

# Annual report including audited financial statements as at 31st December 2022

## **IKC FUND**

Investment Fund (F.C.P.), Luxembourg

R.C.S. Luxembourg K20



#### Notice

The sole legally binding basis for the purchase of units of the Fund described in this report is the latest valid sales prospectus with its terms of contract.

**IKC FUND**

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# **IKC FUND**

## **Organisation**

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### **Management Company**

FundRock Management Company S.A.  
H2O building  
33, rue de Gasperich  
L-5826 Hesperange

### **Board of Directors of the Management Company**

#### **Chairman**

Michel Marcel VAREIKA  
Independent Non-Executive Director, Luxembourg

#### **Members**

Romain DENIS  
Executive Director - Managing Director  
FundRock Management Company S.A., Luxembourg

Thibault GREGOIRE  
Executive Director - Chief Financial Officer  
FundRock Management Company S.A., Luxembourg

Carmel MCGOVERN  
Independent Non-Executive Director  
(since 30th June 2022)

Xavier PARAIN  
Executive Director - Head of FundRock  
FundRock Management Company S.A., Luxembourg  
(until 10th February 2023)

### **Depositary**

Skandinaviska Enskilda Banken AB (publ) - Luxembourg  
Branch  
4, rue Peternelchen  
L-2370 Howald

### **Administration Agent, Registrar and Transfer Agent**

European Fund Administration S.A.  
2, rue d'Alsace  
L-1122 Luxembourg

### **Investment Manager, Placement and Distribution Agent**

IKC Capital AB  
Kungsgatan 6  
SE-211 49 Malmö

### **Auditor**

PricewaterhouseCoopers, Société coopérative  
2, rue Gerhard Mercator  
L-2182 Luxembourg

### **Paying Agents**

#### **In Sweden**

Skandinaviska Enskilda Banken AB (publ)  
Kungsträdgårdsgatan 8,  
SE-106 40 Stockholm

## **IKC FUND**

### **Organisation (continued)**

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#### **In Luxembourg**

Skandinaviska Enskilda Banken AB (publ) - Luxembourg

Branch

4, rue Peterelchen

L-2370 Howald

## **IKC FUND**

### **Report on activities of the Investment Manager**

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#### **IKC Fund Lux 0-100**

##### **Market review**

The stock markets fell at the beginning of the year when the American central bank, the FED, indicated a tighter monetary policy than the market expected. Especially interest rate-sensitive sectors, i.e., the technology sector, fell as investors worried about rising interest rates and inflation when geopolitical concerns about Russia and Ukraine contributed to the oil price rising sharply. At the end of January, the FED left policy rates unchanged but announced upcoming policy rate hikes, causing US long-term yields and the dollar to rise while stock markets fell further. Incoming data showed the highest inflation in the US economy in several decades, contributing to stock markets falling sharply in mid-February. Shortly after, Russia's war of aggression against Ukraine began, contributing to the stock markets falling further while the price of oil once again rose sharply. After an uneven development at the beginning of March, the stock markets fell in connection with extended American sanctions on, among other things, Russian energy imports. In mid-March, stock markets fell, particularly the Hong Kong stock market, after signals of rising virus numbers and new lockdowns in China. However, the stock markets rose when the FED raised the policy rate as planned. As the oil price fell, investors' risk appetite increased, contributing to the rise in stock markets at the end of March.

Concerns about the spread of infection and lockdowns in China, mixed with uncertainty about sanctions against Russia and further tightening measures by the FED, contributed to stock markets falling during the first half of April. Overall good company reports for the first quarter were met with caution on the stock markets because of rising interest rates and weaker growth prospects. At the beginning of May, stock markets fell after the FED raised the policy rate. Once again, the technology sector was negatively affected when concerns about rising long-term interest rates again reduced risk appetite among investors. The decline in the stock markets escalated when retail companies Walmart and Target reported increased costs and worse margins than expected. At the end of May, the stock markets rose, driven by positive data on US private consumption and signs of easing the covid restrictions in China. However, renewed concerns about inflation, rising interest rates, and declining growth prospects contributed to stock markets falling during most of June. At the end of the year's first half, the stock markets recovered somewhat after the FED raised the policy rate as planned.

Falling long-term interest rates and better-than-expected company reports for the second quarter contributed to the stock markets rising in July, while the FED raised the policy rate as planned. The rise in the stock markets strengthened at the beginning of August as inflation data for the US economy came in weaker than expected. In mid-August, stock markets fell, and the dollar strengthened as risk appetite decreased on concerns about new FED tightening measures. At the end of August, stock markets fell further when incoming statistics for both the US and European manufacturing industries showed weaker-than-expected numbers. In early September, equity markets recovered, but stronger-than-expected inflation coupled with new policy rate hikes from the FED and ECB contributed to equity markets falling in mid-September. The decline in the stock markets escalated at the end of September in connection with weaker growth prospects and negative company news, e.g., a profit warning from FedEx.

