men and 43% women.

Gender split in other management levels in 2020: 75% men and 25% women.

Gender split in other management levels in 2019: 67% men and 33% women.

Sustainable Finance Disclosure Regulation

The Company is comprised by SFDR as a financial market participant. The product reporting is included in the fund's reports. The fund's policies for compliance with Articles 3 to 5 can be found here:

https://www.danskeinvest.dk/page/ansvarlige_investeringer_indblik

Management's Report, continued

Data ethics

The Company follows the Danske Bank Group's data ethics principles as defined in the governing documents described in the Danske Bank Group's Financial Statements for 2023. The information is available at <https://danskebank.com/investor-relations>. In 2024, the Company will continue to integrate the principles into its governance and operational framework.

Knowledge resources

The Company's activity places considerable demands on business processes and knowledge resources. To continue to be a provider of high-quality services, the Company must be able to attract and retain employees possessing the required knowledge and experience.

Management's Report, continued

Directorships

Board of Directors:

Anne Buchardt, Chairman

Head Of Private Banking, Danske Bank A/S

Board member of:

- Danske Private Equity A/S
- Ress Life Investments A/S

Director of:

- Bølgebrus Holding APS

Lars Eigen Møller, Vice Chairman

Executive Vice President, Asset Management, Danske Bank A/S

Chairman of the board of directors of:

- Danske Private Equity A/S

Board member of:

- Danske Invest PCC
- DBI Private Equity Fund S.A.

Nina Riisgaard Lauritsen

Attorney-at-Law, Partner at Capital Law CPH

Chairman of the board of directors of:

- Pluto markets Invest A/S
- Danske Invest AIF-SIKAV

Bo Holse

Attorney-at-Law (HC), Gorrissen Federspiel Advokatpartnerselskab

Chairman of the board of directors of:

- Investeringsforeningen Danske Invest
- Ejendomsselskabet af 1/1 1995 A/S
- Investeringsforeningen Danske Invest Select
- Investeringsforeningen Danske Invest Index
- Investeringsforeningen Profil Invest
- Kapitalforeningen Danske Invest Institutional
- Callie Invest A/S
- DK Kapital A/S
- Familien Andresens selskab til fremme af medicinsk forskning A/S

Management's Report, continued

Member of the board of directors of:

- DCH International A/S
- Premium Pork International A/S
- Svend Andresens Familiefond

Natascha Bernstorff Knudsen

Head of Regulatory Traction and Oversight, Danske Bank A/S

Jan Stig Rasmussen

Independent Director

Chairman of the board of directors of:

- Merchant Equity Fund-of-Funds K/S
- Merchant Equity Fund-of-Funds Komplementar ApS
- Merchant Equity Infrastructure II A/S
- Merchant Equity Infrastructure III A/S
- Merchant Equity Infrastructure IV A/S
- Merchant Equity Large Cap Europe GP ApS
- Merchant Equity Large Cap Europe IV ApS
- Merchant Equity Large Cap Europe K/S
- Merchant Equity Large Cap Europe V GP ApS
- Merchant Equity Large Cap Europe V K/S
- Merchant Equity Large Cap Europe VI A/S
- Merchant Equity Large Cap VII A/S
- Merchant Equity Large Cap VIII A/S
- Merchant Equity Large Cap IX A/S
- Merchant Equity Large Cap X A/S
- Private Wealth Properties A/S
- Nykredit Alpha SICAV RAIF
- Danske Invest Allocation (SICAV)
- Danske Invest SICAV-SIF
- Danske Invest SICAV

Management's Report, continued

Board member of:

- UBS (Lux) Private Markets (SICAV-RAIF)
- Mediobanca/UBS (Lux) Global Real Estate Co-investment Opportunities SCA SICAV-RAIF
- Global Real Estate Co-Investment Opportunities GP S.à r.l.
- Lyrical Value Funds (Lux) (SICAV)
- InvestIn SICAV RAIF
- J. Safra Sarasin Investmentfonds AG
- Whitecroft Core Bank Risk Sharing Fund S.A., SICAV-FIAR
- J. Safra Sarasin Fund Management (Luxembourg) S.A.
- UBS (Lux) Real Estate Funds Selection (SICAV)
- UBS Global Living Fund SICAV-RAIF
- Private Equity (Lux) Evergreen Secondary Fund (SICAV)
- UBS (Lux) Private Equity Growth V SCSp SICAV-SIF
- Private Equity Growth V GP S.à.r.l.

