



ERHVERVSTYRELSEN

- 3 JUNI 2016

Fra FT

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

**Annual report
For the year ended 31 December 2015**

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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 (appointed 20 June 2014, resigned 16 February 2016)

Christopher John Bricker, Chairman

Ian Dawkins (appointed 20 June 2014, resigned 2 June 2015)

Nicholas Davidson (appointed 8 June 2015)

Steen Jorgensen (appointed 30 March 2016)

David Lesser (appointed 30 March 2016)

Board of Management

Kenneth Graversen, Chief Executive Officer

Ian Dawkins (appointed 2 June 2015)

Mark Manley (appointed 30 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 29th 14 2016

Chairman of the Annual General Meeting


Morten Skjønhemmand

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 2015.

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 2015 and of the results of its operations for the financial year 2015.

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

We recommend the annual report for adoption at the Annual General Meeting.

21/3/
Hellerup, 2016

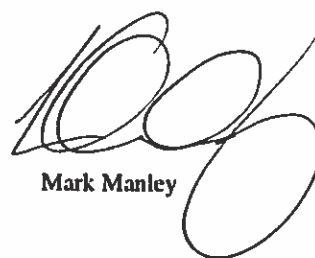
Board of Management



Kenneth Graversen



Ian Dawkins



Mark Manley

Board of Directors



Christopher John Bricker
Chairman



Nicholas Davidson



Steen Jørgensen



David Lesser

Independent Auditor's Report

To the Shareholders of CPH Capital Fondsmæglerselskab A/S

Report on the Financial Statements

We have audited the financial statements of CPH Capital Fondsmæglerselskab A/S for the financial year 2015, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared in accordance with the the Danish Financial Business Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

The audit has not resulted in any qualification.

Opinion

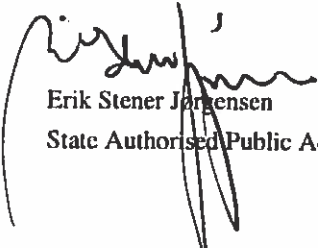
In our opinion, the financial statements give a true and fair view of the financial position of the company at 31 December 2015 and of the results of the company operations for the financial year 2015 in accordance with the the Danish Financial Business Act.


Statement on Management's Review

We have read Management's Review in accordance with the the Danish Financial Business Act. We have not performed any procedures additional to the audit of the financial statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the financial statements.

Hellerup, ³¹ March 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

CVR: 33771231


Erik Stener 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, a UK subsidiary within the AllianceBernstein Group.

As a result of this acquisition the company changed its external audit service provider from Beierholm Statsautoriseret Revisionspartnerselskab to PricewaterhouseCoopers

Principal Activities

The company's primary activity is to provide investment management services for Global Active Core Equity shares. CPH currently serves as the sub-manager for two Danish Mutual Funds. In addition, 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 DKK21,096k (2014: DKK869k). The company's fee income increased by 42% to DKK74,627k for 2015 (2014: DKK52,768k) partly due to an increase in average assets under management (AuM) and mainly due to a combination of new pricing agreements with Formuepleje following the acquisition, and transfer pricing agreements within the AllianceBernstein Group.

Staff costs and administrative expenses increased by 3% to DKK53,117k for 2015 (2014: DKK51,439k).

Balance sheet total and equity

At 31 December 2015, the company's balance sheet total is DKK55,587k (2014: DKK31,286k). This is comprised of deposits with Danish banks totalling DKK32,080k, property, plant and equipment of DKK1,025k, tax receivables of DKK4,469k and other assets and prepayments of DKK18,013k. The company's equity totals DKK34,107k at 31 December 2015 (2014: DKK18,181k).

Key Performance Indicators (KPIs) and risks

The directors regard AuM as a KPI. AuM, in CPH managed or advised services, has decreased slightly to DKK19.3bn at 31 December 2015 (2014: DKK19.5bn), reflecting the difficult market conditions.

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. It is equally important to retain key staff, which is done through long periods of notice.

Future Developments and Outlook

The intention for 2016 is to maintain a stable business platform, grow AuM and seek to maximize client returns at minimum risk levels in the current market. A profit higher than that realised for 2015 is expected for 2016 since expectations are that the increase in customer intake and hence AuM will continue.

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 18.2% at 31 December 2015.

