

**CPH Capital  
Fondsmæglerselskab A/S  
CVR nr: 34 60 65 44**

**Annual report  
For the year ended 31 December 2016**

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## **Facts about CPH Capital Fondsmæglerselskab A/S (“the company”)**

### **Address**

CPH Capital Fondsmæglerselskab A/S  
Lautrupsgade 7, 6  
2100 Copenhagen Ø, Denmark

Phone: +45 69 14 81 82

Fax: +45 69 14 81 80

### **Date of foundation and municipality of residence**

The company was founded on 2 July 2012 and Gentofte is the company's municipality of residence.

### **Objective**

The company's objective is to serve as an investment manager and to provide investment related services in accordance with the Danish Financial Business Act and the licence obtained from the Danish FSA.

### **Registration numbers**

Central Business Registration No 34 60 65 44

Registration number with the FSA: 8310

### **Board of Directors**

The directors of the company who were in office during the year and up to the date of signing of the financial statements are as follows:

Mona Bhalla (resigned 16 February 2016)

Christopher Bricker, Chairman (resigned 19 September 2016)

Nicholas Davidson

Steen Jorgensen (appointed 30 March 2016)

David Lesser (appointed 30 March 2016)

### **Board of Management**

Andrew Fowler (resigned 10 February 2016)

Kenneth Graversen, Chief Executive Officer (resigned 29 November 2016)

Ian Dawkins (resigned 9 February 2017)

Jamie Hammond, Chief Executive Officer (appointed 29 November 2016)

Mark Manley, Chairman (appointed 31 March 2016)

**Auditors**

PriceWaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup, Denmark

Erik Stener Jørgensen, State Authorised Public Accountant  
Michael E. Jacobsen, State Authorised Public Accountant

**Financial year**

The company's financial year is 1 January to 31 December.

**Bankers**

The company has several banks in Denmark, of which the key bank is:

Jyske Bank  
Vestergade 8-16  
8600 Silkeborg, Denmark

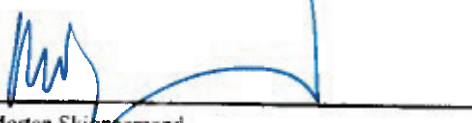
**Supervisory authority**

The following public authority supervises Danish financial businesses:

Danish Financial Supervisory Authority  
Århusgade 110  
2100 Copenhagen Ø, Denmark  
Phone: +45 33 55 82 82

Adopted at the company's Annual General Meeting on 26 April 2017

**Chairman of the Annual General Meeting**



Morten Skjøttmand

## Statement by Management on the annual report

The Board of Directors and the Board of Management have today presented the annual report of the company for the financial year ended 31 December 2016.

The annual report has been presented in accordance with the Danish Financial Business Act, the Danish Executive Order on Financial Reports for Financial Credit Institutions and Investment Companies, as well as guidelines issued by the Danish FSA.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2016 and of the results of its operations for the financial year 2016.

In our view, the management commentary contains a fair review of the developments in the company's activities and finances, profit for the period and of its financial position as well as a description of the principal risks and uncertainties facing the Company.

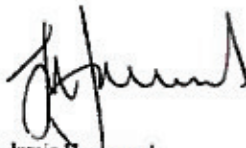
Hellerup, 29 March 2017

### Board of Management

Mark Manley



Jamie Hammond

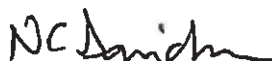


### Board of Directors

David Lesser  
Chairman



Nicholas Davidson



Steen Jørgensen



## ***Independent Auditor's Report***

**To the shareholders of CPH Capital Fondsmæglerselskab A/S**

### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Business Act.

### ***What we have audited***

CPH Capital Fondsmæglerselskab A/S' Financial Statements for the financial year 1 January to 31 December 2016 comprise the income statement and statement of comprehensive income, the balance sheet, the statement of changes in equity and the notes to the financial statements, including summary of significant accounting policies (the "financial statements").

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of 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 Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Business Act.

Based on the work we have performed, in our view, 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 in Management's Review.

### **Management's Responsibilities for the Financial Statements**

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

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


As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosure in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, on 29 March 2017  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

  
Erik Stender Jørgensen  
State Authorised Public Accountant

  
Michael E. Jacobsen  
State Authorised Public Accountant

## Management commentary

### Authorised investment company and transfer of investment management activities

The company was founded on 2 July 2012, but had no activities until 10 January 2013 when the Danish FSA authorised it to serve as an investment company. From this date, the company was capitalised by equity of DKK 17.5m. The investment management activities related to portfolios of shares marketed under the name of CPH Capital which were then transferred to the company. This transfer of activities included, for example, investment management mandates and key staff, as well as assets and liabilities related to the investment management mandates and employees. The activities under the CPH Capital name were initiated in December 2010, and actual investment management began in mid-2011.