In early October, stronger-than-expected US labor market data sent equity markets lower as risk appetite declined on renewed concerns about further FED tightening measures. Shortly afterward, the stock markets rose as several large-cap companies, i.e., Bank of America and Apple, delivered better-than-expected reports for the third quarter. The stock markets fell at the beginning of November in connection with the FED raising the policy rate and announcing a higher policy rate path than the market expected. In mid-November, sentiment reversed as stock markets rallied after US inflation statistics were lower than expected. The technology sector led the rise in stock markets while long-term yields fell. After an uneven development at the beginning of December, the stock markets fell in connection with the FED and the ECB raising the policy rate and announcing further policy rate increases in the near term.

During 2022, the world index MSCI ACWI measured in SEK fell -5.9 percent, while the Swedish stock market index SIXPRX fell -23.3 percent.

## **IKC FUND**

### **Report on activities of the Investment Manager (continued)**

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#### **Performance review**

IKC Fund Lux 0-100 decreased in value during 2022 by -9,94 percent after deductions for management costs and other expenses.

Both the equity and the fixed income part of the portfolio contributed negatively to the fund's performance during the year, as rising interest rates created a harsh environment for both asset classes. The fund had high exposure to the US stock market throughout the year. During the year's first half, a relatively high equity exposure negatively affected the fund's performance as stock markets fell. At the end of February, in connection with Russia's war of aggression against Ukraine, the fund's equity exposure was weighted down, and holdings in interest-rate and cyclically sensitive sectors, e.g., technology and consumer discretionary, were reduced, while defensive sectors, e.g., consumer staples and healthcare, were increased. Primarily, holdings in agricultural companies increased during the period. In the spring, the equity exposure was weighted down further in connection with the FED announcing a policy rate increase to reduce inflation.

During the year's second half, a relatively high equity exposure contributed positively to the fund's performance as sectors with inflation-protecting properties, e.g., commodities and healthcare, rose. However, during the autumn, in connection with the FED announcing further policy rate increases, the fund's equity exposure was weighted down. Primarily, holdings in, e.g., consumer staples and commodities, were reduced while holdings in healthcare increased. Consequently, the fund's relatively low equity exposure was unchanged until the end of the year. For the full year, holdings in healthcare and consumer staples contributed positively to the fund's performance, while consumer discretionary, finance, and communication services contributed negatively during the year.

#### **Market outlook**

The outlook for financial markets in 2023 looks challenging as central banks worldwide are likely to continue raising policy rates during the year's first half. We expect global growth to slow down below the long-term trend as demand for goods and services decreases when higher interest rates and inflation diminishes the purchasing power of the consumers. We expect the US economy to have a soft landing and will most likely avoid a recession during the year. US inflation is on a path down but appears more resilient than expected, primarily in the service sector. Thus, higher for longer policy rates is the FED base case scenario. In Europe, we expect growth to be flattish during the year. We also expect falling energy prices to ease inflation pressure, but the ECB will likely continue raising policy rates during the year's first half. The outlook for the European economy has improved but is still negatively affected by the Russian war of aggression against Ukraine. In China, the end of the Covid restrictions has improved the outlook for growth during the year. We expect corporate earnings to fall during the year's second half. However, the FED policy rate should be closer to the terminal policy rate, thus creating a less unfavorable environment for the stock markets during the year's second half. We expect shorter-duration stocks to outperform longer-duration stocks in an environment with rising interest rates. We also expect companies with strong balance sheets, solid cash flows, and pricing power to outperform lower-quality companies in the stock markets during the year. Consequently, we are cautiously optimistic about positive stock market returns for the year but expect market volatility to increase. Furthermore, the fixed-income investment thesis has improved as yields have risen meaningfully, constituting a reasonable alternative to stocks during the year.

Luxembourg, 14th April 2023

The Investment Manager

Note: The information in this report represents historical data and is not an indication of future results.



## **Audit report**

To the Unitholders of  
**IKC Fund**

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### **Our opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of IKC Fund (the “Fund”) as at 31 December 2022, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

#### *What we have audited*

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2022;
- the statement of operations and other changes in net assets for the year then ended;
- the statement of investments and other net assets as at 31 December 2022; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

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

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

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### **Other information**

The Board of Directors of the Management Company is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information 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 other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**Responsibilities of the Board of Directors of the Management Company for the financial statements**

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Management Company 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, the Board of Directors of the Management Company is responsible for assessing the 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 the Board of Directors of the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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**Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements**

The objectives of our audit 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 audit 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment 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 Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Management Company;



- conclude on the appropriateness of the Board of Directors of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit 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 audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 27 April 2023

Antoine Geoffroy

## **IKC FUND - Lux 0 - 100**

### **Statement of net assets (in SEK)** as at 31st December 2022

#### **Assets**

Securities portfolio at market value	884,913,709.85
Cash at banks	153,930,508.65
Receivable on issues of units	406,966.73
Income receivable on portfolio	465,822.37
Other income receivable	44,611.75
Other receivables	16,081.21
Total assets	<u>1,039,777,700.56</u>

#### **Liabilities**

Payable on redemptions of units	287,347.62
Expenses payable	2,202,046.11
Total liabilities	<u>2,489,393.73</u>
Net assets at the end of the year	<u><u>1,037,288,306.83</u></u>

