



# ANNUAL REPORT 2020

## ISEC FIRST FUND



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# ISEC FIRST FUND

A Luxembourg based mutual investment fund

Annual Report, including Audited Financial Statements  
as at December 31, 2020

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.

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# ISEC FIRST FUND

## Table of contents

	Page
<b>Management and Administration</b>	2
<b>Information to Unitholders</b>	3
<b>Report of the Management Company</b>	4
<b>Report of the Investment Manager</b>	5
<b>Report of the <i>“réviseur d’entreprises agréé”</i></b>	7
<b>Statement of Net Assets</b>	9
<b>Statement of Operations and Changes in Net Assets</b>	
<b>Statement of Changes in the Number of Units</b>	11
<b>Statistics</b>	
<b>Investerum Global Value Fund</b>	
Statement of Investments	13
Geographical and Economic Portfolio Breakdowns	14
<b>Notes to the Audited Financial Statements</b>	15
<b>Unaudited Appendix</b>	19

# ISEC FIRST FUND

## Management and Administration

### 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

## 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

## Report of the Management Company

### **Board of Directors of ISEC Services AB for the period from January 1, 2020 until December 31, 2020**

At the Annual General Meeting of ISEC Services AB held on June 30, 2020 the Annual General Meeting of shareholders re-elected Mr. Lars Melander, Mrs. Marie Friman, Mr. Bo Liljengren, Mrs. Therece Selin for a one-year period until the end of the next Annual General Meeting of shareholders to be held in 2021.

The Annual General Meeting appointed Mr. Lars Melander as Chairman to the Board.

Remuneration fee is paid out according to decision at the Annual General Meeting.

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 2021.

### **Sales Activities 2020**

For the year 2020, the total value of investments in the ISEC First Fund – Investentrum Global Value Fund D increased by an amount of EUR 3.34m or 23.03%. This increase was due to market movements and a net inflow of EUR 2.42m to the fund.

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

# ISEC FIRST FUND

## Report of the Investment Manager

Investment Managers' Report until December 31, 2020

### Investerum Global Value Fund

#### Investment focus

Investerum Global Value Fund invests in shares in collective investments in order to achieve long-term capital growth and preserve the shareholders capital. The Fund is not biased toward any specific geographical area or industry and invests without reference to a particular benchmark. The Fund is therefore able to invest in the industry and market offering the best prospects. This Fund invests for the long-term.

#### Portfolio and market comment

During the year 2020 Investerum Global Value had total net subscriptions of EUR 2.42m EUR.

Gross subscriptions were 3.40m EUR and gross redemptions were 0.98m EUR. Total AUM increased to 17.9m EUR.

From January 1, 2020 until December 31, 2020, Investerum Global Value Fund (D) returned +4.93%, net all fees.

2020 was an extraordinarily challenging year in investment markets. Significant events during the period that most affected the performance on the negative was the outbreak of the global pandemic COVID-19. From the end of February to the end of March markets fell sharply due to the uncertainty surrounding the new virus. Most significant events on the positive were the policy responses, which were considerable and also positive news regarding vaccine development by AstraZeneca/Oxford, Pfizer/BioNTech and Moderna. These enormous amounts of stimulus, provided by central banks and governments, have kept corporate and government borrowing costs low and creating the main driving force behind the market rebound seen from end of March to the end of the year. The largest US tech companies maintained their dominance, as demand within digital markets surged at a time when much of the global economy remained impaired. Alphabet, Amazon, Apple, and Facebook all disclosed third quarter results way above consensus expectations, driven by a boom in online advertising, e-commerce and cloud computing sparked by the pandemic. Online collaboration businesses and internet shopping companies were the best performers as opposed to energy, finance and real estate.

#### Organizational or other significant events

There have been neither staffing nor organizational changes of significance at Investerum during the period. The investment strategy has remained unchanged during the period.

#### Significant risks

Most significant risks in the fund are currency risk and credit risk;

#### Currency risk

The fund invests globally in fund units that are priced in different currencies. When the fund invests in assets denominated in currencies different from the reference currency, a currency risk arises. The fund may therefore be affected by exchange rate fluctuations.

#### Credit risk

The Fund may invest in fixed income related funds, and can consequently be subject to credit risk. Credit risk means the risk that the credit rating of an issuer or counterpart decreases, which could affect the value and the liquidity of the asset.