### Important events

Effective 20 June 2014 Formuepleje Fondsmæglerselskab A/S ("Formuepleje") sold its share majority of 82% to AllianceBernstein Preferred Limited ("ABPL"), a UK subsidiary within the AllianceBernstein Group.

### Principal Activities

The company's primary activity is to provide investment management services for Global Active Core Equity shares. CPH manages separately managed accounts on a sub-advised basis for institutional investors and a Luxembourg SICAV sponsored by the AllianceBernstein Group. Furthermore CPH provides investment advice, via a model portfolio which is updated daily, to the company's former owner Formuepleje

### Business Review

The company recorded a profit on ordinary activities before taxation for the financial year of DKK 15,983 (2015: DKK 21,096k) due to a fall in revenues offset slightly by cost reductions. The company's fee income decreased by 2% to DKK 73,313k (2015: DKK 74,627k). Staff costs and administrative expenses decreased by 2% to DKK 52,114k (2015: DKK 53,117k).

### Balance sheet total and equity

At 31 December 2016, the company's balance sheet total is DKK 64,988k (2015: DKK 55,587k). This is comprised of deposits with Danish banks totalling DKK 35,548k, property, plant and equipment of DKK 802k, tax receivables of DKK 8,074k and other assets and prepayments of DKK 20,564k. The company's equity totals DKK 50,090k at 31 December 2016 (2015: DKK 34,107k).



**Key Performance Indicators (KPIs) and risks**

Assets under management ("AUM") amounted to DKK 28.9bn (2015: DKK 23.8bn) at 31 December 2016.

The company's financial results and long-term business are influenced by the team's ability to produce additional returns as compared to the world share index. In the short run, results will be affected by general share price fluctuations.

**Management and Ownership**

The Board of Management consists of Mark Manley and Jamie Hammond.

The Company's A shares are 100% owned by ABPL.

The Company's B shares are owned by ABPL and the investment team

**Future Developments and Outlook**

The intention for 2017 is to maintain a stable business platform, grow AUM and seek to maximize client returns at minimum risk levels in the current market. 2017 profit is forecast to come in slightly lower than 2016 due to fee negotiations with one of the major clients with an anticipated fee decrease in Q3 2017.

**Capital adequacy and solvency requirements**

The company is subject to the capital adequacy and solvency requirements of the Danish Financial Business Act. The Company is properly overcapitalised, showing a solvency ratio of 23.3% at 31 December 2016.

**Events after the balance sheet date**

No material events have occurred since the balance sheet date which could influence earnings expectations for the year.

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## **Management commentary**

### **Other directorships held by members of Board of Directors**

#### **Board of Directors**

##### **David Lesser**

###### **Member of the Board of Directors of:**

AllianceBernstein Investments, Inc.  
AllianceBernstein Investor Services, Inc.  
AB Private Client Investors LLC  
AllianceBernstein International LLC  
AllianceBernstein Oceanic Corporation  
AllianceBernstein Corporation of Delaware

##### **Steen Jorgensen**

###### **Member of the Board of Directors of:**

AllianceBernstein Limited Filial (Managing Director)

##### **Nicholas Davidson**

Not a member of any other Board

## Income statement and statement of comprehensive income for year ended 31 December 2016

	Note	2016 DKK'000	2015 DKK'000
Interest income	3	3	(2)
Interest expenses	4	(47)	(88)
<b>Net interest income</b>		<b>(44)</b>	<b>(90)</b>
Fee income	6	73,313	74,627
<b>Net interest and fee income</b>		<b>73,269</b>	<b>74,537</b>
Transaction adjustments	5	0	76
Staff costs and administrative expenses	7	(52,114)	(53,117)
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	8	(290)	(400)
Other operating expenses		0	0
<b>Profit before tax</b>		<b>20,865</b>	<b>21,096</b>
Income tax	9	(4,882)	(5,170)
<b>Profit for the year</b>		<b>15,983</b>	<b>15,926</b>
<b>Available for distribution:</b>			
Profit for the year		15,983	15,926
		<b>15,983</b>	<b>15,926</b>
<b>Proposed distribution of profit:</b>			
Ordinary dividend		0	0
Dividend distributed over the year		0	0
Retained earnings		16,607	681
		<b>32,590</b>	<b>16,607</b>
<b>Statement of comprehensive income</b>			
Profit for the year		15,983	15,926
Other comprehensive income		0	0
Tax on other comprehensive income		0	0
<b>Total other comprehensive income</b>		<b>15,983</b>	<b>15,926</b>