Deputy chair of the Parish Council of:

- Den Danske Kirke i Luxembourg (asbl)

Executive Management:

Robert Bruun Mikkelstrup

Managing Director

Chairman of the Board of Directors of:

- Investering Danmark

Board member of:

- Danske Invest Asset Management AS (alternate)

Morten Rasten

Executive Director

Chairman of the board of directors of:

- Danske Invest Asset Management AS
- Danske Invest Fund Management Ltd.

Board member of:

- Danske Invest Allocation
- Danske Invest SICAV
- Danske Invest SICAV-SIF

Income statement

1 January to 31 December

DKK'000

Note		2023	2022
2	Net fees and commissions income	304,173	326,077
3, 4	Staff costs and administrative expenses	<u>-130,548</u>	<u>-129,473</u>
	Profit/loss before net financials	173,626	196,604
5	Financial income	25,038	0
6	Financial expenses	-12,322	-2,252
7	Value adjustments	<u>-43</u>	<u>-1,134</u>
	Profit/loss before tax	186,299	193,218
8	Tax	<u>-51,042</u>	<u>-44,766</u>
	Profit/loss for the period	<u>135,257</u>	<u>148,452</u>
	Total Income		
	Profit for the year	<u>135,257</u>	<u>148,452</u>
	Comprehensive income for the period	<u>135,257</u>	<u>148,452</u>
	Proposed appropriation of profit/loss		
	Dividend proposed for the financial year	135,257	148,452
	Total amount appropriated	<u>135,257</u>	<u>148,452</u>

Balance sheet

DKK'000

Note		31.12.2023	31.12.2022
	ASSETS		
	Intangible assets		
9	Goodwill	<u>21,163</u>	<u>21,163</u>
	Total intangible assets	<u>21,163</u>	<u>21,163</u>
10	Leases	<u>14,289</u>	<u>1,014</u>
	Total tangible assets	<u>14,289</u>	<u>1,014</u>
	Non-current assets	<u>35,452</u>	<u>22,177</u>
	Receivables		
	Receivables from sub-funds in administrative sub-funds	439,398	422,266
	Current tax assets	0	179
8	Deferred tax assets	134	138
	Other receivables	<u>9,647</u>	<u>5,294</u>
	Total receivables	<u>449,179</u>	<u>427,877</u>
	Investments		
	Bonds at fair value	201,213	205,034
	Shares, etc.	<u>225</u>	<u>136</u>
	Total investments	<u>201,438</u>	<u>205,170</u>
11	Cash and cash equivalents	<u>270,234</u>	<u>155,164</u>
	Current assets	<u>920,851</u>	<u>788,211</u>
	Total assets	<u><u>956,303</u></u>	<u><u>810,388</u></u>

Balance sheet

DKK'000

Note		31.12.2023	31.12.2022
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	120,000	120,000
	Share premium	70,404	70,404
	Other reserves	5,006	5,364
	Retained earnings	52,680	52,322
	Proposed dividend	135,257	148,452
12	Total equity	<u>383,347</u>	<u>396,542</u>
	Liabilities		
	Current tax liabilities	140	0
	Other payables	572,816	413,846
	Total liabilities	<u>572,956</u>	<u>413,846</u>
	Total equity and liabilities	<u><u>956,303</u></u>	<u><u>810,388</u></u>
1	Accounting policies		
13	Collateral security and contingent liabilities		
14	Related party transactions		
15	Financial and non financial risks		
16	Key figures and financial ratios		