#### **Breakdown of net assets per unit class**

<b>Unit class</b>	<b>Number of units</b>	<b>Currency of unit class</b>	<b>NAV per unit in currency of unit class</b>	<b>Net assets per unit class (in SEK)</b>
IC SEK	5,657,611.973	SEK	183.34	<u>1,037,288,306.83</u> <u>1,037,288,306.83</u>

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

## IKC FUND - Lux 0 - 100

### Statement of operations and other changes in net assets (in SEK) from 1st January 2022 to 31st December 2022

<b><u>Income</u></b>	
Dividends, net	7,446,049.98
Bank interest	621,341.98
Other commissions received	677,262.28
Other income	594,434.75
Total income	9,339,088.99
<b><u>Expenses</u></b>	
Management fees	22,373,682.31
Depositary fees	292,734.57
Transaction fees	1,476,046.85
Central administration costs	781,521.79
Professional fees	282,116.62
Other administration costs	445,442.21
Subscription duty ("taxe d'abonnement")	106,760.64
Bank interest paid	363,399.22
Other expenses	18,928.01
Total expenses	26,140,632.22
Net investment loss	-16,801,543.23
<b><u>Net realised gain/(loss)</u></b>	
- on securities portfolio	125,475,720.39
- on foreign exchange	6,066,122.59
Realised result	114,740,299.75
<b><u>Net variation of the unrealised gain/(loss)</u></b>	
- on securities portfolio	-240,687,448.90
Result of operations	-125,947,149.15
Subscriptions	17,240,905.73
Redemptions	-131,320,605.78
Total changes in net assets	-240,026,849.20
Total net assets at the beginning of the year	1,277,315,156.03
Total net assets at the end of the year	1,037,288,306.83

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

## **IKC FUND - Lux 0 - 100**

**Statistical information (in SEK)**  
as at 31st December 2022

<b>Total net assets</b>	<b>Currency</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2022</b>
	SEK	1,148,082,013.49	1,277,315,156.03	1,037,288,306.83

<b>Net asset value per unit class</b>	<b>Currency</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2022</b>
IC SEK	SEK	167.98	203.59	183.34

<b>Number of units</b>	<b>outstanding at the beginning of the year</b>	<b>issued</b>	<b>redeemed</b>	<b>outstanding at the end of the year</b>
IC SEK	6,273,900.281	92,742.445	-709,030.753	5,657,611.973

## IKC FUND - Lux 0 - 100

### Statement of investments and other net assets (in SEK) as at 31st December 2022

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets *
<b><u>Investments in securities</u></b>					
<b><u>Transferable securities admitted to an official stock exchange listing</u></b>					
<b>Shares</b>					
DKK	29,000	Novo Nordisk AS B	32,653,644.58	40,692,983.07	3.92
USD	17,000	AbbVie Inc	27,461,575.28	28,631,304.29	2.76
USD	20,100	AmerisourceBergen Corp	28,787,377.42	34,711,130.29	3.35
USD	9,700	Amgen Inc	25,757,923.29	26,549,514.58	2.56
USD	26,000	Bristol Myers Squibb Co	19,677,858.68	19,495,219.41	1.88
USD	11,500	Cigna Corp Reg	37,475,522.46	39,709,616.18	3.83
USD	33,000	Coca-Cola Co	21,621,733.71	21,875,768.38	2.11
USD	8,500	Dollar General Corp	20,545,281.79	21,813,188.18	2.10
USD	6,400	Elevar Health Inc	38,046,523.36	34,213,375.36	3.30
USD	8,300	Eli Lilly & Co	28,375,245.51	31,644,137.42	3.05
USD	6,200	Humana Inc	37,760,684.04	33,093,809.73	3.19
USD	15,500	Johnson & Johnson	29,527,839.76	28,534,437.85	2.75
USD	49,000	Kroger Co Reg	21,552,587.88	22,764,605.32	2.19
USD	8,200	McKesson Corp	21,894,576.33	32,055,905.80	3.09
USD	30,000	Merck & Co Inc	28,620,946.21	34,687,463.41	3.34
USD	9,700	Molina Healthcare Inc	38,054,684.20	33,380,980.45	3.22
USD	15,800	Pepsico Inc	29,689,860.02	29,746,993.18	2.87
USD	18,000	Progressive Corp	25,720,567.98	24,331,559.51	2.35
USD	13,300	T-Mobile US Inc	14,907,816.60	19,404,553.66	1.87
USD	6,300	United Health Group Inc	37,992,035.07	34,808,705.39	3.36
USD	8,000	Vertex Pharmaceuticals Inc	27,735,424.51	24,075,819.58	2.32
USD	17,500	Walmart Inc Reg	20,721,071.96	25,858,756.24	2.49
			<u>581,927,136.06</u>	<u>601,386,844.21</u>	<u>57.98</u>
<b>Total shares</b>			614,580,780.64	642,079,827.28	61.90
<b><u>Open-ended investment funds</u></b>					
<b>Investment funds (UCITS)</b>					
SEK	867,861.8052	IKC Avkastningsfond B Cap	104,299,631.76	111,650,421.24	10.76
SEK	118,555.0609	IKC Fastighetsfond Units B Cap	18,488,406.90	26,045,361.33	2.51
SEK	100,000	IKC GI Infrastructure B Cap	11,145,967.02	17,692,000.00	1.71
SEK	210,000	IKC Sverige Flexibel Units Dist	38,813,634.25	87,446,100.00	8.43
			<u>172,747,639.93</u>	<u>242,833,882.57</u>	<u>23.41</u>
<b>Total investment funds (UCITS)</b>			787,328,420.57	884,913,709.85	85.31
Total investments in securities					
Cash at banks				153,930,508.65	14.84
Other net assets/(liabilities)				-1,555,911.67	-0.15
<b>Total</b>				<u>1,037,288,306.83</u>	<u>100.00</u>

