



# ANNUAL REPORT, INCLUDING AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

**ISEC FIRST FUND**

(formerly DANSKE FUND OF FUNDS)

---

**ISEC FIRST FUND**  
(formerly DANSKE FUND OF FUNDS)

A Luxembourg based mutual investment fund

Annual Report, including Audited Financial Statements  
as at December 31, 2019

Subscriptions shall only be valid if made on the basis of the KIID (Key Investor Information Document) or the current prospectus accompanied by the most recent annual report, including audited financial statements as well as by the most recent semi-annual report if published more recently than the most recent annual report, including audited financial statements. No one is authorised to state other information than the one contained in the Prospectus as well as in the documents herein mentioned, which are available to the public.

---

# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

## Table of contents

	Page
<b>Management and Administration</b>	3
<b>Information to Unitholders</b>	5
<b>Report of the Management Company</b>	6
<b>Report of the <i>Réviseur d'Entreprises Agréé</i></b>	8
<b>Statement of Net Assets</b>	10
<b>Statement of Operations and Changes in Net Assets</b>	11
<b>Statement of Changes in the Number of Units</b>	12
<b>Statistics</b>	13
<b>Investerum Global Value Fund*</b>	
Statement of Investments	14
Geographical and Economic Portfolio Breakdowns	15
<b>Notes to the Audited Financial Statements</b>	16
<b>Unaudited Appendix</b>	22

\* See Note 1

# DANSKE FUND OF FUNDS

## Management and Administration until December 12, 2019

### MANAGEMENT COMPANY

Danske Invest Management Company  
13, rue Edward Steichen  
L - 2540 Luxembourg  
Grand Duchy of Luxembourg  
R.C.S. B28945

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman of the Board:  
Morten RASTEN  
Executive Director  
Danske Invest Management A/S  
17, Parallevej  
2800-Kgs. Lyngby  
Denmark

Lars Eigen MØLLER  
Executive Vice President  
Danske Bank A/S, Wealth Management  
17, Parallevej  
2800-Kgs. Lyngby  
Denmark

Thomas Borg DIDERIKSEN  
Managing Director  
Danske Bank International S.A.  
Luxembourg  
Grand Duchy of Luxembourg

Anna ALTHOFF (from April 8, 2019)  
COO & Head of 1st Line Risk Wealth Management  
Danske Bank A/S  
1, Norrmalmstorg  
10392 Stockholm  
Sweden

Klaus EBERT (until April 16, 2019)  
Managing Director  
Danske Invest Management Company  
Luxembourg  
Grand Duchy of Luxembourg

### CONDUCTING OFFICERS

Claude BLOCRY  
Danske Invest Management Company  
Luxembourg  
Grand Duchy of Luxembourg

Peter DYHR  
Danske Invest Management Company  
Luxembourg  
Grand Duchy of Luxembourg

Kim Thelle PILGAARD (from April 8, 2019)  
Danske Invest Management A/S  
2800-Kgs. Lyngby  
Denmark

Silja SAAR (until March 31, 2019)  
Conducting Officer  
Danske Invest Management Company  
Luxembourg  
Grand Duchy of Luxembourg

### DEPOSITARY AND CENTRAL ADMINISTRATION

RBC Investor Services Bank S.A.  
14, Porte de France  
L - 4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

### REGISTRAR AGENT

RBC Investor Services Bank S.A.  
14, Porte de France  
L - 4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

### PRINCIPAL PAYING AGENT IN LUXEMBOURG

RBC Investor Services Bank S.A.  
14, Porte de France  
L - 4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

### INVESTMENT MANAGERS

For the Sub-Fund:  
Pensionssparfonden\* (terminated on May 7, 2019)

Wassum Värdepappersaktiebolag  
Stureplan 4c  
P.O Box 5759  
SE-114 87 Stockholm  
Sweden

For the Sub-Fund:  
Investerum Global Value Fund\*

Danske Bank A/S  
17, Parallevej  
DK-2800 Kongens Lyngby  
Denmark

### CABINET DE RÉVISION AGRÉÉ

Deloitte Audit  
*Société à responsabilité limitée*  
20, Boulevard de Kockelscheuer  
L - 1821 Luxembourg  
Grand Duchy of Luxembourg

\* See Note 1

# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

Management and Administration since December 13, 2019

## MANAGEMENT COMPANY

ISEC Services AB  
17, Vattugatan  
111 52 Stockholm  
Sweden

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman of the Board:  
Lars MELANDER  
9A Vårvägen  
132 36 Saltsjö-Boo  
Sweden

Bo LILJENGREN  
CEO ISEC Group AB  
17, Vattugatan  
111 52 Stockholm  
Sweden

Therece SELIN  
COO ISEC Group AB  
17, Vattugatan  
111 52 Stockholm  
Sweden

Marie FRIMAN  
c/o Apriori Law  
7, Nybrogatan  
114 34 Stockholm  
Sweden

## CONDUCTING OFFICERS

Helena UNANDER-SCHARIN  
CEO ISEC Services AB  
17, Vattugatan  
111 52 Stockholm  
Sweden

Linnea STRIMLING  
Head of ManCo Services ISEC Services AB  
17, Vattugatan  
111 52 Stockholm  
Sweden

## DEPOSITARY AND CENTRAL ADMINISTRATION

RBC Investor Services Bank S.A.  
14, Porte de France  
L - 4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

