

# GLOBAL EVOLUTION HOLDING APS ANNUAL REPORT

CVR No.: 30 58 33 96

Kokholm 3A, 6000 Kolding

01.01 2018 - 31.12 2018



GlobalEvolution

## Table of Contents

Company Details	3
Statement by the Board of Directors and the Board of Management	4
Independent Auditors' Report	5 – 7
Management's Review	8 – 9
Income Statement	10
Balance Sheet	11- 12
Statement of Changes in Equity	13
Notes	14 – 32

---

## Company Details

---

Global Evolution Holding ApS  
Kokholm 3A  
6000 Kolding, Denmark  
[www.globalevolution.com](http://www.globalevolution.com)  
Tel.: +45 7932 1111  
Fax: +45 7932 1122  
Domicile: Kolding  
CVR No.: 30 58 33 96  
FT. No.: 96031

---

## Board of Directors

---

Hans-Christian Ohrt, Chair of the Board  
Kaj Østergaard Mortensen  
Linwood Earle Bradford Jr.

---

## Board of Management

---

Søren Rump  
Morten Bugge  
Torben Schytt

---

## Auditors

---

Ernst & Young  
Godkendt Revisionspartnerselskab  
Osvald Helmuths Vej 4  
2000 Frederiksberg

---

## Bankers

---

Danske Bank A/S  
Kolding Åpark 8H  
6000 Kolding

## STATEMENT BY THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT

The Board of Directors and the Board of Management have today discussed and approved the annual report of Global Evolution Holding ApS for the financial year 1 January - 31 December 2018.

The Annual Report has been prepared in accordance with the Danish Financial Business Act, including the Executive Order on Financial reports for Credit Institutions and Investment Companies.

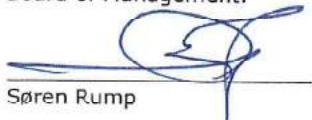
In our opinion the financial statements give a true and fair view of the Group's and Company's financial position at 31 December 2018 and of the results of the Group's and Company's operations for the financial year 1 January - 31 December 2018.

In our opinion the Management's Review contains a fair review of the circumstances, the Review includes, and a description of the significant risks and uncertainties by which the Company can be influenced.


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

Kolding,

Board of Management:

  
Søren Rump  
Morten Bugge  
Torben Schytt

Board of Directors:

  
Hans-Christian Ohrt  
Chairman  
Kaj Østergaard Mortensen  
Linwood Earle Bradford Jr.

## **INDEPENDENT AUDITORS' REPORT**

### **To the shareholders of Global Evolution Holding ApS**

#### **Opinion**

We have audited the consolidated financial statements and the parent company financial statements of Global Evolution Holding ApS for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Business Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

#### **Management's responsibilities for the financial statements**

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

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

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

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

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

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

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.

**Statement on the Management's review**

Management is responsible for the Management's review.

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


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

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

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

Copenhagen, 4 April 2019

Ernst & Young  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Lars Rhod Søndergaard  
State Authorized Public Accountant  
mne28632



Morten Østergaard Koch  
State Authorized Public Accountant  
mne35420

## MANAGEMENT'S REVIEW

### Business activities

The Group's principal activity is to manage the investments in the owned subsidiaries. Just before end of June 2018, a restructuring of Global Evolution Group was executed. Prior to the restructuring, Global Evolution Holding ApS owned indirectly, 25% of Global Evolution Fondsmæglerselskab A/S, and that was the only activity in the Group. As a part of the restructuring, Global Evolution Holding ApS merged with Tiananmen ApS and Global Evolution Holding A/S, increased the ownership of Global Evolution Fondsmæglerselskab A/S through contribution in kind to 100%, and acquired 90% of Global Evolution Manco S.A. through contribution in kind. Mogambo 2 Holding ApS was purchased after the restructuring finalizing the new group structure.

Global Evolution Group comprise): Global Evolution Holding ApS, Global Evolution Fondsmæglerselskab A/S, Global Evolution USA, LLC, Mogambo 2 Holding ApS, Global Evolution USA GP, LLC and Global Evolution Manco S.A.

The Group offers services to institutional and professional investors based on investments in emerging markets. At the end of 2018, the Group had a total of 37 employees.

Global Evolution Fondsmæglerselskab A/S's vision is to become one of the leading global asset management companies within its business area. Global Evolution Manco S.A. is the managing company of the Global Evolution Funds in Luxembourg.

### Management of Directorship

For a specification of the Board of Directors and Board of Management, Management and Directorship see note 20 in the Annual Report.

### Recognition and measurement uncertainties

The purchase price allocation and the depreciations thereof entail an element of judgement, as only parts of the allocation could be done based on objective observations. As a consequence of the changes in accounting principles as described in note 1, certain judgements have been made in adjusting the comparison figures for 2017. There are no other exceptional circumstances affecting recognition and measurement uncertainties, except as noted below regarding revaluation of investments in associates to market value.