Events after the balance sheet date

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

Management commentary

Other directorships held by members of Board of Directors

Board of Directors

Christopher John Bricker

Member of the Board of Directors of:

AllianceBernstein Luxembourg S.a.r.l.
ACAM Trust Company Private Limited
AllianceBernstein Trust Company, LLC
Bernstein Alternative Investment Strategies, LLC
AllianceBernstein Multi-Manager Alternative Fund
AllianceBernstein Next 50 Emerging Markets (Luxembourg) Management, S.a.r.l.

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
AllianceBernstein Real Estate Investments LLC

Income statement and statement of comprehensive income for the year ended 31 December 2015

	Note	2015 DKK'000	2014 DKK'000
Interest income	3	(2)	0
Interest expenses	4	(88)	(26)
Net interest income		(90)	(26)
Fee income	6	74,627	52,768
Net interest and fee income		74,537	52,742
Transaction adjustments	5	76	(13)
Staff costs and administrative expenses	7	(53,117)	(51,439)
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	8	(400)	(421)
Other operating expenses		0	0
Profit before tax		21,096	869
Income tax	9	(5,170)	(386)
Profit for the year		15,926	483
Available for distribution:			
Profit for the year		15,926	483
		15,926	483
Proposed distribution of profit:			
Ordinary dividend		0	0
Dividend distributed over the year		0	0
Retained earnings		681	483
		16,607	483
Statement of comprehensive income			
Profit for the year		15,926	483
Other comprehensive income		0	0
Tax on other comprehensive income		0	0
Total other comprehensive income		15,926	483

Balance Sheet at 31 December 2015

	Note	2015 DKK'000	2014 DKK'000
Receivable from credit institutions and central banks	10	32,080	14,804
Other property, plant and equipment	11	1,025	1,257
Deferred tax assets	15	4,469	1,337
Other assets	12	18,013	13,618
Prepayments	13	0	270
Total assets		55,587	31,286

Balance Sheet at 31 December 2015**Equity and liabilities**

	Note	2015 DKK'000	2014 DKK'000
Current tax liabilities		8,312	1,869
Other liabilities	14	13,168	11,236
Deferred income		0	0
Total payables		21,480	13,105
Provisions for deferred tax		0	0
Other provisions		0	0
Total provisions		0	0
Share capital	16	5,500	5,500
Share premium account		12,000	12,000
Retained earnings		16,607	681
Dividend proposed		0	0
Total equity		34,107	18,181
Total equity and liabilities		55,587	31,286
Guarantee:			
Danish Gurantee Fund for Depositors and Investors		0	51
Off balance sheet items		0	51

Other notes, including contingent liabilities

17-25

Statement of changes in equity for the year ended 31st 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
Comprehensive income for the year	5,500	12,000	16,607	34,107
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
Equity at 31 December 2015	5,500	12,000	16,607	34,107

Statement of changes in equity for the year ended 31st December 2014

	Share capital DKK'000	Share premium account DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2014	5,500	12,000	198	17,968
Profit for the year	0	0	483	483
Other comprehensive income	0	0	0	0
Comprehensive income for the year	0	0	681	483
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
Equity at 31 December 2014	5,500	12,000	681	18,181

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

16 months

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 23.5%. 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

	2015 DKK'000	2014 DKK'000
Financial highlights		
Income statement		
Net interest and fee income	74,537	52,742
Transaction adjustments	76	(13)
Staff costs and administrative expenses	(53,117)	(51,439)
Profit for the year	15,926	483
Balance sheet		
Equity	34,107	18,181
Total assets	55,587	31,286
Key ratios		
Capital base/minimum capital requirement ratio	221.2%	177.3%
Capital ratio	18.2%	15.5%
Core capital ratio	18.2%	15.5%
Return on equity before tax	80.7%	4.8%
Return on equity after tax	60.9%	2.7%
Income/cost ratio	1.4	1.0

Notes

3. Interest income

	2015 DKK'000	2014 DKK'000
Interest income from credit institutions	(2)	0
Total interest income	(2)	0

4. Interest expenses

Credit institutions	(88)	(1)
Interest for tax authorities	0	(22)
Other interest expenses	0	(3)
Total interest expenses	(88)	(26)

5. Transaction adjustments

Currency	(76)	(13)
Total transaction adjustments	(76)	(13)

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

	2015 DKK'000	2014 DKK'000
Salaries and remuneration to the Board of Directors	0	154
Salaries and remuneration to the Board of Management	2,223	2,026
Salaries to the staff	25,924	29,828
Pension contributions	0	132
Social security costs	33	51
Levies calculated on the basis of the number of employees on payroll	3,213	2,851
Other administrative expenses	21,724	16,397
Total staff costs and administrative expenses	53,117	51,439

The average number of employees converted into full-time employees is 6 compared to 10.5 last year.