Statement of change in equity

DKK'000	2023	2022
Share capital at 1 January	120,000	120,000
Share capital at 31 December	120,000	120,000
Share premium account at 1 January	70,404	70,404
Share premium account at 31 December	70,404	70,404
Other reserves at 1 January	5,364	6,618
Additions during the year	947	0
Disposals during the year	-1,304	-1,254
Other reserves at 31 December	5,006	5,364
Retained earnings at 1 January	52,322	51,095
Adjustment of Other reserves	358	1,227
Retained earnings at 31 December	52,680	52,322
Proposed dividend at 1 January	148,452	172,089
Dividends distributed	-148,452	-172,089
Retained as per appropriation of profit/loss	135,257	148,452
Proposed dividend at 31 December	135,257	148,452
Total Equity	383,347	396,542
Equity at 1 January	396,542	420,179
Profit for the year	135,257	148,452
Dividends distributed	-148,452	-172,089
Equity at 31 December	383,347	396,542

Notes

1 Accounting policies

The annual report of Danske Invest Management A/S for 2023 is prepared in compliance with the legal requirements including the Danish Financial Business Act with the related Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

The accounting policies applied in the preparation of the annual report are consistent with those of last year.

The annual report is presented in DKK.

Changes in deferred tax as a result of changes in accounting estimates

On 1 January 2023, the accounting estimate regarding deferred tax was changed as a result of the implementation of "Arne skat" and thus a change in the tax rate from 2023 to 2024, which consequence of changes in the Danish corporation tax act, the Danish tax administration act, the Danish tax control act and the Danish tax assessment act. The changes relate to the introduction of "Society contribution from the financial sector and cap on wages" on 9 June 2022.

The change in accounting estimates is due to a change in the timing of the deferred tax asset because the calculation of the asset is changed at different tax rates.

The effect of the change is recognised in the income statement under tax on the profit for the year.

Translation of foreign currency

Assets and liabilities in foreign currencies are translated into Danish kroner on the basis of the rates of exchange published by Danmarks Nationalbank at the balance sheet date. Income and expenses denominated in foreign currency are translated into Danish kroner using the exchange rates prevailing at the time of transaction.

Recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All costs are also recognised, including amortisation, depreciation and impairment losses.

Assets are recognised in the balance sheet when it is probable that future economic benefits will accrue to the Company, and the value of the asset can be measured reliably.

The buying and selling of bonds and shares is recognised at the transaction date.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Principles for transactions between group entities

Transactions between companies in the Danske Bank Group are settled on an arm's length or on a cost reimbursement basis and according to contractual agreement between the undertakings, unless the transactions are insignificant.

Notes

Fees and commissions income

Fees and commissions receivable comprise management fees and administration fees from the UCITS funds managed. Also included are management fees and administration fees in which the Company acts as AIFM.

Fees and commission income are measured at fair value. The income is calculated and recognised on a daily basis when the funds' asset management has been calculated.

The Company's income comprise administration fee from the funds. The administration fee is set to cover the Company's administration cost and to cover the direct fund related administration costs, which the Company pays on behalf of the funds.

The Company takes part into paying rebates to fund-of-funds for the administration fee. The rebate payments are set off against the fee income.

Fees and commissions expenses

Fees and commissions payable comprise payments for portfolio advisory and portfolio management services and distribution, custodial costs, direct fund related administration costs, etc.

To ensure a clearly coherence between the Company's income, direct fund related administration cost and the Company's administrative costs, we present the direct fund related administration cost under "Fees and commission expenses" as the income is dependent of the direct fund related administration cost. The Company's administrative expenses are presented under "Staff costs and administrative expenses".

The direct fund related administration costs comprise administrative services like NAV-calculations, fund accounting, subscription/redemption flow and AGM related costs, BoD costs and audit costs in the funds.