### Developments in the Group business activities and financial situation

The income statement for the year showed a profit of t.DKK 369.282 of which t.DKK 61.509 was earned in the second half of 2018. The Groups profit was significantly positively influenced by the establishment of the new group structure as the investments in associates was revaluated to market value and had a positive effect on the profit. The balance sheet of the Group as at 31 December 2018 showed an equity of t.DKK 1.233.689.



**Post balance sheet events**

No post balance sheet events have occurred which have a significant influence on the evaluation of the annual report.

**Outlook for 2019**

The Group has continued to expand its client reach globally. The Group expects to continue the growth in assets under management in 2019. Combined with the existing larger base in assets under management this leads to the expectation of a further improvement in the overall 2019 result compared to 2018 (adjusted for performance fees). The Group does not budget with any performance fee revenue.

**Knowledge resources**

The Group business is based on management of investments in Emerging Markets, which requires a high level of knowledge and competences in the organisation. The staff is therefore characterised by being highly qualified and educated within the financial markets.

**Special risks**

In note 19, the Group describes the special risks which may affect the Group.

**Research and development activities**

The Group has developed its own portfolio management systems and continuously develops and optimises the individual product and distribution platforms. The expenses incurred in this respect are expensed as they are incurred.

**Subsidiary abroad**

The Group has subsidiaries in the United States and in Luxemburg.

**Board of Directors, proposed dividend**

Board of Directors propose a dividend of t.DKK 79.525 at the general meeting of the Company.

**INCOME STATEMENT**

Notes		Group		Parent	
		2018 1,000 DKK	2017 1,000 DKK	2018 1,000 DKK	2017 1,000 DKK
3	Interest Income	33	35	1	35
4	Interest expenses	469	0	-27	0
	<b>Net interest income</b>	<b>-436</b>	<b>35</b>	<b>-26</b>	<b>35</b>
	Fees and commissions income	170.137	0	0	0
	Paid fees and commissions expenses	-13.966	0	0	0
5	<b>Net interest and fee income</b>	<b>155.735</b>	<b>35</b>	<b>-26</b>	<b>35</b>
6	Value adjustments	1.325	0	0	0
7	Staff costs and administrative expenses	-62.001	-19	-355	-19
	Depreciation and impairment of intangible assets, property, plant and equipment	-12.008	0	0	0
	Income from equity investments in associates and subsidiaries	307.775	49.361	369.580	25.639
	<b>Result before tax</b>	<b>390.826</b>	<b>49.377</b>	<b>369.199</b>	<b>25.655</b>
8	Taxes	19.409	0	-85	0
	<b>Result for the year</b>	<b>371.417</b>	<b>49.377</b>	<b>369.284</b>	<b>25.655</b>
	Other comprehensive income	-2	0	-2	0
	Tax on other comprehensive income	0	0	0	0
	<b>Comprehensive income for the period</b>	<b>371.415</b>	<b>49.377</b>	<b>369.282</b>	<b>25.655</b>
	Minority interest	-2.133	-23.722	0	0
	<b>Company's share of the result</b>	<b>369.282</b>	<b>25.655</b>	<b>369.282</b>	<b>25.655</b>

**Allocation of the result**

Proposed dividend	79.525	28.934	79.525	28.934
Paid, interim dividend	19.662	21.584	19.662	21.584
Revaluation reserve according to the equity method	0	0	71.238	0
Accumulated result	270.095	-24.863	198.857	-24.863
Minority interest	2.133	23.722	0	0
<b>Total allocation</b>	<b>371.415</b>	<b>49.377</b>	<b>369.282</b>	<b>25.655</b>

**BALANCE SHEET**

Notes	Group		Parent		
	31 December 2018 1,000 DKK	31 December 2017 1,000 DKK	31 December 2018 1,000 DKK	31 December 2017 1,000 DKK	
<b>ASSETS</b>					
	Cash in hand and demand deposits with central banks	4	0	0	0
9	Receivables from credit institutions and central banks	100.428	1.056	0	1.056
	Other securities	2.979	0	0	0
10	Investment in associates	0	42.238	0	0
11	Investment in subsidiary	0	0	1.231.234	20.219
12	Intangible assets	1.168.854	0	0	0
13	Other property, plant and equipment	1.754	0	0	0
	Tax assets	0	0	84	0
	Other assets	84.128	13.972	0	13.972
	Prepayments	6.401	0	0	0
	<b>Total assets</b>	<b>1.364.548</b>	<b>57.266</b>	<b>1.231.318</b>	<b>35.247</b>