\* Minor differences may arise due to rounding in the calculation of percentages.

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

## **IKC FUND - Lux 0 - 100**

### **Industrial and geographical classification of investments** as at 31st December 2022

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#### **Industrial classification**

(in percentage of net assets)

Healthcare	45.92 %
Investment funds	23.41 %
Non-cyclical consumer goods	9.66 %
Financials	2.35 %
Cyclical consumer goods	2.10 %
Telecommunications services	1.87 %
Total	<u>85.31 %</u>

#### **Geographical classification**

(by domicile of the issuer)  
(in percentage of net assets)

United States of America	57.98 %
Sweden	23.41 %
Denmark	3.92 %
Total	<u>85.31 %</u>

## IKC FUND

### Notes to the financial statements

as at 31st December 2022

#### **Note 1 - General Information**

IKC FUND (the "Fund") is an umbrella contractual common investment fund (*Fonds Commun de Placement*) governed by Part I of the amended Luxembourg law of 17th December 2010 relating to Undertakings for Collective Investment. The Fund is set up in accordance with management regulations signed in Luxembourg with effect as of 12th June 2012 (the "Management Regulations").

The Fund is registered with the Luxembourg Register of Commerce ("RCS") under the number K20. The Management Regulations have been deposited with the RCS. A notice of the deposit of the Management Regulations was published on 12th June 2012 in the *Mémorial, Recueil des Sociétés et Associations* (the *Mémorial C*). Publications made after 1st June 2016 are available on the new platform called *Recueil électronique des sociétés et associations* ("RESA") accessible through the website of the RCS.

The Net Asset Value of each Class of Units is calculated for as of each day on which banks are normally open for business in Luxembourg, except for 24th December in each year.

The accounts and the financial statements of the Fund are expressed in SEK and correspond to the financial statements of the sole Sub-Fund open.

The Fund's reporting period begins on 1st January and ends on 31st December of each year.

Copies of the Management Agreements, of the current prospectus, of the current KIID, of the latest reports of the Fund and all information concerning the Fund can be obtained free of charge at the office of the Management Company and the Placement and Distribution Agent.

#### **Note 2 - Significant accounting policies**

##### a) Presentation of the financial statements

The financial statements of the Fund are established in accordance with the Luxembourg legal and regulatory requirements concerning Undertakings for Collective Investment and with generally accepted accounting principles in Luxembourg.

The financial statements of the Fund have been prepared on a going concern basis.

The financial statements are presented on the basis of the Net Asset Value of the Sub-Funds calculated on 31st December 2022. In accordance with the prospectus, the last official trading Net Asset Values of the corresponding Sub-Funds have been calculated on 30th December 2022 as the Net Asset Values are not calculated on 31st December 2022. Nevertheless, an additional Net Asset Value has been calculated for the 31st December 20 for reporting purposes which is disclosed in these financial statements.

##### b) Valuation

- 1) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Management Company may consider appropriate in such case to reflect the true value thereof.
- 2) Securities listed on Regulated Markets, which operate regularly and are recognised and open to the public, are valued at the last available price; in the event that there should be several such markets, on the basis of the last available price of the main market for the relevant security. Should the last available price for a given security not truly reflect its fair market value, then that security shall be valued on the basis of the probable sales price which the Management Company deems it is prudent to assume.
- 3) Securities not listed on Regulated Markets, which operate regularly and are recognised and open to the



## IKC FUND

### Notes to the financial statements (continued)

as at 31st December 2022

public, are valued on the basis of their last available price. Should the last available price for a given security not truly reflect its fair market value, then that security will be valued by the Directors on the basis of the probable sales price which the Management Company deems it is prudent to assume.

- 4) Shares or units in underlying open-ended investment funds are valued at their last available price.
- 5) Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis. Securities valued at amortized cost are disclosed at cost value in the statement of investments, amortized interests are recorded as income receivable on portfolio in the statement of net assets. All other assets, where practice allows, may be valued in the same manner. Short-term investments that have a remaining maturity of one year or less may be valued at market value, or where market value is not available or not representative, at amortised cost.

c) Net realised gain/(loss) on securities portfolio

The net realised gain/(loss) on securities portfolio is determined on the basis of the average cost of securities and is disclosed in the statement of operations and other changes in net assets.

d) Cost of securities

The acquisition cost of a security denominated in a currency other than that of the Sub-Fund is converted to the Sub-Fund's currency at the exchange rate prevailing on the date of purchase.

e) Exchange translation

Bank balances, other assets and liabilities and the value of securities held that are denominated in other currencies than the Sub-Fund's currency are converted at the prevailing exchange rate of the closing day. Income and expenses incurred in currencies other than the Sub-Fund's currency are converted at the prevailing exchange rate of the day of each transaction. Exchange gains or losses are disclosed in the statement of operations and other changes in net assets.