Fees and commission expenses are measured at fair value. Fee expenses are calculated and recognized on a daily basis on the basis of the value of the funds.

Staff costs and administrative expenses

The items includes salaries and other remuneration that the Company expects to pay for work carried out during the year. These include salaries, bonus, pension costs, holiday allowance and financial services employer tax, etc. The item also includes costs incurred during the year for marketing activities, board of directors, office premises, IT and other costs associated with the Company's operations.

Financial income

Financial income consist of interest paid on bank deposits and the interest component of corporation tax.

Financial expenses

Financial expenses consist of interest paid on bank loans and the interest component of corporation tax.

Notes

Value adjustments

Realised and unrealised gains and losses on assets are recognised in the income statement.

Realised capital gains and losses on bonds and shares are calculated as the difference between fair value at the date of sale and fair value at the beginning of the year or, for assets acquired during the financial year, fair value at the date of acquisition. Unrealised capital gains and losses are calculated as the difference between fair value at the balance sheet date and fair value at the beginning of the year or, for assets acquired during the financial year, fair value at the date of acquisition.

Tax

Calculated current and deferred tax on the profit for the year and adjustments of tax charges for previous years are recognised in the income statement.

Deferred tax

Deferred tax on all temporary differences between the tax base of assets and liabilities and their carrying amounts is accounted for in accordance with the balance sheet liability method. Deferred tax is recognised in the balance sheet under "Deferred tax assets" or "Provisions for deferred tax". Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Goodwill

Goodwill relates to the difference between the cost of the branch in Luxembourg and the net asset value of the branch (previously Danske Invest Management Company S.a.). Any added value in the form of goodwill relative to the net asset value of the underlying business is not amortised but assessed at the end of each reporting period and written down in case of impairment. Goodwill is recognised in the balance sheet under intangible assets.

Leases

The Company recognises a right-of-use asset and a lease liability at the commencement date, for all lease agreements, that the Company has entered into except short-term leases of low value and leases with a term of 12 months or less. On initial recognition of a lease, the Company recognises a lease liability at the present value of future lease payments using the Companies rate and right-of-use asset. Subsequently, the lease liability is adjusted for accrued interest and lease payments and corrected to reflect any modifications and remeasurement. The right-of-use asset is initially measured at cost, corresponding to the lease liability with addition of any lease payments made before the commencement date and any direct costs incurred. Subsequently, the asset is measured at cost less accumulated depreciation and any impairment losses and is depreciated on a straight-line basis over the lease term.

Lease liabilities are recognised in other payables.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

The only uncertainty in recognition and measurement relates to the estimation of fees in the last quarter of the year, which is assessed to an immaterial value.

The policy for write-downs of receivables is not included as the Company has no risk on receivables.

Notes

Investments

Purchase and sale of financial instruments are recognized on the trading day and the recognition ceases when the right to receive/surrender cash flows from the financial asset or liability has expired or if transferred, and the institution has in all material respects transferred all risks and returns associated with the property right.

Bonds are measured at fair value. The fair value of listed bonds is determined as the closing price at the balance sheet date, or in the absence of a closing price, at another official price deemed to be most similar thereto. If such price does not reflect an instrument's fair value for reasons of a lack of or insufficient trading in the period prior to the balance sheet date, the fair value is determined using a valuation technique, the purpose of which is to determine a transaction price of a trade made between independent parties on ordinary, commercial considerations at the date of measurement. Bonds drawn are measured at present value, which is defined as par and discounted using an individual assessment.

Unlisted shares are measured at fair value using generally recognised methods.

Foreign currency translation reserve

Assets and liabilities at units outside Denmark are translated into DKK at the applicable exchange rate at the balance sheet date. Income and expenses are translated at the applicable exchange rate at the translation date. Gains and losses are recognized in the foreign currency translation reserve in equity.

Other reserves

Other reserves relates to a tax reserve in respect of the branch in Luxembourg.