**BALANCE SHEET**

Notes	Group		Parent		
	31 December 2018 1,000 DKK	31 December 2017 1,000 DKK	31 December 2018 1,000 DKK	31 December 2017 1,000 DKK	
<b>LIABILITIES &amp; EQUITY</b>					
	Debt to credit institutions and central banks	3.554	0	3.128	0
	Deferred tax	59.698	0	0	0
	Tax liabilities	12.750	0	0	0
	Other liabilities	54.857	1.727	216	7
	<b>Total liabilities</b>	<b>130.859</b>	<b>1.727</b>	<b>3.344</b>	<b>7</b>
14	Share capital	520	125	520	125
	Revaluation reserve according to the equity method	0	0	71.238	0
	Retained earnings	1.147.929	6.181	1.076.691	6.181
	Proposed dividend	79.525	28.934	79.525	28.934
	<b>Total equity</b>	<b>1.227.974</b>	<b>35.240</b>	<b>1.227.974</b>	<b>35.240</b>
	Minority interest	5.715	20.299	0	0
	<b>Group total equity</b>	<b>1.233.689</b>	<b>55.539</b>	<b>1.227.974</b>	<b>35.240</b>
	<b>Total liabilities &amp; equity</b>	<b>1.364.548</b>	<b>57.266</b>	<b>1.231.318</b>	<b>35.247</b>

- 15 Contingent liabilities
- 16 Related parties
- 17 Capital adequacy requirements
- 18 Solvency
- 19 Special risks
- 20 Information about the Board of Directors and Board of Management

**STATEMENT OF CHANGES IN EQUITY AND COMPREHENSIVE INCOME**

1,000 DKK	Share capital	Retained earnings	Proposed dividend	Minority Interest	Total
<b>Group</b>					
Equity at 01.01.17	125	31.044	0	16.547	47.716
Comprehensive income for the period	0	-24.863	50.518	23.722	49.377
Change in equity for the period:					
Interim dividend	0	0	-21.584	-19.970	-41.554
<b>Equity at 31.12.17</b>	<b>125</b>	<b>6.181</b>	<b>28.934</b>	<b>20.299</b>	<b>55.539</b>
Equity at 01.01.18	125	6.181	28.934	20.299	55.539
Capital increase	395	862.219	0	0	862.614
Bought/sold minority interest	0	0	0	-16.717	-16.717
Comprehensive income for the period	0	270.095	99.187	2.133	371.415
Change in equity for the period:					
Distribution to owners, dividend 2017	0	0	-28.934	0	-28.934
Interim dividend	0	0	-19.662	0	-19.662
Issue of stock awards	0	9.434	0	0	9.434
<b>Equity at 31.12.18</b>	<b>520</b>	<b>1.147.929</b>	<b>79.525</b>	<b>5.715</b>	<b>1.233.689</b>

The Group has implemented a Long Term Incentive Program for 2018. The Company will issue Restricted Stock Units (RSU's) as part of the bonus awards to the bonus receivers in the subsidiaries. The Participants of the program are both employees and the Board of Management.

Each RSU represents a promise to deliver one share. Parts of the bonus awards are deferred in up to 4 years, and the RSU's will vest at fair market value.

**STATEMENT OF CHANGES IN EQUITY AND COMPREHENSIVE INCOME**

1,000 DKK	Share capital	Revaluation reserve according to the equity method	Retained earnings	Proposed dividend	Total
<b>Parent</b>					
Equity at 01.01.17	125	0	37.322	0	37.447
Change in accounting policy	0	0	-6.278	0	-6.278
Comprehensive income for the period	0	0	-24.863	50.518	25.655
Change in equity for the period:					
Interim dividend	0	0	0	-21.584	-21.584
<b>Equity at 31.12.17</b>	<b>125</b>	<b>0</b>	<b>6.181</b>	<b>28.934</b>	<b>35.240</b>
Equity at 01.01.18	125	0	6.181	28.934	35.240
Capital increase	395	0	862.219	0	862.614
Comprehensive income for the period	0	71.238	198.857	99.187	369.282
Change in equity for the period:					
Distribution to owners, dividend 2017	0	0	0	-28.934	-28.934
Interim dividend	0	0	0	-19.662	-19.662
Issue of stock awards	0	0	9.434	0	9.434
<b>Equity at 31.12.18</b>	<b>520</b>	<b>71.238</b>	<b>1.076.691</b>	<b>79.525</b>	<b>1.227.974</b>

The Group has implemented a Long Term Incentive Program for 2018. The Company will issue Restricted Stock Units (RSU's) as part of the bonus awards to the bonus receivers in the subsidiaries. The Participants of the program are both employees and the Board of Management.

Each RSU represents a promise to deliver one share. Parts of the bonus awards are deferred in up to 4 years, and the RSU's will vest at fair market value.