**Balance Sheet at 31 December 2016**

	Note	2016 DKK'000	2015 DKK'000
Receivable from credit institutions and central banks	10	35,548	32,080
Other property, plant and equipment	11	802	1,025
Deferred tax assets	15	8,074	4,469
Other assets	12	20,564	18,013
Prepayments	13	0	0
<b>Total assets</b>		<b>64,988</b>	<b>55,587</b>

**Balance Sheet at 31 December 2016****Equity and liabilities**

	Note	2016 DKK'000	2015 DKK'000
Current tax liabilities		3,278	8,312
Other liabilities	14	11,620	13,168
Deferred income		0	0
<b>Total payables</b>		<b>14,898</b>	<b>21,480</b>
Provisions for deferred tax		0	0
Other provisions		0	0
<b>Total provisions</b>		<b>0</b>	<b>0</b>
Share capital	16	5,500	5,500
Share premium account		12,000	12,000
Retained earnings		32,590	16,607
Dividend proposed		0	0
<b>Total equity</b>		<b>50,090</b>	<b>34,107</b>
<b>Total equity and liabilities</b>		<b>64,988</b>	<b>55,587</b>
<b>Guarantee:</b>			
Danish Guarantee Fund for Depositors and Investors		25	57
<b>Off balance sheet items</b>		<b>25</b>	<b>57</b>

Other notes, including contingent liabilities

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**Statement of changes in equity for the year ended 31<sup>st</sup> December 2016**

	Share capital DKK'000	Share premium account DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2016	5,500	12,000	16,607	34,107
Profit for the year	0	0	15,983	15,983
Other comprehensive income	0	0	0	0
<b>Comprehensive income for the year</b>	<b>5,500</b>	<b>12,000</b>	<b>35,290</b>	<b>50,090</b>
Capital injections or reductions	0	0	0	0
Acquisition and sale of treasury shares	0	0	0	0
Dividend distributed	0	0	0	0
Return on treasury shares	0	0	0	0
<b>Equity at 31 December 2016</b>	<b>5,500</b>	<b>12,000</b>	<b>35,290</b>	<b>50,090</b>

**Statement of changes in equity for the year ended 31<sup>st</sup> December 2015**

	Share capital DKK'000	Share premium account DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2015	5,500	12,000	681	18,181
Profit for the year	0	0	15,926	15,926
Other comprehensive income	0	0	0	0
<b>Comprehensive income for the year</b>	<b>5,500</b>	<b>12,000</b>	<b>16,607</b>	<b>34,107</b>
Capital injections or reductions	0	0	0	0
Acquisition and sale of treasury shares	0	0	0	0
Dividend distributed	0	0	0	0
Return on treasury shares	0	0	0	0
<b>Equity at 31 December 2015</b>	<b>5,500</b>	<b>12,000</b>	<b>16,607</b>	<b>34,107</b>

## Notes

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## Notes

### 1. Accounting policies

The financial statements have been prepared in accordance with the Danish Financial Business Act, the Danish Executive Order on Financial Reports for Financial Credit Institutions and Investment Companies, etc as well as guidelines issued by the Danish Financial Supervisory Authority.

The financial statements are presented in Danish Kroner, rounded to the nearest thousand.

#### Summary of significant accounting policies:

##### Recognition and measurement

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

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

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

On initial recognition, assets and liabilities are measured at fair value. However, intangible assets and property, plant and equipment are measured at cost at the time of the initial recognition. Subsequently, assets and liabilities are measured as described for each financial statement item below.

##### Income statement

###### Interest, fees and commission

Interest, fees and commission are accounted for on an accruals basis with the financial reporting period.

##### Income tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to profit or loss for the year and in other comprehensive income recognised directly in equity by the portion attributable to entries directly in other comprehensive income and equity.

Provisions for deferred tax are measured in accordance with the balance-sheet liability method including all temporary differences between the carrying amount and tax-based value of assets and liabilities.



## Notes

### 1. Accounting policies (continued)

#### Balance Sheet

##### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs of provisions for bad debts.

##### Other property, plant and equipment

Property, plant and equipment are measured at cost less straight-line depreciation calculated on the estimated useful lives of the assets.