## REGISTRAR AGENT

RBC Investor Services Bank S.A.  
14, Porte de France  
L - 4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

## PRINCIPAL PAYING AGENT IN LUXEMBOURG

RBC Investor Services Bank S.A.  
14, Porte de France  
L - 4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

## INVESTMENT MANAGER

Investerum AB  
1, Malaxgatan  
164 74 Kista  
Sweden

## CABINET DE RÉVISION AGRÉÉ

Deloitte Audit  
*Société à responsabilité limitée*  
20, Boulevard de Kockelscheuer  
L - 1821 Luxembourg  
Grand Duchy of Luxembourg

# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

## Information to Unitholders

Information about the Net Asset Value of the units of each Sub-Fund and about the issue and redemption prices is available at all times at the registered office of the Management Company.

Copies of the annual report, including audited financial statements and all unaudited semi-annual reports of the Fund may be obtained by holders of units from the registered office of the Management Company.

A detailed schedule of portfolio changes is available free of charge upon request at the registered office of the Management Company.

# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

## Report of the Management Company

### **Board of Directors of Danske Invest Management Company for the period from January 1, 2019 until December 12, 2019**

At the Annual General Meeting of Danske Invest Management Company (DIMC) held on February 20, 2019 the Annual General Meeting of shareholders re-elected Mr. Thomas Borg Dideriksen, Mr. Morten Rasten, Mr. Klaus Ebert and Mr. Lars Eigen Møller for a one-year period until the end of the next Annual General Meeting of shareholders to be held in 2020.

The Annual General Meeting of shareholders approved the appointment, subject to the approval of the Commission de Surveillance du Secteur Financier, of Ms. Anna Althoff as Director of the Board of Danske Invest Management Company for a one-year period until the end of the next Annual General Meeting of shareholders to be held in 2020. It is noted that there is no remuneration fee for Board Members from the Danske Bank Group.

The Annual General Meeting of shareholders re-elected Deloitte Audit S.à.r.l. as statutory auditor for a one-year period until the end of the next Annual General Meeting of shareholders to be held in 2020.

### **Events subsequent to the Annual General Meeting of Danske Invest Management Company**

A circular resolution constituting Mr. Morten Rasten as Chairman to the Board was signed after the Annual General Meeting.

On April 8, 2019 the CSSF approved the appointment of Ms. Anna Althoff as Board Director in DIMC and on April 16, 2019 Mr. Klaus Ebert resigned as Board Director of DIMC.

The final valuation day for the ISEC First Fund – Pensionssparfonden\* Sub-Fund was May 7, 2019 as the final redemption orders from the sole remaining shareholder in the fund were executed and the payment of these redemptions orders was made to the sole remaining investor on May 10, 2019.

### **Change of Management Company to ISEC Services AB and Fund name change as of December 13, 2019**

The Danske Bank Group, to which DIMC belongs, restructured its investment management activities and decided that DIMC would no longer provide services to funds structured as FCPs (fonds commun de placement).

The DIMC Board of Directors has decided to terminate DIMC's role as Management Company of the Fund from December 13, 2019 and to transfer the Management Company services to ISEC Services AB, a Swedish Management Company already servicing several funds in Sweden since 2014, and which is regulated by the Finansinspektionen in Sweden. As from December 13, 2019 Investerum AB replaced Danske Bank A/S as the investment manager for the Sub-Fund Investerum Global Growth Fund. (For any fee changes in the Sub-Fund please refer to the notes to these accounts.)

RBC Investor Services Bank S.A. will continue acting as the administrative, registrar and transfer agent as well as the depositary bank of the Fund.

From December 13, 2019 the Fund has changed name from Danske Fund of Funds to ISEC First Fund and the Sub-Fund Investerum Global Growth Fund has changed name to be Investerum Global Value Fund so as to better reflect the Sub-Fund's investment objective and policy. As a result of the change of Management Company, the management regulations of the Fund were amended accordingly and they are available upon request at the registered office of ISEC Services AB.

A new version of the Fund's prospectus dated December 2019 is available upon request at the registered office of ISEC Services AB to reflect the change of Management Company. Both DIMC and ISEQ will bear the costs associated with the change of Management Company.

### **Sales Activities 2019**

For the year up until December 13, 2019 the total value of investments in the Danske Fund of Funds – Investerum Global Growth Fund increased by an amount of EUR 3.49m or 32.51%. This increase was mainly due to market movements.

\* See Note 1

# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

## Report of the Management Company (continued)

Danske Fund of Funds Performance up to December 31, 2019

<b>SUB-FUND NAME</b>	<b>SHARE CLASS</b>	<b>CURRENCY</b>	<b>PERFORMANCE</b>
<b>PENSIONSSPARFONDEN*</b>			
Pensionssparfonden	Class C**	SEK	20.39%
<b>INVESTERUM GLOBAL VALUE FUND*</b>			
Investerum Global Value Fund*	Class D	EUR	20.38%

### **Addition due to recent events (Covid-19 outbreak) and contingency actions taken by the Management Company**

#### **Covid-19 and the Investerum Global Value Fund**

Across all sectors of the economy the coronavirus pandemic is prompting companies to alter their working practices to protect the health of their employees, while looking to continue to run their operations with only minimal disruption to clients. The Investment Manager Investerum is doing the same.