At the date of the financial statements, the prevailing exchange rates on the closing day were as follows:

1	SEK	=	0.0887505	CHF	Swiss Franc
			0.6684691	DKK	Danish Krona
			0.0898935	EUR	Euro
			0.7489289	HKD	Hong Kong Dollar
			0.0959569	USD	US Dollar

f) Investment income

Dividend income is recognised on an ex-dividend basis and is recorded net of withholding taxes.

g) Transaction fees

Transaction costs disclosed under the caption "Transaction fees" in the expenses of the statement of operations and other changes in net assets are mainly composed of broker fees incurred by the Fund relating to purchases or sales of securities, of fees relating to transactions paid to the Depository and of transaction fees on financial and derivatives instruments.

### Note 3 -Management fee

a) Management company fees:

The Management Company receives a management fee not exceeding 0.10% per annum of the net assets of the Sub-Fund, accrued daily and payable monthly in arrears with a minimum annual management fee per Sub-Fund of EUR 25,000.

## **IKC FUND**

### **Notes to the financial statements (continued)**

as at 31st December 2022

b) Investment management fees:

The Investment Manager receives the following Investment Management Fee per annum of the net assets of the Sub-Fund, accrued daily and payable monthly in arrears.

The effective annual rates for the unit class currently offered are as follows:

<b>Sub-Fund</b>	<b>IC SEK Unit Class</b>
- IKC FUND - Lux 0 - 100	1.95%

#### **Note 4 -Subscription duty (taxe d'abonnement)**

The Fund is governed by Luxembourg law.

Pursuant to the legislation and regulations which are prevailing, the Fund is subject to an annual *taxe d'abonnement* of 0.05% which is payable quarterly and calculated on the basis of the net assets of each Sub-Fund on the last day of each quarter.

The rate of this tax is reduced to 0.01% of the value of the net assets for Sub-Funds or Classes of units reserved for institutional investors.

According to Article 175 (a) of the amended Law of 17th December 2010 the net assets invested in Undertakings for Collective Investments already subject to the *taxe d'abonnement* are exempt from this tax.

#### **Note 5 -Trailer fees**

Management fee retrocessions received by the Fund in relation to its investments in certain target funds are disclosed as "Other commissions received" in the statement of operations and other changes in net assets.

#### **Note 6 -Central administration costs**

Central Administration fees are disclosed in the item "Central administration costs" in the statement of operations and other changes in net assets. For its services to the Company, the Management Company is entitled to receive an administration fee payable monthly in arrears based on the Sub-Fund's net assets calculated daily during the relevant month.

#### **Note 7 - Depositary Fees**

The Depositary fees are disclosed in the item "Depositary fees" in the statement of operations and other changes in net assets. This item includes also the Supervisor fees. The depositary bank receives a fee at the end of each month, which is chargeable against the NAV of the Sub-Fund.

#### **Note 8 -Capped expenses**

The Investment Manager of the Fund, IKC Capital AB, has committed with effect from the launch date of the Sub-Fund and until further notice to the Fund and the Management Company, to cap the following fees at a level of 0.25% p.a. of the net assets of the Sub-Fund. Any residual due above this level will be paid by the Investment Manager directly to the Fund.

## **IKC FUND**

### **Notes to the financial statements (continued)**

as at 31st December 2022

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Fees in scope ("the Fees"):

- Central administration fees (including the administration fee, and the fee in respect of the register and transfer agent functions);
- Other Administration fees (including the fee for risk management and out of pocket expenses);
- Depositary fees;
- Taxe d'abonnement;
- Audit fees;
- CSSF fees.

Expenses supported by the Investment Manager of the Fund are disclosed in "Other income" in the statement of operations and other changes in net assets.

#### **Note 9 -Changes in the investment portfolio**

The statement of changes in the investment portfolio for the period covered by the report is available free of charge upon request from the registered office of the Management Company of the Fund.

#### **Note 10 -Swing pricing**

Under certain circumstances investment and / or disinvestment costs may have an adverse effect on the unitholders interests in a Sub-Fund.

In order to prevent this effect, called "dilution", the Directors have the authority to allow for the Net Asset Value per unit to be adjusted by effective dealing and other costs and fiscal charges which would be payable on the effective acquisition or disposal of assets in the relevant Sub-Fund if the net capital activity exceeds, as a consequence of the sum of all subscriptions, redemptions or conversions in such a Sub-Fund, such threshold percentage (the "Threshold") as may be determined from time to time by the Directors, of the Sub-Fund's total net assets on a given Valuation Day.