## NOTES

### 1. Accounting Policies

The Company changed status to a financial holding company as part of the group restructuring which was executed before the end of June 2018 and therefore the Annual Report has been presented in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc. The Danish Financial Statements Act was previously applied.

As part of the change in accounting framework the presentation of income statement and balance sheet has been updated. With regards to changes in recognition and measurement the only effect is on measurement of investment in associates which was previously measured at cost, but are now recognized in the balance sheet at the proportionate ownership of the companies adjusted for the remaining goodwill or negative goodwill and unrealized group internal gains and losses.

The changes in accounting framework has impacted prior year profit negatively with t.DKK 11.779 and impacted equity at 31 December 2017 negatively by t.DKK 18.056. Figures prior to 2017 have not been updated.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent and any subsidiaries in which the parent, directly or indirectly, holds more than 50% of the voting rights or in which it has a controlling influence through agreements. Enterprises in which the group holds between 20% and 50% of the voting rights and in which it has a substantial, but not controlling influence, are considered associates.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements are prepared by combining the audited financial statements of the parent and its subsidiaries by aggregating uniform items. The consolidation eliminates intercompany income and expenditure, shareholdings, balances and dividends as well as unrealised intercompany gains and losses on inventories and non-current assets.

Newly acquired or newly founded enterprises are recognised in the consolidated financial statements as from the time of acquisition. Divested or discontinued enterprises are recognised in the consolidated income statement up until the time of divestment or discontinuation. Comparative figures are not restated for newly acquired, divested or discontinued enterprises.

Gains or losses on the divestment of subsidiaries and associates are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of divestment, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation.

New enterprises are recognised in accordance with the purchase method, according to which the identifiable assets and liabilities of the newly acquired enterprises are recognised at fair value at the time of acquisition. The tax effect of any reassessments is recognised.

### **Recognition and measurement in general**

In the income statement, income is recognised as earned, including value adjustments of financial assets and liabilities. In the income statement, all expenses, including depreciation and impairment losses, are recognised as well.

In the balance sheet, assets are recognised when the economic benefits are likely to be realised and when the asset value can be measured in a reliable manner. Liabilities are recognised when they are likely to be realised and when they can be measured in a reliable manner. On subsequent recognition, financial assets and liabilities are measured as described below for each specific entry.

For purposes of recognition and measurement, predictable losses and risks which occur before the interim report is presented are taken into consideration.

### **Reporting currency**

The Annual Report is presented in Danish kroner.

### **Foreign currency translation**

Transactions in foreign currency are translated into Danish kroner using the exchange rate ruling on the date of the transaction.

Monetary items denominated in foreign currency are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement under value adjustments.

On recognition of foreign subsidiaries and associates which are independent entities, the income statements are recognised at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are recognised at the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arisen at the conversion of equity at the beginning of the year and income statements at the exchange rates applicable at the balance sheet date are recognised in other comprehensive income.

Translation adjustments of intercompany balances with independent foreign subsidiaries and associates which are considered part of the overall investment are recognised other comprehensive income.



## INCOME STATEMENT

### Interest income and fee income

Interest income consists of interest and similar income and will be accrued over the specific periods to which they relate and they will be recognised in the income statement with the amount related to the specific financial reporting period.

Fee income includes income related to fees paid by clients for portfolio management and advisory services provided by the Company.

Performance fees are recognised as income when the Company obtains definitive rights to the Fee.

Performance fee and fixed fee income is recognised as a net fee with all rebates deducted. Rebates contains an estimation element upon first recognition and is subsequently recalculated when all parameters are certain.

### Value adjustments

Realized and unrealized capital gains and losses are recognised in the income statement, including any value adjustment of assets and liabilities measured at fair value.

### Staff costs and administrative expenses

This includes expenses to staff, management and administration, including expenses related to office rental.

Employees of the Group receive remuneration in the form of share-based payments. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognized in employee benefits expense together with a corresponding increase in equity (other capital reserves) over the year in which the service, and, where applicable, the performance conditions, are fulfilled (the vesting period).

### Depreciation and impairment

The item includes depreciation and impairment of customer contracts, property, plant and equipment. Fixed assets are depreciated using the straight-line method, based on the cost, measured by reference to the below assessment of the useful life of the assets:

	Useful life
Customer contracts	12 years
Other fixtures and fittings, tools and equipment	3-5 years
Cars	3-5 years

The scrap value for cars is estimated at 14,2%-17,5% of cost.

Gains or losses on the sale of fixed assets are recognised in the income statement under 'Depreciation and impairment'.

## Tax

Tax for the year comprises current tax and changes in deferred tax for the year. Tax relating to the profit/loss for the year is recognised in the income statement, and the tax relating to amounts directly recognised in equity is recognised directly in equity.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

## BALANCE SHEET

### Receivables

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes receivables and receivables related to fees for portfolio management.