To safeguard the health and wellbeing of our staff, and in line with government advice, our senior leadership team took the decision to implement a work-from-home policy from Monday the 16<sup>th</sup> of March according to the company's Corona policy established by the management. ISEC Services has also taken the sensible precaution of cancelling all client events, postponing all trips and reducing face-to-face meetings to an absolute minimum. Operations run smoothly via email, video conferencing and by telephone to ensure the same high level of conduct our partners and clients have come to expect from us.

The main potential impact could be that any of our service providers (Fund Administration, Depository Bank and Transfer Agent especially) would be unable to deliver the agreed service. We have therefore been in close contact with our service providers to request they update us on their contingency plans to maintain business continuity in the face of this exceptional situation.

Regarding future outlook for the Fund's operation we see at the present no problem after contingency measures has been taken. In Sweden the outbreak of the virus has been going on for about a month and an increasing number of persons have been hospitalized because of the Covid-19 virus. However, since the government has tried to maintain a balance between measures to slow down the spread of the virus and keeping business in general running as usual a stable situation has occurred regarding ISEC Services operations. An update of the situation for the administrator of the Fund and the bank providing depository services has also been requested and this far no signals has been given that there will be any impacts on operations.

Except for the decision to implement the Corona policy according to above and activate parts of the management company's contingency plan and requesting updates from ISEC's suppliers of services no other measures has been taken by the management. We prioritize to manage our clients' investments with the same performance and risk management objectives - financial or operational - as in normal times. In that context, the Fund is in full capacity to continue its usual operations in accordance with its investment policy and its prospectus.

\* See Note 1

\*\* Last NAV was calculated on May 8, 2019

The figures stated in the report are historical and not necessarily indicative of future performance.



## Report of the *Réviseur d'Entreprises Agréé*

To the Unitholders of  
ISEC Services AB  
17, Vattugatan  
SE-111 52 Stockholm  
Sweden

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of ISEC First Fund (the "Fund") and of each of its sub-funds, which comprise the statement of net assets and the statement of investments and other net assets as at December 31, 2019 and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund and of each of its sub-funds as at December 31, 2019, and of the results of their operations and changes in their 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.

#### Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 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 July 23, 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 are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional 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, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The Board of Directors of the Fund's 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 report of the *Réviseur d'Entreprises Agréé* 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 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 this fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors of the Fund's Management Company for the Financial Statements

The Board of Directors of the Fund's 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 Fund's 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 Fund's 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 Fund's Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

## **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 a report of the *Réviseur d'Entreprises Agréé* 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 dated July 23, 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 dated July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism 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 Fund's Management Company.
- Conclude on the appropriateness of the Board of Directors of the Fund's Management Company 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 report of the *Réviseur d'Entreprises Agréé* 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 report of the *Réviseur d'Entreprises Agréé*. 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.

For Deloitte Audit, *Cabinet de Révision Agréé*

Mérillou Yann, *Réviseur d'Entreprises Agréé*  
Partner

April 17, 2020

**ISEC FIRST FUND**  
(formerly DANSKE FUND OF FUNDS)

Statement of Net Assets  
as at December 31, 2019

	Note	Investerum Global Value Fund* EUR	Combined EUR
<b>ASSETS</b>			
Investment portfolio at market value	(3)	12,121,923	12,121,923
Cash at bank		2,585,074	2,585,074
Advance for purchase securities		2,339,286	2,339,286
<b>TOTAL ASSETS</b>		<b>17,046,283</b>	<b>17,046,283</b>
<b>LIABILITIES</b>			
Bank overdraft		2,304,507	2,304,507
Interest payable		6	6
Amounts payable on redemptions		11,927	11,927
Management fees payable	(4)	2,271	2,271
Investment management fees payable	(4)	35,546	35,546
Administration fees payable	(7)	3,776	3,776
Performance fees payable	(5)	149,298	149,298
Subscription tax payable	(9)	1,553	1,553
Taxes and expenses payable	(11)	7,495	7,495
<b>TOTAL LIABILITIES</b>		<b>2,516,379</b>	<b>2,516,379</b>
<b>TOTAL NET ASSETS</b>		<b>14,529,904</b>	<b>14,529,904</b>
<b>Net asset value per unit</b>			
Class D		17.322	
<b>Number of units outstanding</b>			
Class D		838,829.6214	

\* See Note 1

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

**ISEC FIRST FUND**  
(formerly DANSKE FUND OF FUNDS)

Statement of Operations and Changes in Net Assets  
for the Year ended December 31, 2019