Liabilities

Liabilities are measured at amortised cost, which usually corresponds to the nominal value. There are no uncertainty in recognition and measurement, except the estimation of fees in the last quarter of the year, which is assessed to an immaterial value. There are no unusual conditions that have affected recognition and measurement.

Key figures and financial ratios

Financial ratios are prepared in accordance with the requirements of the Executive Order on Financial Reports and in accordance with DDF's (the Danish Finance Society) guidelines.

Notes

2 Fees and commissions (net income)

The note shows the breakdown of business segments into geographic markets.

	Denmark	Luxembourg	Guernsey	Total
2023	TDKK	TDKK	TDKK	TDKK
Fees and commissions income	219,927	74,114	10,132	304,173
Financial expenses	12,038	678	0	12,716
Value adjustments	-43	0	0	-43
Total income	231,922	74,792	10,132	316,846

	Denmark	Luxembourg	Guernsey	Total
2022	TDKK	TDKK	TDKK	TDKK
Fees and commissions income	231,792	83,739	10,546	326,077
Financial expenses	-2,456	204	0	-2,252
Value adjustments	-1,136	2	0	-1,134
Total income	228,200	83,945	10,546	322,691

DKK'000

3 Staff costs and administrative expenses

	2023	2022
Staff costs	59,801	58,778
Administrative expenses	70,747	70,695
Total	130,548	129,473

Staff costs:

Salaries	45,110	44,298
Pension	5,869	5,526
Other expenses for financial services, employer tax, and social security costs	8,822	8,954
Total	59,801	58,778

Variable payments hereof	1,323	751
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The Company employed an average of 53 full-time staff in 2023.

Remuneration of Executive Management and Board of Directors

Executive Management	4,979	4,976
Board of Directors	473	475
Total	5,452	5,451

Executive Management members	2	2
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Board of Directors

Fixed remuneration	473	475
Variable remuneration	0	0
Total amount earned	473	475

Number of board members	6	6
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Individual remuneration of the Executive Management and the Board of Directors can be found on Danske Invest Management A/S' website:
https://www.danskeinvest.dk/docs/remuneration_policy_dima.pdf

Notes

Remuneration of other material risk takers

In 2023, Danske Invest Management A/S paid remuneration totalling TDKK 4,604 for 9 material risk takers other than the Executive Management (2022: TDKK 4,264 for 8 material risk takers). The remuneration consists of a fixed remuneration of TDKK 4,443 and a variable remuneration of TDKK 161 (2022: TDKK 4,106 and TDKK 158).

The information about material risk takers in last year's financial statement contained persons, that were not identified as material risk takers by the Board of Directors. The information has been updated this year, so it comply with the Board of Directors overview of material risk takers. The comparative figures for 2022 has been updated accordingly. The updated information about the material risk takers is a regulatory requirement and does not affect the disclosure of other information in the annual report.

DKK'000	2023	2022
4 Audit fee		
Fees for statutory audit	188	183
Other services	5	5
Total fees	193	188
5 Financial income		
Other interest income	25,038	0
Total	25,038	0
6 Financial expenses		
Other interest expenses	-12,322	-2,252
Total	-12,322	-2,252
7 Value adjustments		
Value adjustment of bonds	156	-1,124
Value adjustments of shares	-199	-10
Total	-43	-1,134
8 Tax		
Tax charged on the profit for the year	38,740	32,829
Adjustment of deferred tax	3	-3
Prior-year tax adjustments	2,234	-873
Tax related to branch in Luxembourg	10,065	12,813
Total	51,042	44,766
Reconciliation of tax expense for the year:		
25.2% of profit/loss before tax for the year	37,996	31,372
25.2% of permanent deviations and interest premium	747	1,454
Tax related to branch in Luxembourg	10,065	12,813
Prior-year tax adjustments	2,234	-873
Tax expense for the year	51,042	44,766
Deferred tax asset at year-end relates to:		
Property, plant and equipment	23	31
Prepayments and costs payable, etc.	112	107
Total	134	138