Leasehold improvements     6 years

Fixtures and fittings etc     3-5 years

##### Other assets

Other assets include assets that have not been included in other asset items.

##### Prepayments/deferred income

Prepayments/deferred income include income/expenses for subsequent financial reporting periods.

##### Current tax and deferred tax

Current tax payable or receivable is recognised in the balance sheet as tax computed on this year's taxable income, adjusted for prior years' taxable income and prepaid tax.

Deferred tax is measured based on the tax regulations and tax rates that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to crystallise as current tax. For this period, the tax rate applied is 22%. Deferred tax is computed on all temporary differences between the carrying amount and tax-based value of assets.

Deferred tax assets are recognised at their estimated utilisable value, either as elimination against tax on future earnings or as set-off against deferred tax liabilities.

##### Provisions

Provisions are recognised when the Company has a constructive obligation as a result of an event occurring on the balance sheet date at the latest, and it is probable that future economic benefits will flow out of the Company to meet this obligation. Provisions for deferred tax are specified in the section dealing with tax payable and deferred tax.

## Notes

### 1. Accounting policies (continued)

#### Liabilities other than provisions

Liabilities other than provisions which comprise amounts payable to creditors etc. are measured at amortised costs, usually equaling nominal value.

#### Dividend

Dividend, if proposed is recognised as a liability at the time of adoption at the general meeting. If a Dividend is proposed for the financial year it is disclosed as a separate item in equity.

#### Financial highlights

The financial highlights are defined in accordance with the requirements of the Danish Executive Order on the Presentation of Financial Statements and with the recommendations issued by the Danish Society of Financial Analysts.

### 2. Financial highlights

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
<b>Financial highlights</b>				
<b>Income statement</b>				
Net interest and fee income	73,629	74,537	52,742	35,247
Transaction adjustments	0	76	(13)	(18)
Staff costs and administrative expenses	(52,114)	(53,117)	(51,439)	(34,663)
Profit for the period	15,983	15,926	483	198
<b>Balance sheet</b>				
Equity	50,090	34,107	18,181	17,698
Total assets	64,988	55,587	31,286	28,959
<b>Key ratios</b>				
Capital base/minimum capital requirement ratio	314.0%	221.2%	177.30%	203.50%
Capital ratio *	25.1%	18.2%	15.5%	115.3%
Core capital ratio *	25.1%	18.2%	15.5%	115.3%
Return on equity before tax	49.6%	80.7%	4.8%	1.9%
Return on equity after tax	38.0%	60.9%	2.7%	1.1%
Income/cost ratio	1.4	1.4	1.0	1.0

\*With effect from 1 January 2014 new capital adequacy rules are in force. This had led to a change in the method of determining the capital ratio and core capital ratio. The solvency ratio has been replaced by the capital ratio.

**Notes****3. Interest income**

	2016 DKK'000	2015 DKK'000
<b>Interest income from credit institutions</b>	<b>3</b>	<b>(2)</b>
<b>Total interest income</b>	<b>3</b>	<b>(2)</b>

**4. Interest expenses**

<b>Credit institutions</b>	<b>(47)</b>	<b>(88)</b>
<b>Total interest expenses</b>	<b>(47)</b>	<b>(88)</b>

**5. Transaction adjustments**

<b>Currency</b>	<b>0</b>	<b>(76)</b>
<b>Total transaction adjustments</b>	<b>0</b>	<b>(76)</b>

**6. Net interest and fee income and transaction adjustments by activity**

The Company has not broken down net interest and fee income by activity. No material differences have been considered to exist between the Company's activities and geographical areas, for which reason no segment information is provided.

## Notes

### 7. Staff costs and administrative expenses

	2016 DKK'000	2015 DKK'000
Salaries and remuneration to the Board of Directors	0	0
Salaries and remuneration to the Board of Management	1,943	2,223
Salaries to the staff	33,262	25,924
Social security costs	46	33
Levies calculated on the basis of the number of employees on payroll	3,647	3,213
Other administrative expenses	13,216	21,724
<b>Total staff costs and administrative expenses</b>	<b>52,114</b>	<b>53,117</b>

The average number of full time employees is 6 (2015: 6).

	2016 DKK'000	2015 DKK'000
<b>Executive Board</b>		
Kenneth Graversen – fixed remuneration	1,943	2,223
Kenneth Graversen – variable remuneration	0	0
<b>Total remuneration of the Board of Management</b>	<b>1,943</b>	<b>2,223</b>

Number of Board of Directors 3

Only one Director received remuneration from CPH during 2016.