		Pensionssparfonden*	Investerum Global Value Fund*	Combined
	Note	SEK	EUR	EUR
<b>TOTAL NET ASSETS AT THE BEGINNING OF THE YEAR</b>		<b>273,583,465</b>	<b>10,726,346</b>	<b>37,720,203</b>
<b>INCOME</b>				
Dividends, net	(3)	11,699	34,384	35,501
Bank interest		7,373	278	982
Trailer fees	(13)	729,527	-	69,656
Other income		-	677	677
<b>TOTAL INCOME</b>		<b>748,599</b>	<b>35,339</b>	<b>106,816</b>
<b>EXPENSES</b>				
Management fees	(4)	-	2,271	2,271
Investment management fees	(4)	420,681	130,259	170,426
Performance fees	(5)	-	582,963	582,963
Administration fees and transfer agency fees	(7)	164,595	39,051	54,767
Audit fees, printing and publishing expenses		51,253	10,719	15,613
Subscription tax	(9)	5,696	2,489	3,033
Bank charges and correspondent fees	(12)	1,787	1,281	1,452
Bank interest		49,102	281	4,969
Distribution fees and distribution support fees	(6)	274,036	-	26,165
Other charges		75,823	17,207	24,447
<b>TOTAL EXPENSES</b>		<b>1,042,973</b>	<b>786,521</b>	<b>886,106</b>
<b>NET INCOME / (LOSS) FROM INVESTMENTS</b>		<b>(294,374)</b>	<b>(751,182)</b>	<b>(779,290)</b>
Net realised profit on sale of investments	(3)	87,039,380	803,079	9,113,686
Net realised profit / (loss) on forward foreign exchange contracts	(3)	-	(81)	(81)
Net realised profit / (loss) on foreign exchange	(3)	951,522	(4,892)	85,960
<b>NET REALISED PROFIT / (LOSS)</b>		<b>87,696,528</b>	<b>46,924</b>	<b>8,420,275</b>
Change in net unrealised appreciation / (depreciation) on: - investments	(3)	(32,350,624)	2,282,866	(806,004)
<b>NET INCREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>55,345,904</b>	<b>2,329,790</b>	<b>7,614,271</b>
<b>MOVEMENTS IN CAPITAL</b>				
Issue of units		682,602	2,399,795	2,464,971
Redemption of units		(329,611,971)	(926,027)	(32,397,708)
Currency translation		-	-	(871,833)
<b>TOTAL NET ASSETS AT THE END OF THE YEAR</b>		<b>-</b>	<b>14,529,904</b>	<b>14,529,904</b>

\* See Note 1

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

**ISEC FIRST FUND**  
(formerly DANSKE FUND OF FUNDS)

Statement of Changes in the Number of Units  
for the Year ended December 31, 2019

	Pensionssparfonden*	Investerum Global Value Fund*
<b>Class C</b>		
Number of units outstanding at the beginning of the year	99,412.0096	-
Number of units issued	225.9148	-
Number of units redeemed	(99,637.9244)	-
Number of units outstanding at the end of the year	-	-
<b>Class D</b>		
Number of units outstanding at the beginning of the year	-	745,439.7768
Number of units issued	-	150,013.5892
Number of units redeemed	-	(56,623.7446)
Number of units outstanding at the end of the year	-	838,829.6214

\* See Note 1

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

**ISEC FIRST FUND**  
(formerly DANSKE FUND OF FUNDS)

Statistics

	Pensionssparfonden*	Investerum Global Value Fund*
	SEK	EUR
<b>Total Net Asset Value</b>		
December 31, 2019	-	14,529,904
December 31, 2018	273,583,465	10,726,346
December 31, 2017	308,584,549	10,484,628
<b>Net asset value per unit at the end of the year</b>		
<b>December 31, 2019</b>		
Class D	-	17.322
<b>December 31, 2018</b>		
Class C	2,752.02	-
Class D	-	14.389
<b>December 31, 2017</b>		
Class C	2,915.56	-
Class D	-	15.728

\* See Note 1

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

**ISEC FIRST FUND**  
(formerly DANSKE FUND OF FUNDS)

**Investerum Global Value Fund\***

**Statement of Investments**  
**as at December 31, 2019**

(expressed in EUR)

Description	Quantity	Currency	Cost	Market Value	% net assets
<b>Open - ended investment funds (UCITS)</b>					
<b>Ireland</b>					
Ishares Plc /S&P 500	79,013	USD	1,095,750	2,266,081	15.60
			<b>1,095,750</b>	<b>2,266,081</b>	<b>15.60</b>
<b>Luxembourg</b>					
Danske Invest /Europe Small -I- /Cap**	10,300	EUR	120,246	281,324	1.94
Danske Invest /Gbl Em Mkt I /Cap**	48,300	USD	1,557,597	1,918,968	13.21
Danske Invest /Gbl Em Sm Cap**	4,234	USD	131,453	157,784	1.08
Danske Invest /High Dividend -I- /Cap**	14,564	EUR	166,156	248,197	1.71
Danske Invest Japan A**	28,796	JPY	713,298	856,322	5.89
Fid America -Y- Usd /Cap	83,520	USD	1,531,279	1,665,256	11.46
Fidelity World Fd -I- Eur /Cap	158,100	EUR	1,859,737	2,237,115	15.40
Jpm Fl. /Us Sel. Equi. -C- Usd Cap	6,580	USD	1,900,408	2,490,876	17.14
			<b>7,980,174</b>	<b>9,855,842</b>	<b>67.83</b>
<b>Total Open - ended investment funds (UCITS)</b>			<b>9,075,924</b>	<b>12,121,923</b>	<b>83.43</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>			<b>9,075,924</b>	<b>12,121,923</b>	<b>83.43</b>

\* See Note 1

\*\* Related party Funds - refer to Note 4

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

**ISEC FIRST FUND**  
(formerly DANSKE FUND OF FUNDS)

**Investerum Global Value Fund\***

**Geographical and Economic Portfolio Breakdowns  
as at December 31, 2019**

(expressed as a percentage of net assets)

<u>Geographical breakdown</u>	<u>%</u>	<u>Economic breakdown</u>	<u>%</u>
Luxembourg	67.83	Investment Funds	83.43
Ireland	15.60		<b>83.43</b>
	<b>83.43</b>		

\* See Note 1

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



# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

## Notes to the Audited Financial Statements as at December 31, 2019

### NOTE 1 – GENERAL

ISEC First Fund (formerly Danske Fund of Funds) (the "Fund") is an open-ended mutual investment fund ("fonds commun de placement") with several separate Sub-Funds ("umbrella fund") set up under the laws of the Grand Duchy of Luxembourg.