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets measured at amortised cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

**Other securities**

Securities are recognised at fair value. The fair value of listed securities is fixed as the closing price on the balance sheet date. The trading date is used as the date of recognition.

**Financial assets**

Investments in subsidiaries are recognized in the balance sheet at the proportionate ownership of the companies adjusted for the remaining goodwill or negative goodwill and unrealized group internal gains and losses.

The subsidiaries are recognized in the income statement in proportion to the ownership corresponding to the investments

Newly acquired or newly established companies are recognized in the financial statements from the acquisition date. Companies disposed of are recognized up to the date of disposal.

Gains or losses on disposal of subsidiaries are calculated as the difference between the sales price and the carrying value of net assets at the date of disposal including unamortized goodwill and estimated costs to sell. Gains and losses are recognized in the Income Statement under investments in associated companies and subsidiaries.

**Intangible assets**

Goodwill measured initially at cost.

Goodwill is measured after this date at the same value or a lower value if value deterioration occurs. Goodwill is assessed at each closing of the accounts and written down if there is impairment.

Other intangible assets include customer contracts. Acquired customer contracts is recognized at cost and amortized on a straight-line basis over 12 years.

**Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements and other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Leased property, plant and equipment qualifying for recognition as assets held under finance leases are treated as acquired assets.

The cost of assets held under finance leases is measured at the lower of cost according to the lease and the net present value of the lease payments, calculated by reference to the interest rate implicit in the lease.

### **Impairment of assets**

The carrying amount of non-current assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets. The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the disposal of the asset or group of assets after the expiry of their useful lives.

### **Prepayments**

Prepayments recognised under assets includes incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### **Shareholders' equity**

Dividends proposed for the reporting period are presented as a separate item under 'Shareholders' equity'.

### **Income taxes**

Current tax charges are recognised in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Provisions for deferred tax are calculated of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

### **Financial liabilities**

Financial liabilities are recognised on the raising of loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Other debt is subsequently measured at amortised cost, corresponding to the nominal unpaid debt.

### **Financial highlights**

The financial highlights have been prepared in accordance with the Danish Financial Supervisory Authority's executive order on financial reports of credit institutions and stockbroker companies.

**NOTES**
**2. Group Key Figures and Financial Ratios**

1,000 DKK	2018	2017	2016	2015	2014
<b>KEY FIGURES</b>					
<b>Income Statement</b>					
Net interest income and fee income	155.735	35	-3	-16	-52
Value adjustments	1.325	0	0	0	0
Staff costs and administrative expenses	62.001	19	14	22	16
Loss and provision for bad debts	0	0	0	0	0
Result for the year	371.415	49.377	6.120	20.627	11.687
<b>Balance Sheet</b>					
Equity	1.233.689	55.539	37.447	36.596	39.284
Total assets	1.364.548	57.266	37.464	36.614	40.019
<b>FINANCIAL RATIOS</b>					
Capital ratio	14,1%	N/A	N/A	N/A	N/A
Core capital ratio	14,1%	N/A	N/A	N/A	N/A
Return on equity before tax	60,6%	106,2%	16,5%	54,3%	30,1%
Return on equity after tax	57,6%	106,2%	16,5%	54,3%	30,1%
Income/cost ratio	6,7	N/A	N/A	N/A	N/A

**NOTES**

	<b>Group</b>		<b>Parent</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>1,000 DKK</b>	<b>1,000 DKK</b>	<b>1,000 DKK</b>	<b>1,000 DKK</b>
<b>3. Interest income</b>				
Receivables from credit institutions and central banks	33	35	1	35
Total interest income	33	35	1	35
<b>4. Interest expenses</b>				
Payables to credit institutions and central banks	218	0	27	0
Other interest expenses	251	0	0	0
Total interest expenses	469	0	27	0
<b>5. Net interest and fee income</b>				
Denmark	107.780	0	0	0
Luxembourg	40.976	0	0	0
USA	6.979	0	0	0
Total net interest and fee income	155.735	0	0	0
<b>6. Value adjustments</b>				
Currency	1.682	0	0	0
Shares	-357	0	0	0
Total value adjustments	1.325	0	0	0