If the net capital activity for a given Valuation Day leads to a net inflow of assets in excess of the Threshold in the relevant Sub-Fund, the Net Asset Value used to process all subscriptions, redemptions or conversions in such a Sub-Fund is adjusted upwards by the swing factor that shall be determined from time to time by the Directors but will not exceed 2% of the relevant Net Asset Value.

If the net capital activity for a given Valuation Day leads to a net outflow of assets in excess of the Threshold in the relevant Sub-Fund, the Net Asset Value used to process all subscriptions, redemptions or conversions in such a Sub-Fund is adjusted downwards by the swing factor that shall be determined from time to time by the Directors but will not exceed 2% of the relevant Net Asset Value.

There was no "Swing Pricing" applied for the Net Asset Value as at 31st December 2022.

#### **Note 11 -Withholding tax refund**

The Management Company of the Fund has instigated proceedings to reclaim tax withheld by certain Member States of the European Union on dividend payments it has received. The decision to initiate proceedings against any particular Member State is the result of an analysis of the likely costs and potential benefits of doing so. The likelihood of successfully reclaiming such amounts together with the estimated time to complete proceedings varies across Member States.

On the 2nd March 2021, the claim withholding tax in France allowed a net refund of SEK 547,141.05 for 2017.

On the 20th July 2021, there was a withholding tax refund from France amounted to SEK 552,274.44 for 2018.

For the year 2019 there was a tax refund from France amounted to SEK 624,971.36 on the 21st February 2022.

## **IKC FUND**

### **Notes to the financial statements (continued)**

as at 31st December 2022

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#### **Note 12 -Subsequent events**

Xavier Parain resigned from the Board of Directors of FundRock Management Company S.A. on 10th February 2023 and no other director was appointed.

## **IKC FUND**

### **Additional information (unaudited)**

as at 31st December 2022

#### **1 - Risk management**

As required by the amended Circular CSSF 11/512, the Board of Directors of the Management Company needs to determine the global risk exposure of the Fund by applying either the commitment approach or the VaR ("Value at Risk") approach.

The Board of Directors of the Management Company decided to adopt the commitment approach as a method of determining the global exposure.

#### **2 - Remuneration disclosure**

##### 2.1. Remuneration of the Management Company

FundRock Management Company S.A. ("FundRock") as subject to CSSF Circular 18/698 has implemented a remuneration policy in compliance with Articles 111a and 111b of the 2010 Law and/or Article 12 of the 2013 Law respectively.

FundRock as subject to Chapter 15 of the 2010 Law and AIFM must also comply with the guidelines of the European Securities and Markets Authority ESMA/2016/5758 and ESMA/2016/5799 to have sound processes in place. Fundrock has established and applies a remuneration policy in accordance with the ESMA Guidelines on sound remuneration policies under the UCITS V Directive (ESMA 2016/575) and AIFMD (ESMA 2016/579) and any related legal & regulatory provisions applicable in Luxembourg.

Further, consideration has been given to the requirements as outlined in Regulation (EU) 2019/2088 on sustainability – related disclosures in the financial sector, the SFDR Requirements.

The remuneration policy is aligned with the business strategy, objectives, values and interests of FundRock and the Funds that it manages and of the investors in such Funds, and which includes, *inter alia*, measures to avoid conflicts of interest; and it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Funds that the Management Company manages.

FundRock ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that FundRock's employees who are identified as risk-takers are not remunerated based on the performance of the funds under management.

A paper version of the remuneration policy is made available free of charge to investors at FundRock's registered office. FundRock's remuneration policy can also be found at: <https://www.fundrock.com/policies-and-compliance/remuneration-policy/>

The total amount of remuneration for the financial year ending 31st December 2022 paid by FundRock to its staff: EUR 12,587,217

Fixed remuneration: EUR 11,485,489

Variable remuneration: EUR 1,101,728

Number of beneficiaries: 147

The aggregated amount of remuneration for the financial year ending 31st December 2022 paid by FundRock to Identified staff/risk takers is EUR 2,524,731.

The total amount of remuneration is based on a combination of the assessment of the performance of the individual, the overall results of FundRock, and when assessing individual performance, financial as well as non-financial criteria are taken into account.

## **IKC FUND**

### **Additional information (unaudited) (continued)**

as at 31st December 2022

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The Policy is subject to annual review by the Compliance Officer and the update is performed by HR department of FundRock and is presented for review to the Remuneration Committee and approval by the Board of FundRock.

#### 2.2. Remuneration of the Investment Manager

The remuneration to IKC Capital AB for the period from 1st January 2022 until 31st December 2022:

Number of employees:4

Total compensation to staff: SEK 13,610,563

Of which compensation to management: SEK 5,946,833

#### **3 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")**

During the reporting period, the Fund did not engage in transactions which are subject to the publication requirements of SFTR. Accordingly, no information concerning the transparency of securities financing transactions and of reuse of cash collateral should be reported.

#### **4 - Sustainability-related Disclosures**

In accordance with the requirements of the EU Regulations 2019/2088 and of the Council of 27th November 2019 on sustainability -related disclosures in the financial services sector (the "SFDR") as amended, it is noted that:

For the Sub-Fund, referred to under article 8, the (unaudited) RTS annex is presented on the pages hereafter.



**Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:** IKC FUND - Lux 0 - 100 **Legal entity identifier:** 529900ODM7BG5E5CPK48

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

### Environmental and/or social characteristics

#### Did this financial product have a sustainable investment objective

**Yes**

**No**

- |   |   |
|---|---|
| <p><input type="checkbox"/> It made <b>sustainable investments with an environmental objective</b>: ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It made a minimum of <b>sustainable investments with a social objective</b>: ___%</p> | <p><input type="checkbox"/> It promoted <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b></p> |
|---|---|

#### To what extent were the environmental and/or social characteristics promoted by this financial product met?

*The Sub-Fund promoted environmental and social standards with regards to*

- *certain products (including alcohol, controversial weapons, fossil fuel, military equipment, pornography, tobacco, uranium, and GMO (genetically modified organisms,) by applying exclusion criteria*
- *corporate adherence to international standards such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises, by applying engagement & dialogue and/or exclusion criteria.*

*The Sub-Fund is actively managed and no benchmark has been chosen to measure its attainment of the E/S characteristics promoted.*

● **How did the sustainability indicators perform?**

- *Share of investments in companies active in the fossil fuel sector: 0%*
- *Share of investments in investee companies involved in the manufacture or selling of controversial weapons: 0%*
- *Share of investments in investee companies involved in violations of the UN Global Compact principles or OECD*



	<p style="text-align: center;"><i>Guidelines for Multinational Enterprises and where constructive engagement was limited: 0%</i></p> <ul style="list-style-type: none"> <li>● <b>...and compared to previous periods?</b> <i>N/A as this is the first issuance of this annex.</i></li> <li>● <b>What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?</b> <i>N/A as the sub-fund does not have an objective of sustainable investments.</i></li> </ul>
<p>Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.</p>	<ul style="list-style-type: none"> <li>● <b>How did the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?</b> <ul style="list-style-type: none"> <li>○ <b>How were the indicators for adverse impacts on sustainability factors been taken into account?</b> <i>N/A</i></li> <li>○ <b>Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</b> <i>N/A</i></li> </ul> <div style="background-color: #fff9e6; padding: 5px; margin-top: 10px;"> <p><i>The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.</i></p> <p>The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.</p> <p><i>Any other sustainable investments must also not significantly harm any environmental or social objectives.</i></p> </div> </li> </ul>

**What were the top investments of this financial product?**

Largest investments	Sector	% Assets	Country
IKC Avkastningsfond B Cap	Collective Investments	10,76	SWEDEN
IKC Sverige Flexibel Units Dist	Collective Investments	8,43	SWEDEN
Novo Nordisk AS B	Pharmaceuticals	3,92	DENMARK
Cigna Corp Reg	Managed Healthcare	3,83	USA
United Health Group Inc	Managed Healthcare	3,36	USA
AmerisourceBergen Corp	Medical Equipment Supplies & Distribution	3,35	USA
Merck & Co Inc	Pharmaceuticals	3,34	USA
Elevance Health Inc	Managed Healthcare	3,28	USA
Molina Healthcare Inc	Managed Healthcare	3,22	USA
Humana Inc	Managed Healthcare	3,19	USA
McKesson Corp	Pharmaceuticals	3,09	USA
Eli Lilly & Co	Pharmaceuticals	3,05	USA
Pepsico Inc	Non-Alcoholic Beverages	2,87	USA
AbbVie Inc	Pharmaceuticals	2,76	USA
Johnson & Johnson	Pharmaceuticals	2,75	USA

**How did this financial product consider principal adverse impacts on sustainability factors?**



The Sub-Fund established measures within its due diligence procedure and/or investment process, in order to identify principal adverse impacts of investment decisions on sustainability factors and sought to address and mitigate them.

The Sub-Fund considered principal adverse impacts on sustainability factors that were relevant to the investment strategy. Relevant indicators are:

- Exposure to companies active in the fossil fuel sector
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).
- Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises

Principal adverse impacts were addressed via exclusion and/or engagement.

Engagement dialogues were initiated by the Investment Manager with company management, regulators, interest groups, government representatives or peers, seeking to mitigate sustainability risks and principal adverse impacts.

The Investment Manager's engagement activities came in the form of meetings, formal correspondence, participation at conferences, and exchange of information.

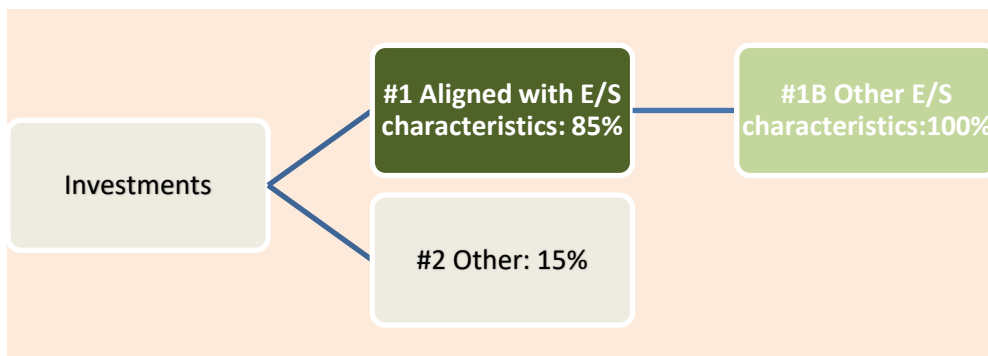
The Sub-Fund evaluated the outcome on a regular basis in the Risk function on a regular basis.