No pension obligations have been undertaken for Management or other staff.

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Disclosure pursuant to Section 77d(3) of the Danish Financial Business Act: Total remuneration earned in their capacity as member of the Group' Executive Board or Board of Directors, paid during the financial year:

No Directors received variable remuneration from CPH during the financial year.

### 8. Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment

	2016 DKK'000	2015 DKK'000
Depreciation of leasehold improvements	114	113
Depreciation of machinery, equipment and fixtures and fittings	176	287
<b>Total amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment</b>	<b>290</b>	<b>400</b>

### 9. Income tax

Estimated tax on income for the year	8,203	8,312
Change in deferred tax	(3,605)	(3,345)
Adjustment of tax estimated for previous years	284	(11)
Adjustment of deferred tax for previous years	0	0
Effect of reduction tax rate	0	214
<b>Total tax on profit for the year</b>	<b>4,882</b>	<b>5,170</b>

<b>Effective tax rate</b>		
Current tax rate	22.00	23.50
Effect of decrease in corporate tax rate	0.00	1.01
Adjustment of deferred tax for previous years	0.00	0.00
Adjustment of current tax regarding previous years	1.37	(0.05)
Tax rate for permanent differences	0.06	0.04
<b>Effective tax rate</b>	<b>23.43</b>	<b>24.50</b>

### 10. Receivable from credit institutions

Demand deposits with credit institutions	35,548	32,080
<b>Receivable from credit institutions</b>	<b>35,548</b>	<b>32,080</b>

## Notes

## 11. Other property, plant and equipment

	2016 DKK'000	2015 DKK'000
<b>Machinery, fixtures and fittings etc.</b>		
Cost, beginning of year	1,034	914
Additions for the year	76	120
Disposals for the year	0	0
<b>Cost of assets held, end of year</b>	<b>1,110</b>	<b>1,034</b>
Depreciation, beginning of year	(588)	(291)
Depreciation for the year	(176)	(297)
Depreciation regarding disposals for the year	0	0
<b>Depreciation of assets held, end of year</b>	<b>(764)</b>	<b>(588)</b>
<b>Carrying amount of machinery, fixtures and fittings etc., end of year</b>	<b>346</b>	<b>456</b>
<b>Leasehold improvements</b>		
Cost, beginning of year	1,037	988
Additions for the year	0	49
Disposals for the year	0	0
<b>Cost of assets held, end of year</b>	<b>1,037</b>	<b>1,037</b>
Depreciation, beginning of year	(467)	(354)
Depreciation for the year	(114)	(113)
<b>Depreciation of assets held, end of year</b>	<b>(581)</b>	<b>(467)</b>
<b>Carrying amount of leasehold improvements, end of year</b>	<b>456</b>	<b>569</b>
<b>Total other property, plant and equipment</b>	<b>802</b>	<b>1,025</b>

## Notes

### 12. Other assets

	2016 DKK'000	2015 DKK'000
Total receivables	0	0
Other receivables	8,407	8,783
Intercompany	12,157	9,230
<b>Total other assets</b>	<b>20,564</b>	<b>18,013</b>

### 13. Prepayments

Accrued costs etc.	0	0
<b>Total prepayments</b>	<b>0</b>	<b>0</b>

### 14. Other liabilities

Costs payable	918	2,020
Trade payables	0	0
Other payables	6,183	5,064
Intercompany	4,519	6,084
<b>Total other liabilities</b>	<b>11,620</b>	<b>13,168</b>

### 15. Provisions for deferred tax

The basis underlying deferred tax may be specified as follows:

Intangible Assets	(88)	(112)
Property, plant and equipment	179	211
Short-term debt	36,609	20,214
<b>Total provisions for deferred tax</b>	<b>36,700</b>	<b>20,313</b>
<b>Tax value thereof 22%</b>	<b>8,074</b>	<b>4,469</b>

### 16. Share capital

The share capital is divided into A and B shares.

Capital consists of 4,125,000 A shares at DKK 1 and 1,375,025 B shares at DKK 1.