**NOTES**

	<b>Group</b>		<b>Parent</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>1,000 DKK</b>	<b>1,000 DKK</b>	<b>1,000 DKK</b>	<b>1,000 DKK</b>
<b>7. Staff costs and administrative expenses</b>				
Salaries and remuneration to the Board of Directors, the Board of Management and employees with influence on risk:				
Board of Directors, only fixed salary	123	0	28	0
Board of Management, fixed salary	6.128	0	0	0
Board of Management, variable salary	1.644	0	0	0
Risk takers, fixed salary	3.917	0	0	0
Risk takers, variable salary	5.347	0	0	0
Salaries and remuneration to the Board of Directors, Board of Management and employees with influence on risk				
	17.159	0	28	0
Staff salaries	11.256	0	0	0
Staff pensions	1.237	0	0	0
Social security costs	1.267	0	0	0
Payroll tax	4.626	0	0	0
<b>Total staff costs</b>	<b>18.386</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other administrative expenses	26.456	19	327	19
<b>Total staff costs and administrative expenses</b>	<b>62.001</b>	<b>19</b>	<b>355</b>	<b>19</b>
Average number of employees in the period	15	0	0	0
Number of risktakers (year-end):				
Board of Directors	3	0	3	0
Board of Management	3	2	3	2
Staff	6	0	0	0
<b>Total</b>	<b>12</b>	<b>2</b>	<b>6</b>	<b>2</b>

Remuneration of the Board of Directors and Board of Management of the group are shown in note 20.

The group has no pension liabilities as the company's plan is a defined contribution plan.

The group has 5 material risk takers beyond the company's Board of Directors, the members of Board of Management and the Head of Legal & Compliance.

**NOTES**

	Group		Parent	
	2018	2017	2018	2017
	1,000 DKK	1,000 DKK	1,000 DKK	1,000 DKK

**7. Staff costs and administrative expenses** – continued -

Specification on the fee to the auditors appointed at the general meeting:

Fees for statutory audits of annual accounts	283	19	50	19
Fees for assurance engagements other than audit	33	0	0	0
Fees for tax advisory services	186	0	0	0
Fees for other services	762	0	192	0
<b>Total fee to Ernst &amp; Young</b>	<b>1.264</b>	<b>19</b>	<b>242</b>	<b>19</b>

**8. Taxes**

Estimated tax charge for the period	21.998	0	85	0
Change in deferred tax	-2.589	0	0	0
<b>Total taxes</b>	<b>19.409</b>	<b>0</b>	<b>85</b>	<b>0</b>

**Tax Reconciliation**

Tax rate	22%	22%	22%	22%
Non-taxable items	-17%	-22%	-22%	-22%
<b>Average effective tax rate</b>	<b>5%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

	Group		Parent	
	31.12.18	31.12.17	31.12.18	31.12.17
	1,000 DKK	1,000 DKK	1,000 DKK	1,000 DKK

**9. Receivables from credit institutions and central banks**

Receivables from credit institutions, on demand	100.428	1.056	0	0
<b>Total receivables from credit institutions and central banks</b>	<b>100.428</b>	<b>1.056</b>	<b>0</b>	<b>0</b>



**NOTES**

	Group		Parent	
	31.12.18 1,000 DKK	31.12.17 1,000 DKK	31.12.18 1,000 DKK	31.12.17 1,000 DKK
<b>10. Investments in associates</b>				
Cost as at 01.01	42.521	42.521	0	0
Additions	0	0	0	0
Disposals	-42.521	0	0	0
Cost as at 31.12	0	42.521	0	0
Revaluations as at 01.01	-283	-14.647	0	0
Revaluations in the year	0	49.361	0	0
Disposals	283	-34.997	0	0
Revaluations as at 31.12	0	-283	0	0
Carrying amount as at 31.12	0	42.238	0	0

	Parent	
	31.12.18 1,000 DKK	31.12.17 1,000 DKK
<b>11. Investments in subsidiaries</b>		
Cost as at 01.01	38.275	34.962
Additions	1.159.996	7.200
Disposals	-38.275	-3.887
Cost as at 31.12	1.159.996	38.275
Revaluations as at 01.01	-18.056	-6.277
Disposals	18.056	0
Revaluations in the year	61.806	25.639
Currency adjustments	-2	0
Equity movement	9.434	-37.418
Revaluations as at 31.12	71.238	-18.056
Carrying amount as at 31.12	1.231.234	20.219

Name	Registered office	Ownership interest	Equity 1,000 DKK	The Year 1,000 DKK
Mogambo 2 Holding ApS	Kolding	100%	3.078	-379
Global Evolution USA LLC	New York, USA	100%	1.049	270
Global Evolution Fondsmæglerselskab A/S	Kolding	100%	93.230	110.752
Global Evolution USA GP LLC	New York, USA	100%	2.898	-362
Global Evolution Manco S.A.	Luxembourg	90%	32.260	25.294

**NOTES**
**11. Investments in subsidiaries**

- continued -

In connection with the acquired investments in subsidiaries a purchase price allocation was performed. The majority of the value was allocated to customer contracts and goodwill, which amounts to t.DKK 1.105.998 as at 31 December 2018.