The Fund is registered by Part I of the amended Law of December 17, 2010 since July 1, 2011.

On December 13, 2019, ISEC Services AB ("ISEC") was approved to act for the Fund as Management Company governed by chapter 15 of the UCITS Law.

From December 13, 2019 the Fund has changed name from Danske Fund of Funds to ISEC First Fund and the sub-fund Investeum Global Growth Fund has changed name to be Investeum Global Value Fund.

On December 31, 2019, 1 Sub-Fund is in operation:

- Investeum Global Value Fund
  - Class D – Accumulation Units (dedicated to Retail Investors generally)

The final valuation day for the Danske Fund of Funds – Pensionssparfonden Sub-Fund was May 7, 2019 as the final redemption orders from the sole remaining shareholder in the fund were executed and the payment of these redemptions orders was made to the sole remaining investor on May 10, 2019.

### NOTE 2 – INVESTMENT OBJECTIVES

Until December 12, 2019 and since December 13, 2019

The investment objective of the Fund is to manage the assets of the different Sub-Funds for the benefit of the Unitholders for the purpose of earning a rate of return reflective of the investment objectives of the Fund, and of seeking growth of capital in the short and/or medium to long term in accordance with, for each Sub-Fund, the investment objective mentioned in their respective Appendix of the prospectus, as defined for each Sub-Fund by the Board of Directors.

No assurance can however be given that the investment objective as described above will be achieved.

In addition to the investment objectives described below, the Board of Directors resolved by Circular Resolution dated November 18, 2008 to allow each Sub-Fund to invest, for defensive purposes and in the interest of the Unitholders, the liquidity, on a temporary basis, in money market instruments and Government Bonds up to 10% of the Total Net Assets of each Sub-Fund.

The investment objective of each relevant Sub-Fund is as follows:

#### **Pensionssparfonden\* (denominated in SEK):**

Within the general investment objectives and policies of the Fund and with an objective of generating value increase in the long term through active investment management the Sub-Fund will invest its net assets in UCIs, which mainly invest in equities ("Equity Funds") in respect to the following allocation:

- between 60% and 100% of the Sub-Fund's net assets will be invested in Equity Funds investing mainly outside of Sweden;
- up to 40% of the Sub-Fund's net assets will be invested in Equity Funds investing mainly in Sweden and;
- up to 25% of the Sub-Fund's net assets may be invested in Equity Funds investing mainly in Emerging Markets.

#### **Investeum Global Value Fund\* (denominated in EUR):**

Within the general investment objectives and policies of the Fund and with an objective of generating value increase in the long term through active investment management the Sub-Fund will mainly invest its net assets in a diversified portfolio of UCIs invested in equities ("Equity Funds"), part of the net assets may be invested in bonds ("Bond Funds") and/or in money market instruments ("Money Market Funds") and/or in Equity Funds with an investment objective allowing part investments in bonds and money market instruments in respect to the following allocation:

- at least 50% of the Sub-Fund's net assets will be invested in Equity Funds worldwide;
- no more than 50% of the Sub-Fund's net assets will be invested in Equity Funds having focus on a specific industrial or economical sector;
- no more than 30% of the Sub-Fund's net assets will be invested in Bond Funds and/or Money Market Funds and/or in Equity Funds with an investment objective allowing part investments in bonds and money market instruments worldwide;
- no more than 20% of the Sub-Fund's net assets may be held in cash.

\* See Note 1

# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

## Notes to the Audited Financial Statements (continued) as at December 31, 2019

### NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles applicable to UCITS and in accordance with laws and regulations in force in the Grand Duchy of Luxembourg.

#### a) Valuation of investments in portfolio

Units or shares of UCIs are valued at their last determined and available NAV, or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors of the Management Company on a fair and equitable basis.

All other securities and other assets are valued at fair market value as determined in good faith pursuant to the procedures established by the Board of Directors of the Management Company.

#### b) Valuation of cash

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 is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.

#### c) Net Realised profit/loss on sales of investments

Net Realised profit and loss on sales of investments sold are computed on the basis of the average cost of investments sold.

#### d) Foreign exchange translation

All assets and liabilities, which are valued in a currency other than the base currency in which units of the relevant Sub-Fund are expressed, are converted into the base currency at the exchange rate prevailing as at December 31, 2019.

The exchange rates used for Sub-Fund Investerum Global Value Fund\* as at December 31, 2019 are the following:

1 GBP	= 1.170008	EUR
1 JPY	= 0.008204	EUR
1 NOK	= 0.101351	EUR
1 SEK	= 0.095481	EUR
1 USD	= 0.892897	EUR

Income and expenses expressed in a currency other than the base currency in which units of the relevant Sub-Fund are expressed are translated into the base currency at the applicable exchange rate prevailing at the transaction date.