#### Environmental, social and governance (ESG)

ESG is paramount to Investerum. We are a signatory of UN Principles for Responsible Investment (UNPRI) and a member of Sweden's Sustainable Investment Forum (SWESIF). However since the Investerum Global Growth fund is a fund of fund and we hence are not in a driving seat position in our underlying funds, we must rely on the ESG work of others and monitor their progress. Based on our continuous contacts with the underlying fund managers it is our conviction that the ESG protocols of the underlying funds are fully satisfactory. All funds currently invested in are signatories of UNPRI.

# ISEC FIRST FUND

## Report of the Investment Manager (continued)

### **Manner in which sustainability is integrated in the investment decision making process**

Sustainability risks have low impact on returns at Investermum since we strongly believe that there is no contradiction between growth and sustainability. Good corporate governance alongside environmentally and socially responsible behaviour are essential when managing a company with the aim of maximizing long-term shareholder value. Investermum's goal is to create long-term superior risk-adjusted return in the Funds that we manage.

Our investment selection is made in accordance with traditional fundamental analysis. Assessments of a company's corporate governance and business ethics are central to the investment analysis. All three perspectives E, S, and G are important in our work where we incorporate aspects of environmental, social issues and corporate behaviour in our investment process. Investermum's investment strategy has a number of characteristics that define our role as wealth manager, we are active. Extensive company analysis helps us make better-informed investment decisions and we constructively engage on issues that are important to us as manager, we are long-term. We see beyond the short-term gain and look for long-term investment value, we are responsible. Our fundamental bottom-up research process addresses and integrates investment risks and opportunities associated with relevant and material environmental, social and corporate governance factors, we are transparent. We seek to ensure that a conflict of interest does not adversely affect the interests of our clients, our employees or other stakeholders through identifying actual and potential conflicts of interests. We aim to consciously exclude companies engaged in either of the activities below:

- Violations of Human Rights
- Environmental Damage
- Corruption
- Weapons of Mass Destruction
- Violations of Shareholder Rights

### **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 airliners and the hospitality industry. Manufacturing industry and subcontractors were later hard hit and all asset classes suffered 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.

### **Other**

During the period, the responsible Investment Manager was Roland Dahlman.

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

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

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### 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, 2020 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, 2020, 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.

### 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 are also 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, 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 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 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 dated 23 July 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".
- 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*

PP.

Yann Mérillou, *Réviseur d'entreprises agréé*  
Partner

April 27, 2021

# ISEC FIRST FUND

## Statement of Net Assets as at December 31, 2020

	Note	Investerum Global Value Fund EUR	Combined EUR
<b>ASSETS</b>			
Investment portfolio at market value	(3)	17,638,156	17,638,156
Cash at bank		449,284	449,284
Advance for purchase securities		99,113	99,113
Amounts receivable on sale of investments		50,000	50,000
Amounts receivable on subscriptions		1,487	1,487
Other assets		10,485	10,485
<b>TOTAL ASSETS</b>		<b>18,248,525</b>	<b>18,248,525</b>
<b>LIABILITIES</b>			
Interest payable		155	155
Amounts payable on redemptions		10,922	10,922
Amounts payable on purchases		49,557	49,557
Management fees payable	(4)	3,587	3,587
Investment management fees payable	(4)	19,950	19,950
Administration fees payable	(6)	21,415	21,415
Performance fees payable	(5)	230,212	230,212
Subscription tax payable	(7)	2,252	2,252
Taxes and expenses payable	(8)	34,923	34,923
<b>TOTAL LIABILITIES</b>		<b>372,973</b>	<b>372,973</b>
<b>TOTAL NET ASSETS</b>		<b>17,875,552</b>	<b>17,875,552</b>
<b>Net asset value per unit</b>			
Class D		18.176	
<b>Number of units outstanding</b>			
Class D		983,488.3900	