**12. Intangible assets**

1,000 DKK	Goodwill	Other intangible assets	Total
Group			
Cost as at 01.01	0	0	0
Additions	904.806	275.778	1.180.584
Cost as at 31.12	904.806	275.778	1.180.584
Depreciation as at 01.01	0	0	0
Depreciation in the year	0	11.730	11.730
Depreciation as at 31.12	0	11.730	11.730
Carrying amount as at 31.12	904.806	264.048	1.168.854

Group		Parent	
31.12.18	31.12.17	31.12.18	31.12.17
1,000 DKK	1,000 DKK	1,000 DKK	1,000 DKK

**13. Other property, plant and equipment**

Total cost as at 01.01	0	0	0	0
Additions in the year	2.032	0	0	0
Disposal in the year	0	0	0	0
Total cost as at 31.12	2.032	0	0	0
Depreciation as at 01.01	0	0	0	0
Depreciation in the year	278	0	0	0
Reversal of depreciation on disposals	0	0	0	0
Depreciation as at 31.12	278	0	0	0
Carrying amount as at 31.12	1.754	0	0	0

## NOTES

## 14. Share capital

The share capital consists of shares of EUR 0,01 nominal value each.

	Group		Parent	
	31.12.18 1,000 DKK	31.12.18 1,000 DKK	31.12.17 1,000 DKK	31.12.17 1,000 DKK
<b>15. Contingent liabilities, other financial obligations</b>				
Rent payment concerning a contract, one year	381	0	0	0
Rent payments concerning a contract which is non-cancellable until 1 January 2021	4.535	0	0	0
<b>Total rent liability</b>	<b>4.916</b>	<b>0</b>	<b>0</b>	<b>0</b>
The Guarantee Fund for Depositors and Investors	103	0	0	0

## 16. Related parties

Ownership:

The following shareholders are registered in the company's register of shareholders as holding more than 5% of the share capital:

- Conning Holdings Ltd.
- Tulip Invest ApS, Kolding
- Rump Invest ApS, Kolding

Transactions with the subsidiary include miscellaneous recharges of administrative expenses and staff costs. All transactions are made on market terms and in accordance with the companies transfer pricing policy.

Remuneration of Management is disclosed in note 20.

## NOTES

	31.12.18 1,000 DKK	31.12.17 1,000 DKK	31.12.18 1,000 DKK	31.12.17 1,000 DKK
<b>17. Capital adequacy requirements</b>				
Capital adequacy requirement, 8% of total risk exposure (REA)	16.888	-	10.034	-

	Group		Parent	
	31.12.18 1,000 DKK	31.12.17 1,000 DKK	31.12.18 1,000 DKK	31.12.17 1,000 DKK
<b>18. Solvency</b>				
Shareholders' equity	1.227.974	-	1.227.974	-
Proposed dividend	-79.525	-	-79.525	-
Issue of stock awards	-9.434	-	-9.434	-
Intangible assets	-1.168.854	-	-1.105.998	-
Deferred tax asset	59.674	-	0	-
Core capital after deduction	29.835	-	33.017	-
Own Funds	29.835	-	33.017	-
Capital ratio	14,1%	-	26,3%	-
Core capital ratio	14,1%	-	26,3%	-

**19. Special risks**
**Business risks**

Earnings are considerably affected by the assets under management and the management fee. The size of the assets depends partly on changes in the price of the underlying portfolio, partly on the general demand for asset management within emerging markets. Therefore, it is important to the Group to attract new investors, while at the same time providing competitive returns and products.

**Financial risks**

The composition of the balance sheet total in the Group is solid, as none of the balance sheet total is financed externally, and because 51 % of the Total Assets excl. intangible assets are placed in European highly rated and systemically important credit institutions. Against this background, the financial risks in the Company are considered limited. Financial risks are managed in accordance with the Board of Directors instructions to the Board of Management.

## NOTES

### 19. Special risks - continued -

#### Foreign exchange risk

The Group is exposed to exchange rate risks. Foreign exchange exposure relating to future transactions is evaluated and hedged by instruments such as forward exchange contracts. The management of foreign exchange risks is based on policies approved by the Board of Directors.

#### Significant risk and uncertainties

In 2018, business risks will account for the most significant risk factor.