Notes

DKK'000	2023	2022
9 Goodwill		
Goodwill at 1 January	21,163	21,163
Goodwill at 31 December	21,163	21,163
10 Leases		
Cost at 1 January	8,617	8,617
Additions during the year	75,341	0
Disposals during the year	-68,350	0
Cost at 31 December	15,608	8,617
Depreciation at 1 January	-7,603	-5,171
Disposals during the year	11,689	0
Depreciation during the year	-5,405	-2,432
Depreciation at 31 December	-1,319	-7,603
Leases at 31 December	14,289	1,014
11 Cash		
Demand deposits with credit institution	268,723	153,654
Maturity above 5 years	1,510	1,510
Total	270,234	155,164
12 Equity		
Equity	383,347	396,542
Deferred tax assets	134	138
Proposed dividend	-135,257	-148,452
Tier 1 capital	248,224	248,228
Capital base (less goodwill)	227,061	227,065

The Company is a wholly owned subsidiary of Danske Bank A/S, Copenhagen. The Company's share capital, which is not divided into share classes, is divided into 1,200,000 shares of DKK 100 each.

Within the past five years, the share capital was raised by TDKK 2,000 in 2019.

Notes

13 Collateral security and contingent liabilities

The Company is jointly taxed with all entities in the Danske Bank Group and are jointly and severally liable for their Danish income tax, withholding tax, etc. The Company is registered jointly with all major Danish subsidiaries of the Danske Bank Group for financial services employer tax and VAT, for which it is jointly and severally liable.

The Company has rent commitments towards its parent company totalling TDKK 1,050, against TDKK 911 last year.

The Company's Branch in Luxembourg has a commitment of 6 months rent representing TDKK 3,100. In addition TDKK 1,500 has been placed on a bank account as guarantee for future rent commitments.

The Company has an unused bank guarantee amounting to TDKK 5,000 to cover obligations in connection with liquidation of funds.

14 Related party transactions

Related party transactions are settled on an arm's-length basis or on a cost-reimbursement basis and according to contractual agreement between the undertakings, unless the transactions are insignificant.

Payment for the administrative platform provided by Danske Bank A/S. The platform and the services provided comprise daily calculations of the net asset value on Danske Invest funds, preparation of financial statements for the individual Danske Invest funds, reporting, monitoring of investment restrictions and the like.

The Company has had the following transactions with Danske Bank Group:

DKK'000	2023	2022
Internal costs from Group functions	121,568	133,957
Part of net fees	2,237,495	2,248,182
Interest on bank deposits and bonds	12,716	-2,408

Notes

15 Financial and non financial risks

The Company's financial risks consist of indirect portfolio market risk, market risk, liquidity risk and capital risk. The most material financial risk is indirect portfolio market risk linked to AuM, fees and hence earnings. All managed funds' contributions to the Company's earnings are calculated as a percentage of each individual fund's assets. The Company's earnings are thus dependent on the managed funds' assets, which are dependent on issues, redemptions, dividends and developments in the investments made by the funds in the financial markets.

The Company is furthermore exposed to non- financial risks, both related to own activities and activities performed on behalf of the funds under management.

The Company has implemented a comprehensive risk management framework for management and control of both own risks, and risk related to the funds under management.

ESG-, Sustainability- and Sustainable Finance Compliance Risks

Sustainability factors might impact different risks in both the Company and the funds, including financial and non-financial risks. The Company has been working the last years on integration of the ESG-, Sustainability- and Sustainable Finance Compliance Risk (compliance risks relating to sustainability-related regulations, including the Sustainable Finance Disclosure Regulation, Taxonomy regulation, regulation related to Sustainability risk, general marketing and communication of sustainability related matters, etc.) in the risk management framework.