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

# ISEC FIRST FUND

## Statement of Operations and Changes in Net Assets for the Year ended December 31, 2020

		Investerum Global Value Fund	Combined
	Note	EUR	EUR
<b>TOTAL NET ASSETS AT THE BEGINNING OF THE YEAR</b>		<b>14,529,904</b>	<b>14,529,904</b>
<b>INCOME</b>			
Dividends, net	(3)	80,215	80,215
Bank interest		1,737	1,737
Trailer fees	(10)	76,168	76,168
<b>TOTAL INCOME</b>		<b>158,120</b>	<b>158,120</b>
<b>EXPENSES</b>			
Management fees	(4)	43,964	43,964
Investment management fees	(4)	150,889	150,889
Performance fees	(5)	230,213	230,213
Central Administration Agent, Depositary, Registrar and Transfer Agent fees	(6)	80,463	80,463
Audit fees, printing and publishing expenses		23,318	23,318
Subscription tax	(7)	3,686	3,686
Bank charges and correspondent fees		1,361	1,361
Interest paid		6,055	6,055
Other charges		8,585	8,585
<b>TOTAL EXPENSES</b>		<b>548,534</b>	<b>548,534</b>
<b>NET INCOME / (LOSS) FROM INVESTMENTS</b>		<b>(390,414)</b>	<b>(390,414)</b>
Net realised profit on sale of investments	(3)	280,538	280,538
Net realised profit on foreign exchange	(3)	4,215	4,215
<b>NET REALISED PROFIT / (LOSS)</b>		<b>(105,661)</b>	<b>(105,661)</b>
Change in net unrealised appreciation / (depreciation) on: - investments	(3)	1,025,230	1,025,230
<b>NET INCREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>919,569</b>	<b>919,569</b>
<b>MOVEMENTS IN CAPITAL</b>			
Issue of units		3,404,113	3,404,113
Redemption of units		(978,034)	(978,034)
<b>TOTAL NET ASSETS AT THE END OF THE YEAR</b>		<b>17,875,552</b>	<b>17,875,552</b>

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

# ISEC FIRST FUND

## Statement of Changes in the Number of Units for the Year ended December 31, 2020

	<b>Investerum Global Value Fund</b>
<b>Class D</b>	
Number of units outstanding at the beginning of the year	838,829.6214
Number of units issued	203,320.0350
Number of units redeemed	(58,661.2664)
<u>Number of units outstanding at the end of the year</u>	<u>983,488.3900</u>

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

# ISEC FIRST FUND

## Statistics

	<b>Investerum Global Value Fund</b>
	<b>EUR</b>
<b>Total Net Asset Value</b>	
December 31, 2020	17,875,552
December 31, 2019	14,529,904
December 31, 2018	10,726,346
<b>Net asset value per unit at the end of the year</b>	
<b>December 31, 2020</b>	
Class D	18.176
<b>December 31, 2019</b>	
Class D	17.322
<b>December 31, 2018</b>	
Class D	14.389

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

# ISEC FIRST FUND

## Investerum Global Value Fund

### Statement of Investments as at December 31, 2020

(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	2,393,885	13.39
JO Ham Inm Bldr -Seed- Gbp /Dis	1,263,340	GBP	1,405,010	1,494,473	8.36
			<b>2,500,760</b>	<b>3,888,358</b>	<b>21.75</b>
<b>Luxembourg</b>					
Fidelity /Gl. Technol. -A- Eur /Dis	87,611	EUR	2,393,117	3,453,620	19.32
Fundsmith Eq -T- Eur /Cap	71,904	EUR	2,733,117	3,373,996	18.87
Jup Glb Pan Eur -F Eur Acc /Cap	28,421	EUR	2,720,756	3,534,984	19.78
			<b>7,846,990</b>	<b>10,362,600</b>	<b>57.97</b>
<b>Sweden</b>					
Ivest Bas Value -Acc -A- Sek*	1,974,979	SEK	3,219,177	3,387,198	18.95
			<b>3,219,177</b>	<b>3,387,198</b>	<b>18.95</b>
<b>Total Open - ended investment funds (UCITS)</b>			<b>13,566,927</b>	<b>17,638,156</b>	<b>98.67</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>			<b>13,566,927</b>	<b>17,638,156</b>	<b>98.67</b>

\*Related party Fund - refer to Note 4

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

# ISEC FIRST FUND

## Investerum Global Value Fund

### Geographical and Economic Portfolio Breakdowns as at December 31, 2020

(expressed as a percentage of net assets)

<u>Geographical breakdown</u>	<u>%</u>	<u>Economic breakdown</u>	<u>%</u>
Luxembourg	57.97	Investment Funds	98.67
Ireland	21.75		<b>98.67</b>
Sweden	18.95		
	<b>98.67</b>		

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

# ISEC FIRST FUND

## Notes to the Audited Financial Statements as at December 31, 2020

### NOTE 1 – GENERAL

ISEC First Fund (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 31, 2020, one Sub-Fund is in operation:

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

### NOTE 2 – INVESTMENT OBJECTIVES

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:

#### **Investerum 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.

### 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.

# ISEC FIRST FUND

## Notes to the Audited Financial Statements (continued) as at December 31, 2020

### NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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, 2020.

The exchange rates used for Sub-Fund Investerum Global Value Fund as at December 31, 2020 are the following:

1 GBP	= 1.107636	EUR
1 JPY	= 0.007878	EUR
1 NOK	= 0.095189	EUR
1 SEK	= 0.099113	EUR
1 USD	= 0.813570	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 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. There are no forward foreign exchange contracts outstanding as at December 31, 2020.