### 20. Information about the Board of Directors and Board of Management

#### Board of Directors

##### Chair of the Board

##### Hans Christian Ohrt

	31.12.18 1,000 DKK	31.12.17 1,000 DKK	31.12.18 1,000 DKK	31.12.17 1,000 DKK
Directors remuneration, fixed	85	0	20	0
Directors remuneration, variable	0	0	0	0
<b>Total</b>	<b>85</b>	<b>0</b>	<b>20</b>	<b>0</b>

##### Chair of the Board:

Liljegren A/S  
 Global Evolution Financial ApS  
 Global Evolution Fondsmæglerselskab A/S  
 estron A/S  
 estron Holding A/S  
 Genpack A/S  
 ROV-Support A/S  
 Kate Acquisition ApS  
 MM & Ten A/S  
 Mos Mosh A/S  
 Borean Innovation A/S

##### Board member:

Thorsen A/S  
 Form3 Retail ApS  
 Kirk & Thorsen A/S  
 Aktieselskabet Presenco  
 Kurt Kirkegaard A/S  
 Easyfood A/S  
 Duralys A/S  
 Duralamp Danmark A/S  
 Andersen Partners Advokatpartnerselskab  
 Andersen Partners Ejendomsadministration P/S  
 Thorsen A/S

## NOTES

**20. Information about the Board of Directors and Board of Management**

- continued -

**Board member**
**Stefan Paul Allesch-Taylor**

No directors remuneration has been paid for 2017 or 2018

**Board member**
**Linwood Earle Bradford Jr.**

No directors remuneration has been paid for 2018 or 2017

**Chair of the Board:**

 Conning Holdings Limited  
 Conning, U.S. Holdings Inc.  
 Conning Holdings Corp.  
 Conning & Company  
 Conning, Inc.  
 Conning Investment Products, Inc.  
 Goodwin Capital Advisers, Inc.  
 Octagon Credit Investors, LLC  
 Conning Asset Management Limited  
 Conning (Germany) GmbH  
 Conning Asia Pacific Limited

**Board member:**

 Cathay Securities Investment Trust Co., Ltd.  
 Global Evolution Holding ApS  
 Global Evolution Financial ApS  
 Global Evolution Fondsmæglerselskab A/S  
 Global Evolution Manco S.A.  
 Worcester Polytechnic Institute – Board of Trustees  
 CT Insurance & Financial Services  
 The Greater Boston Food Bank

**Board member**
**Kaj Østergaard Mortensen**

	31.12.18 1,000 DKK	31.12.17 1,000 DKK	31.12.18 1,000 DKK	31.12.17 1,000 DKK
Directors remuneration, fixed	38	0	8	0
Directors remuneration, variable	0	0	0	0
<b>Total</b>	<b>38</b>	<b>0</b>	<b>8</b>	<b>0</b>

## NOTES

## 20. Information about the Board of Directors and Board of Management

- continued -

## Board of Management

## Søren Rump

	31.12.18 1,000 DKK	31.12.17 1,000 DKK	31.12.18 1,000 DKK	31.12.17 1,000 DKK
Executive Board remuneration, fixed	2.442	0	0	0
Executive Board remuneration, variable	711	0	0	0
<b>Total</b>	<b>3.153</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Chair of the Board:

Global Evolution Manco S.A., Luxembourg

## Board of management:

 Rump Invest ApS  
 Global Evolution Fondsmæglerselskab A/S  
 Mogambo2 Holding ApS  
 Global Evolution Financial ApS

## Board member:

 Global Evolution Funds SICAV  
 Randers Byg A/S  
 AabyCity Holding ApS  
 Torvehuset Aabyen I ApS  
 Torvehuset Aabyen II ApS  
 Havebyen D III ApS  
 Havebyen E IV ApS  
 Ejendomsselskabet Aabyen AI ApS  
 Komplementarselskabet Aabyen C ApS  
 Ejendomsselskabet Aabyen AII ApS  
 Ejendomsselskabet Aabyen CI ApS  
 Komplementarselskabet Aabyen B ApS  
 Ejendomsselskabet Aabyen CII P/S  
 Off The Pitch ApS  
 Komplementarselskabet Aabyen CI ApS

## NOTES

## 20. Information about the Board of Directors and Board of Management

- continued -

## Board of Management

## Morten Bugge

	31.12.18 1,000 DKK	31.12.17 1,000 DKK	31.12.18 1,000 DKK	31.12.17 1,000 DKK
Executive Board remuneration, fixed	2.426	0	0	0
Executive Board remuneration, variable	711	0	0	0
<b>Total</b>	<b>3.137</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Chair of the Board:

KIF Håndbold Invest A/S

## Board of management:

 Tulip Invest ApS  
 Global Evolution Fondsmæglerselskab A/S  
 Mogambo2 Holding ApS  
 P&B International ApS  
 BAOBAB Invest ApS  
 San B. W. Property ApS  
 Global Evolution Financial ApS

## Board member:

 KIF Håndbold Elite A/S  
 Rettighedsselskabet Skybox ApS

## Torben Schytt

Executive Board remuneration, fixed	1.260	0	0	0
Executive Board remuneration, variable	222	0	0	0
<b>Total</b>	<b>1.482</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Board of management:

Global Evolution Fondsmæglerselskab A/S