The Board of Directors regularly discusses the Company's solvency requirement and risks, most recently at the board meeting held on 8. December 2023.

16 Key figures and financial ratios

TDKK	2023	2022	2021	2020	2019
Fees and commissions (net) 1)	304,173	326,077	323,099	248,155	336,613
Staff costs and administrative expenses	130,548	129,473	113,860	118,524	190,014
Profit before net financials	173,625	196,604	209,239	129,631	146,599
Profit for the year after tax	135,257	148,452	172,089	94,859	107,058
Equity capital	383,347	396,542	420,193	448,106	459,886
Total assets	956,303	813,302	894,845	844,359	841,750

Key figures:

Total capital ratio	140,9	153,3	157,5	113,4	237,1
Return on equity before tax	47,8	47,3	28,4	30,4	37,2
Return on equity after tax	34,7	36,4	39,6	20,9	28,9
Average number of full time employees	53	52	52	48	25
Number of funds under management	19	20	20	18	18
Number of sub-funds under management	263	259	248	243	258
Assets under Management in DKK Bn.	619	533	733	627	616

1: Fees and commissions (net) and staff costs and administrative expenses have for the years 2021 and 2020 been adjusted for the change in accounting principles mentioned in the 2021 annual report. 2019 has not been adjusted accordingly.

Statement by the Management

The Board of Directors and the Executive Board (The management) have discussed and approved the annual report of Danske Invest Management A/S for the financial year 2023.

The annual report is prepared in compliance with the legal requirements, including the Danish Financial Business Act with the related Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

In our opinion, the financial statement gives a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for financial year 2023. Moreover, in our opinion, the Management's report includes a fair review of developments in the Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Company.

We recommend that the annual report be approved at the annual general meeting.

Kgs. Lyngby, 22. February 2024

Executive Management

Robert Bruun Mikkelsen
Managing Director

Morten Rasten
Executive Director

Board of Directors

Anne Buchardt
Chairman

Lars Eigen Møller
Vice Chairman

Bo Holse

Jan Stig Rasmussen

Nina Riisgaard Lauritsen

Natascha Bernstorff Knudsen

Independent auditor's report

To the shareholder of Danske Invest Management A/S

Opinion

We have audited the financial statements of Danske Invest Management A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023-31.12.2023 in accordance with the Danish Financial Business Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report, continued

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report, continued

Statement on the Management's report

Management is responsible for the Management's report.

Our opinion on the financial statements does not cover the Management's report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's report and, in doing so, consider whether the Management's report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's report provides the information required under the Danish Financial Business Act.

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

Copenhagen, 22. February 2024.

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No (CVR) 33963556

Jakob Lindberg
State-Authorised Public Accountant
MNE-no. 40824

Lica Lyngsø Nielsen
State-Authorised Public Accountant
MNE-no.: 47801

Supplementary information

Contacts at Danske Invest Management A/S

Robert Bruun Mikkelstrup, Managing Director
Morten Rasten, Executive Director

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Company reg. (CVR) no. 12 52 25 76

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Robert Bruun Mikkelsen

Adm. direktør

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Lica Lyngsø Nielsen

Revisor

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Lars Eigen Møller

Bestyrelsesmedlem

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<p>Morten Rasten Internal Audit Director Serienummer: b05d4093-cbe1-4b77-bbd6-3be95e840c90 IP: 165.225.xxx.xxx 2024-02-25 15:58:36 UTC</p> <p>Mit </p>	<p>Andreas Bonnichsen Jedig Dirigent Serienummer: 0827d456-1179-4503-a6fd-b4fdec61ceaa IP: 165.225.xxx.xxx 2024-02-26 08:14:32 UTC</p> <p>Mit </p>
<p>Nina Riisgaard Lauritsen Bestyrelsesmedlem Serienummer: 130db54c-5134-4219-84c9-1ae9f4907042 IP: 2.109.xxx.xxx 2024-02-27 12:00:56 UTC</p> <p>Mit </p>	

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