### NOTE 4 – INVESTMENT MANAGEMENT FEES

In accordance with the Investment Management Agreement dated November 18, 2019, Investerum AB is 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 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 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, 2020, 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:

		<b>Total Maximum Investment Management Fee</b>
<b>ISEC First Fund</b>	<b>CCY</b>	
Investerum Global Value Fund	EUR	1.00%

# ISEC FIRST FUND

## Notes to the Audited Financial Statements (continued) as at December 31, 2020

### NOTE 4 – INVESTMENT MANAGEMENT FEES (continued)

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 UCIs. These positions are identified by an "\*" in the statement of investments of each fund.

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.

### NOTE 5 – PERFORMANCE FEES

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, 2020, the total performance fees amounted to EUR 230,213 for the Sub-Fund Investerum Global Value Fund.

### NOTE 6 – CENTRAL ADMINISTRATION AGENT, DEPOSITARY, REGISTRAR AND TRANSFER AGENT FEES

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.

### NOTE 7 – 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 8 – TAXES AND EXPENSES PAYABLE

For the year ended December 31, 2020, the following taxes and expenses are payable:

	<b>Investerum Global Value Fund EUR</b>
Administrative Agency Fees	18,581
Depositary Oversight fees	409
AIFMD - Cash Flow Monitor	1,200
Legal Fees	233
Audit Fees	14,500
	<b>34,923</b>

# ISEC FIRST FUND

## Notes to the Audited Financial Statements (continued) as at December 31, 2020

### NOTE 9 – TRANSACTION COSTS

For the year ended December 31, 2020 the Fund incurred transaction costs relating to purchase or sale of investment funds as follows:

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 those transaction costs as noted above.

### NOTE 10 – TRAILER FEES

As at December 31, 2020, 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 ISEC Services AB 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 11 – DIVIDENDS DISTRIBUTED

During the year ended December 31, 2020, no dividend was paid out.

### NOTE 12 – PENSIONSSPARFONDEN SUB-FUND

Although the Pensionssparfonden Sub-Fund was set to dormant on May 7, 2019 there are still some cash balances (SEK 23,454.77, USD 2,950.98) in the accounts as per December 31, 2020. The liquidation process has been initiated and the cash will be paid to the investors/shareholders if possible. If this is not possible the Management Company will follow the standard process for liquidating the Sub-Fund.

### NOTE 13 – EVENTS THAT OCCURRED DURING THE YEAR

#### 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 airliners 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 <https://www.isec.com/funds/isec-first-fund>.

### NOTE 14 – POST BALANCE SHEET EVENT

On March 1, 2021 Mikkel Mørdrup was appointed as a member of the Board of Directors.

# ISEC FIRST FUND

## Unaudited Appendix

### Remuneration policy

ISEC Services AB's current remuneration policy is available on the website [www.isec.com](http://www.isec.com). In accordance with Articles 1 & 13 in the UCITS V Directive, a table on remuneration related information for 2020 is below:

#### Total Salaries for ISEC Services AB for 2020

	Fixed salaries	Variable salaries	Total salaries	Head Counts
DIMC Board of Directors	71,756	-	71,756	4
Senior Management	359,888	-	359,888	4
Employees in Control Functions	389,420	-	389,420	7
Other employees	1,137,824	-	1,137,824	23
<b>Total salaries</b>	<b>1,958,888</b>	<b>-</b>	<b>1,958,888</b>	<b>38</b>

The total remuneration for ISEC Services AB has been allocated to the Fund based on the Fund's pro rata share of the total AUM managed by Investrum AB for 2020 as outlined in the table below:

#### 2020 Remuneration for the Investment Manager – Investrum AB - for ISEC First Fund in EUR

	Fixed salaries	Variable salaries	Total salaries	Head Counts
Investment Manager – Investrum AB	66,000	-	66,000	0.16
<b>Total salaries</b>	<b>66,000</b>	<b>-</b>	<b>66,000</b>	<b>0.16</b>

# ISEC FIRST FUND

## 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, 2020, 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**

ISEC Services AB use 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.