Net unrealised foreign exchange gains or losses are included in the Statement of Net Assets. Net realised profit or losses on foreign exchange are included in the Statement of Operations and Changes in Net Assets.

#### e) Cost of investments

Cost of investments for each Sub-Fund expressed in a currency other than the base currency is translated at the exchange rate prevailing at the purchase date.

#### f) Income from investments

Dividends are recognised as income on the date the investments are first quoted ex-dividend, to the extent information thereon is reasonably available to the Fund. Interest is accrued prorata temporis on each net asset valuation.

#### g) Forward foreign exchange contracts

Profit or loss arising from un-matured forward foreign exchange contracts are determined on the basis of the applicable forward foreign exchange rates at the valuation date, and are recorded in the Statement of Net Assets and in the Statement of Operations and Changes in Net Assets.

\* See Note 1

# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

## Notes to the Audited Financial Statements (continued) as at December 31, 2019

### NOTE 4 – INVESTMENT MANAGEMENT FEES

#### From January 1, 2019 to December 12, 2019 when Danske Invest Management Company was the Management Company

In accordance with the Investment Management Agreement dated October 1, 2012 and schedule 4 of the Agreement which was amended as of March 1, 2016, Wassum Varderpapersaktiebolag (until their resignation as Investment manager has tendered from August 19, 2019) was entitled to the following Investment Management fees that are based on the net assets of the Sub-Funds as determined on each valuation date and payable quarterly in arrears:

- An investment management fee of up to 0.40% per annum in respect of Pensionsparfonden\*.

Until December 12, 2019 and in accordance with the Investment Management Agreement dated May 7, 2014, Danske Bank A/S was entitled to the following Investment Management fees that are based on the net assets of the Sub-Funds as determined on each valuation date and payable quarterly in arrears:

- An investment management fee of 1.00% per annum in respect of Investerum Global Value Fund\*.

The overall maximum level of the Investment Management Fee (taking into account net amount of possible rebates from the other UCITS and/or UCIs in which the Sub-Fund invests) that may be charged by the Sub-Fund itself and by investment in other UCITS and/or UCIs in which the Sub-Fund invests, shall be calculated based on the weight allocated to each of these underlying investments, and it shall not exceed 4.00% p.a. for Class C and D. Possible performance fees charged from the Sub-Fund itself and/or to the other UCITS and/or UCIs in which the Sub-Fund invests in are not taken into account in the maximum level of the Investment Management Fee.

#### From December 13, 2019 to December 31, 2019 when ISEC Services AB acting as the Management Company

In accordance with the Investment Management Agreement dated November 18, 2019, Investerum AB was entitled to the following Investment Management fees that are based on the average net assets of the Sub-Funds as determined on each valuation date and payable quarterly in arrears:

- An investment management fee of max 1.0% per annum in favour of the Investment Manager of the Class C and Class D Units in respect of Pensionsparfonden\*.
- An investment management fee of 1.00% per annum in favour of the Investment Manager. The Investment Management Fee may also cover distribution activities of the Investment Manager and can be shared with any appointed distributors/intermediaries in compliance with applicable laws and regulations in respect of Investerum Global Value Fund\*.

The overall maximum level of the Investment Management Fee (taking into account net amount of possible rebates from the other UCITS and/or UCIs in which the Sub-Fund invests) that may be charged by the Sub-Fund itself and by investment in other UCITS and/or UCIs in which the Sub-Fund invests, shall be calculated based on the weight allocated to each of these underlying investments, and it shall not exceed 4.00% p.a. for Class C and D. Possible performance fees charged from the Sub-Fund itself and/or to the other UCITS and/or UCIs in which the Sub-Fund invests in are not taken into account in the maximum level of the Investment Management Fee.

As at December 31, 2019, the maximum total of investment management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested is as follows:

ISEC First Fund	CCY	Total Investment Management Fee
Investerum Global Value Fund*	EUR	1.00%

If the Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same Management Company or by any other company to which the Management Company is linked by common management or control or by a substantial direct or indirect holding, that Management Company or other company may not charge subscription or redemption fees on account of the Fund's investment in the units of other UCITS and/or other UCI.

The Management Company is entitled to receive out of the assets of the relevant Sub-Fund a Management Company fee of 0.0625% per annum with an annual min fee of EUR 43,636.

\* See Note 1

# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

## Notes to the Audited Financial Statements (continued) as at December 31, 2019

### NOTE 5 – PERFORMANCE FEES

Until December 12, 2019, in addition to the Investment Management fee described in note 4 above, the Investment Manager is also entitled to a performance fee, as fully described in the prospectus. Until December 13, 2019 a Performance fee is payable quarterly in arrears and will be accrued in each NAV calculation.

The performance fee is defined as follows:

- 20% per annum of the performance which exceeds the return of the indices used for performance calculation in respect of the following Sub-Funds:  
Pensionssparfonden\* and Investerum Global Value Fund\*.

Since December 13, 2019, in addition to the Investment Management fee described in note 4 above, the Investment Manager is also entitled to a performance fee, as fully described in the prospectus. Performance fee is payable yearly in arrears and will be accrued in each NAV calculation.

The performance fee is defined as follows:

- 20% per annum of the performance which exceeds the return of the Sub-Fund Investerum Global Value Fund\*.