**What was the proportion of sustainability-related investments?**

N/A

**Asset allocation** describes the share of investments in specific assets.

- **What was the asset allocation?**



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.


**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

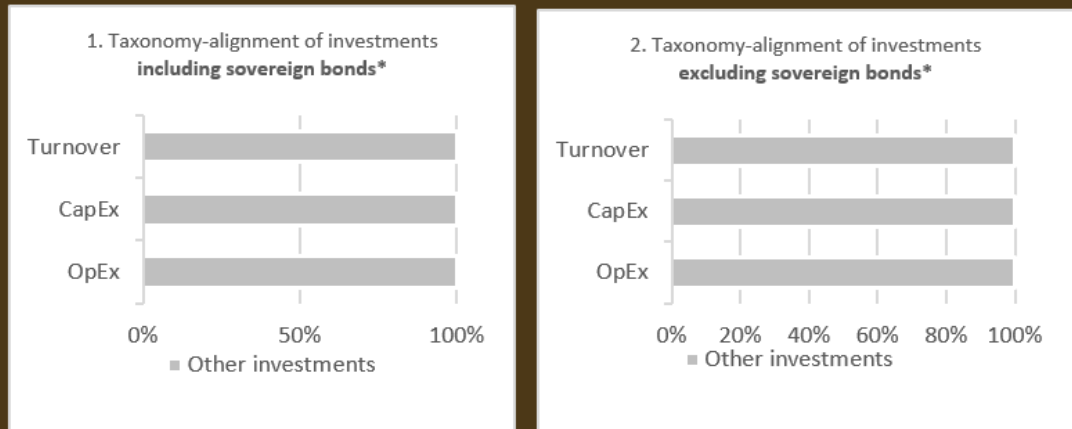
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **In which economic sectors were the investments made?**

	<p>Collective Investments</p> <p>Pharmaceuticals</p> <p>Managed Healthcare</p> <p>Medical Equipment Supplies and Distribution</p> <p>Non-Alcoholic Beverages</p> <p>Food Retail and Distribution</p> <p>Property and Casualty Insurance</p> <p>Biotechnology and Medical Research</p> <p>Department Stores</p> <p>Wireless Telecommunications Services</p> <p>OTHERS</p> <p>●</p>
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<p>Taxonomy-aligned activities are expressed as a share of:</p> <ul style="list-style-type: none"> <li>- <b>turnover</b> reflecting the share of revenue from green activities of investee companies</li> <li>- <b>capital expenditure (CapEx)</b> showing the green investments made by investee companies, e.g. for a transition to a green economy.</li> <li>- <b>operational expenditure (OpEx)</b> reflecting green operational activities of investee companies.</li> </ul> <p><b>Enabling activities</b> directly enable other activities to make a substantial contribution to an environmental objective.</p> <p><b>Transitional activities</b> are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.</p>	<p> <b>To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?</b></p> <p>0%</p> <p><b>Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?</b></p> <p><input type="checkbox"/> <b>Yes:</b> <i>[specify below, and details in the graphs of the box]</i></p> <p style="margin-left: 40px;"><input type="checkbox"/> In fossil gas    <input type="checkbox"/> In nuclear energy</p> <p><input checked="" type="checkbox"/> <b>No</b></p>
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The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- What was the share of investments in transitional and enabling activities?

0%

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

0%

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



What was the minimum share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A



What was the share of socially sustainable investments?

N/A



What investments are included under "Other", what was their purpose and were there any minimum environmental or social safeguards?

Investments set aside for cash positions, money market instruments and potential derivatives and do not incorporate any environmental or social characteristic.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Sub-Fund promoted environmental and social characteristics, in support of, for example, environmental protection and climate change mitigation, human rights and labour standards, and efforts against corruption in all its forms, including extortion and bribery, in line with international standards such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises. The Sub-Fund sought to limit and mitigate principal adverse impacts of its portfolio by the promoted environmental and social characteristics.

The actions taken to meet the environmental and social characteristics included:

- Excluding certain products, such as: alcohol, controversial weapons, fossil fuel, military equipment, pornography, tobacco, uranium, and GMO (genetically modified organisms,)

- Engaging with or excluding certain companies relating to their adherence to international standards such as the UN Global

**How did this financial product perform compared to the reference benchmark?**



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

N/A

- **How does the reference benchmark differ from a broad market index?**

N/A

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

N/A

- **How did this financial product perform compared with the reference benchmark?**

N/A

- **How did this financial product perform compared with the broad market index?**

N/A