## Notes

### 17. Audit fees

	2016 DKK'000	2015 DKK'000
Statutory audit – PWC	94	156
Non-audit services	0	0
<b>Total fees to auditors appointed by the Company in general meeting who perform the statutory audit</b>	<b>94</b>	<b>156</b>

### 18. Capital structure and solvency

#### Capital structure

Equity	50,090	34,107
Deductions:		
Deferred tax assets	(8,074)	(4,469)
<b>Common Equity Tier</b>	<b>42,016</b>	<b>29,638</b>
<b>Core Capital</b>	<b>42,016</b>	<b>29,638</b>
Additional Capital	0	0
<b>Capital Base</b>	<b>42,016</b>	<b>29,638</b>

#### Risk Exposure

Credit risk	10,635	18,061
Market risk	2,350	14
Operational risk	0	0
Threshold due to fixed costs	167,241	143,988

#### Ratios

	2016	2015
Common Equity Tier %	25.1	18.2
Core Capital %	25.1	18.2
Capital Base %	25.1	18.2



## Notes

### 19. Related parties and ownership

Name	Basis of influence
<b>Controlling interest</b>	
ABPL	Principal Shareholder
<b>Other related parties</b>	
Jamie Hammond	CEO, Executive Board Member
Mark Manley	Executive Board Member
Nicholas Davidson	Member of the Board of Directors
Steen Jorgensen	Member of the Board of Directors
David Lesser	Member of the Board of Directors
David Dalgas	Owner of B shares
Klaus Nielsen	Owner of B shares
Rasmus Lee Hansen	Owner of B shares
Thomas Schmidt Christensen	Owner of B shares
Per La Cour	Owner of B shares

#### Transactions

The company is related to AllianceBernstein Limited (ABL), a fellow subsidiary of the company's parent ABPL. Certain investment management operations are provided by ABL to the company (eg trading, portfolio implementation). Additionally the company is related to AllianceBernstein Services Limited (ABSL), a subsidiary of ABL. CPH receives corporate and fiduciary services from ABSL (HR, Finance, Legal and Compliance and IT)

Except for intragroup transactions and ordinary management's remuneration, no transactions were carried out during the year involving the Board of Directors, the Board of Management, group enterprises.

#### Ownership

Approx. 90% of the company is owned by ABPL. The remaining B shares are owned by the investment team and will be purchased by ABPL over the 5 years following acquisition. On 31<sup>st</sup> August 2016, ABPL exercised its option to purchase 3.66% of the issued share capital for \$1,200,842. This increased its ownership of the company to approx. 90%. None of the investment team have any close family members that interact in any way whatsoever with the company.

## Notes

### 20. Consolidation

The company's immediate holding company is ABPL, a company registered in England and Wales. The consolidated financial statements of AllianceBernstien L.P. (established in the State of Delaware, USA), within which this company is included, can be obtained from AllianceBernstein. L.P. 1345 Avenue of Americas, New York, USA

The ultimate holding company and controlling party is AXA S.A. – a French holding company for an international group of companies

### 21. Contingent liabilities

The company has entered into the following lease:

CPH Capital Fondsmæglerselskab A/S  
Lautrupsgade 7, 6  
2100 Copenhagen Ø, Denmark  
Annual rent: DKK548k

### 22. Financial risks and financial risk management policies and objectives

The company is exposed to different types of risks.

#### Particular risks

Excess liquidity is held as cash, for which reason the company's financial exposure is limited. The company's principal business risk relates to the development of assets managed, the development in customer intake as well as portfolio returns and the concentration risk exposure to customers, distributors and products.

#### Risk management

The company's principal risk exposure relates to operational risks, credit risks, market risks and concentration risks:

- Operational risk refers to the risk of unforeseen losses resulting from internal procedure and control weaknesses. Operational risk is inherent in an investment company. Asset management, provision of advisory services and administration by the company is dependent on well-working IT systems, competent staff and a strong control environment, among other elements, for which reason the company focuses on monitoring and control and has established procedures for crisis management.
- Concentration risk refers to the risk of a considerable share of the company's earnings centering on a single product, investor or a distributor. The company's earnings are very sensitive and will be affected if the product is discontinued, or a major investor cashes in their investment.

## Notes

- Market risk refers to the risk of the market value of a financial liability increasing or decreasing due to fluctuations in share prices, interest rates and exchange rates. The company is only exposed to market risk if invoices are settled in foreign currency.

- Credit risk refers to the risk of loss resulting from counterparties not meeting their payment obligations to the company, either in whole or in part. The company is mostly exposed to Danish credit institutions, other group companies and collective investment schemes. The company considers such risk to be low since no loss has been recorded for those counterparties.

### Financial risk, management and policies

The overall risk management objectives and framework are established by the Board of Directors. The Board of Management is in charge of day-to-day compliance therewith and regularly reports on compliance to the Board of Directors.