As at December 31, 2019, the total performance fees amounted to EUR 582,963 for the Sub-Fund Investerum Global Value Fund\*.

### NOTE 6 – DISTRIBUTION FEES AND DISTRIBUTION SUPPORT FEES

#### Distribution fees

The Distributor for Units of the Sub-Fund Pensionssparfonden\* is entitled to a fee of up to 0.25% per annum for Class C based on the net assets of the Sub-Fund as determined on each valuation date and payable quarterly in arrears.

The Sub-Fund Investerum Global Value Fund\* is not subject to distribution fees.

#### Distribution support fees

Until December 12, 2019 and in accordance with the Transactional Support Agreement (Distribution Support Services) dated September 16, 2008, RBC Investor Services Bank S.A. is entitled to a fee agreed with Danske Invest Management Company to be paid by each Sub-Fund.

### NOTE 7 – ADMINISTRATION FEES AND TRANSFER AGENCY FEES

#### Administration fees

Until December 12, 2019 Danske Invest Management Company is entitled to an Administration fee. The fees are based on the net assets of the Sub-Funds as determined on each valuation date and payable quarterly in arrears. The Administration Fee rates are as follows:

0.15% per annum in respect of the Class C of Pensionssparfonden\*;

0.25% per annum in respect of the Class D Investerum Global Value Fund\*.

#### Registrar and Transfer Agency fees

Until December 12, 2019 and in accordance with the agreement dated December 1, 2010, RBC Investor Services Bank S.A. provides registrar and transfer agency services to the Fund. The fees related to the services are agreed with Danske Invest Management Company to be paid by each Sub-Fund.

#### Central Administration Agent, Registrar and Transfer Agent fees

Since December 13, 2019, the Fund will pay to the Depositary, the Central Administration Agent and the Registrar and Transfer Agent annual fees which will vary up to a maximum of 0.5% of the net asset value at the Fund level subject to a minimum fee per Sub-Fund of EUR 19,600 and a minimum fee of EUR 21,000 at the Fund level.

These fees are payable on a monthly basis and do not include any transaction related fees and costs of sub-custodians or similar agents. The Depositary, the Central Administration Agent as well as the Registrar Agent are also entitled to be reimbursed of reasonable disbursements and out of pocket expenses which are not included in the above mentioned fees.

\* See Note 1

# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

## Notes to the Audited Financial Statements (continued) as at December 31, 2019

### NOTE 8 – DEPOSITARY AND INVESTMENT FUND SERVICE FEES UNTIL DECEMBER 12, 2019

Until December 12, 2019 and in accordance with the Common fee schedule dated January 1, 2008, superseded by the fee agreements dated July 19, 2013, April 23, 2015 and August 23, 2016, RBC Investor Services Bank S.A. is entitled to a fee agreed with Danske Invest Management Company to be paid by Danske Invest Management Company out of the administration fees charged to the Fund.

### NOTE 9 – SUBSCRIPTION TAX

Under present Luxembourg law, the Fund is subject to "subscription tax" at the annual rate of 0.01% for all Class C units which are dedicated to Institutional Investors and at the annual rate of 0.05% for all Class D Units payable quarterly and calculated on the basis of the net assets calculated as at the end of each calendar quarter.

In case some Sub-Funds are invested in other Luxembourg investment funds, which in turn are subject to the subscription tax provided for by the law of December 17, 2010, as amended, relating to undertakings in collective investment, no subscription tax is due from the Sub-Funds on the portion of assets invested therein.

### NOTE 10 – FINANCIAL STATEMENTS AND CURRENCY TRANSLATION

The Fund's total net assets is expressed in EUR and corresponds to the difference between the total assets and the total liabilities of the Fund. In order to calculate this value, the net assets of each Sub-Fund are, unless they are already expressed in EUR, converted into EUR at the exchange rates prevailing at December 31, 2019 and added together.

Assets and liabilities expressed in currencies other than the Sub-Fund's currency are translated into the Sub-Fund's currency at the exchange rates applicable as at each valuation date. Income and expenses in currencies other than the Sub-Fund's currency are translated into the Sub-Fund's currency at the exchange rates applicable at the transaction date.

### NOTE 11 – TAXES AND EXPENSES PAYABLE

For the year ended December 31, 2019, the following taxes and expenses are payable:

	<b>Investerum Global Value Fund* EUR</b>
Other charges payable	7,495
	<b>7,495</b>

### NOTE 12 – TRANSACTION COSTS

For the year ended December 31, 2019 the Fund incurred transaction costs relating to purchase or sale of investment funds as follows:

Pensionssparfonden\*: SEK 0  
Investerum Global Value Fund\*: EUR 0

These transaction costs are composed of brokerage costs and are included in the cost of securities. The transaction amounts included under the heading "Bank charges and correspondent fees" in the "Statement of Operations and Changes in Net Assets" of each Sub-Fund are composed of transaction fees which are not included in the table above.

### NOTE 13 – TRAILER FEES

Until December 12, 2019, the "Trailer Fees" entry in the Statement of Operations and Changes in Net Assets related to rebate fees from underlying investments in target funds for the Sub-Funds. Rebate fee agreements have been negotiated by the Investment Manager when the initial investments were made in the target fund. When investments are made in underlying funds managed by Danske Invest Management Company or any other company linked to the Management Company, such investments are made to a class with the lowest possible fees, no rebates are paid for such investments.

### NOTE 14 – DIVIDENDS DISTRIBUTED

During the year ended December 31, 2019, no dividend was paid out.

\* See Note 1

# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

## Notes to the Audited Financial Statements (continued) as at December 31, 2019

### **NOTE 15 – PENSIONSSPARFONDEN\* SUB-FUND**

Although the Pensionssparfonden\* Sub-Fund was liquidated on May 7, 2019 there are still some cash balances (SEK 79,814.60, USD 2,942.69 and EUR 2,283.19) in the account as per December 31, 2019. These cash balances will be used to pay any audit and legal fees outstanding after the year end.

### **NOTE 16 – NOTE ON SUBSEQUENT EVENT – THE COVID-19 OUTBREAK**

#### **Assessment of the coronavirus outbreak and its impact on global commercial activity and contribution to significant declines and volatility in financial markets**

The COVID-19 outbreak initially had a devastating impact on airlines and the hospitality industry. Manufacturing industry and subcontractors were later hard hit and it seems all asset classes are suffering declines and increased volatility.

Our forward assessment of the impact on global commerce is that as long as the great uncertainty still prevails so will commercial challenges and volatility.

#### **Effects on the activities of the Fund and its performance**

The Management Company of the Fund is carefully monitoring the situation as well as its potential impacts on the Fund. The activity of the Fund has been in compliance with its long term strategy and the performance has been in line with expectations. Hence – no major effects on the activities of the Fund have occurred and the Fund is in full capacity to continue its usual operations in accordance with its investment policy and its prospectus.

Furthermore there has been no unusual redemption during the first quarter due to the outbreak and the Fund is neither suspended nor gated. Information on the Fund's unaudited net assets values and unaudited financial information are available on [www.isec.com/funds](http://www.isec.com/funds).

\* See Note 1

# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

## Unaudited Appendix

### Remuneration policy

ISEC Services AB took over Management Company services as from December 13, 2019 and their remuneration is not included in this disclosure. Please see Note 1 to these accounts for more information.

Danske Invest Management Company's (DIMC) current remuneration policy is available on the website [www.danskeinvest.lu](http://www.danskeinvest.lu). In accordance with Articles 1 & 13 in the UCITS V Directive, a table on remuneration related information for 2019 is below:

#### Total Salaries for Danske Invest Management Company for 2019 in EUR 1,000

	Fixed salaries	Variable salaries	Total salaries	Head Counts
DIMC Board of Directors	0	0	0	4
Senior Management	528	0	528	4
Employees in Control Functions	262	0	262	3
Other employees	954	13	967	10
<b>Total salaries</b>	<b>1,744</b>	<b>13</b>	<b>1,757</b>	<b>21</b>

Danske Invest Management Company (DIMC) has delegated portfolio management to Danske Bank A/S in Denmark. The total remuneration for Danske Bank A/S has been allocated to the Fund based on the Fund's pro rata share of the total AUM managed by Danske Bank A/S for 2019 as outlined in the table below:

#### 2019 Remuneration for Danske Bank A/S for Danske Fund of Funds in DKK 1,000

	Fixed salaries	Variable salaries	Total salaries	Head Counts
Investment Manager - Danske Bank A/S	49	14	63	0.04
<b>Total salaries</b>	<b>49</b>	<b>14</b>	<b>63</b>	<b>0.04</b>

#### 2019 Remuneration for the Investment Manager - Wassum Värdepappersaktiebolag - for Danske Fund of Funds in EUR

	Fixed salaries	Variable salaries	Total salaries	Head Counts
Investment Manager - Wassum Värdepappersaktiebolag	1,114	0	1,114	0.05
<b>Total salaries</b>	<b>1,114</b>	<b>0</b>	<b>1,114</b>	<b>0.05</b>

# ISEC FIRST FUND

(formerly DANSKE FUND OF FUNDS)

## Unaudited Appendix (continued)

### **INFORMATION ACCORDING TO THE ESMA'S "GUIDELINES ON ETFs AND OTHER UCITS ISSUES"**

During the financial year, no techniques for efficient portfolio management were applied.

On December 31, 2019, the Fund was not invested in any derivatives and during the year under review, the Fund did not perform any derivative transactions except for forward foreign exchange contracts.

No collateral was received that could be attributed to the Fund's counterparty risk.

### **SFTR (EU regulation N 2015/2365)**

During the year to which this report relates, the Fund did not engage in transactions which are subject to EU regulation N 2015/2365 on the transparency of securities financing transactions and of reuse. Accordingly, no global, concentration or transaction data, or information on the reuse or safekeeping of collateral is required to be reported.

### **Risk Exposure**

Until December 12, 2019 Danske Invest Management Company used a risk management procedure for the Fund in accordance with the amended Law of December 17, 2010 and other applicable regulations, in particular CSSF Circular 11/512. The methodology used in order to calculate the global exposure for all the Sub-Funds of the Fund is the commitment approach.

Since December 13, 2019 ISEC Services AB used a risk management procedure for the Fund in accordance with the amended Law of December 17, 2010 and other applicable regulations, in particular CSSF Circular 11/512. The methodology used in order to calculate the global exposure for all the Sub-Funds of the Fund is the commitment approach.