	2015 DKK'000	2014 DKK'000
Executive Board		
Kenneth Graversen – fixed remuneration	2,223	1,063
Kenneth Graversen – variable remuneration	0	26
Total remuneration of the Board of Management	2,223	1,089

Number of Board of Directors 3

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

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 any remuneration from CPH during the financial year.

Notes

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

	2015 DKK'000	2014 DKK'000
Depreciation of leasehold improvements and fixtures and fittings	152	265
Depreciation of machinery and equipment	248	155
Total amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	400	420

9. Income tax

Estimated tax on income for the year	8,312	1,692
Change in deferred tax	(3,345)	(1,458)
Adjustment of tax estimated for previous years	(11)	(15)
Adjustment of deferred tax for previous years	0	15
Effect of reduction tax rate	214	152
Total tax on profit for the year	5,170	386

Effective tax rate

Current tax rate	23.50	24.50
Effect of decrease in corporate tax rate	1.01	17.30
Adjustment of deferred tax for previous years	0.00	(1.78)
Adjustment of current tax regarding previous years	(0.05)	1.78
Tax rate for permanent differences	0.04	2.43
Effective tax rate	24.50	44.23

10. Receivable from credit institutions

Demand deposits with credit institutions	32,080	14,804
Receivable from credit institutions	32,080	14,804

Notes

11. Other property, plant and equipment

	2015 DKK'000	2014 DKK'000
Machinery, fixtures and fittings etc.		
Cost, beginning of year	914	485
Additions for the year	120	429
Disposals for the year	0	0
Cost of assets held, end of year	1,034	914
Depreciation, beginning of year	(291)	(137)
Depreciation for the year	(297)	(154)
Depreciation regarding disposals for the year	0	0
Depreciation of assets held, end of year	(578)	(291)
Carrying amount of machinery, fixtures and fittings etc., end of year	456	623
Leasehold improvements		
Cost, beginning of year	988	354
Additions for the year	49	634
Disposals for the year	0	0
Cost of assets held, end of year	1,037	988
Depreciation, beginning of year	(354)	(89)
Depreciation for the year	(113)	(265)
Depreciation of assets held, end of year	(467)	(354)
Carrying amount of leasehold improvements, end of year	569	634
Total other property, plant and equipment	1,025	1,257

Notes**12. Other assets**

	2015 DKK'000	2014 DKK'000
Total receivables	0	0
Other receivables	8,783	13,252
Intercompany	9,230	366
Total other assets	18,013	13,618

13. Prepayments

Accrued costs etc.	0	270
Total prepayments	0	270

14. Other liabilities

Costs payable	2,020	1,702
Trade payables	0	0
Other payables	5,064	5,493
Intercompany	6,084	4,041
Total other liabilities	13,168	11,236

15. Provisions for deferred tax

The basis underlying deferred tax may be specified as follows:

Intangible Assets	(112)	0
Property, plant and equipment	211	39
Short-term debt	20,214	6,039
Total provisions for deferred tax	20,313	6,078
Tax value thereof 22%	4,469	1,337

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.

17. Audit fees

Statutory audit – PWC	156	180
Non-audit services	0	0
Total fees to auditors appointed by the Company in general meeting who perform the statutory audit	156	180

Notes**18. Capital structure and solvency****Capital structure**

	2015 DKK'000	2014 DKK'000
Equity	34,107	18,181
Deductions:		
Deferred tax assets	(4,469)	(1,337)
Common Equity Tier	29,638	16,844
Core Capital	29,638	16,844
Additional Capital	0	0
Capital Base	29,638	16,844
Risk Exposure		
Credit risk	18,061	17,838
Market risk	14	2,450
Operational risk	0	0
Threshold due to fixed costs	143,988	88,744
Total risk exposure	162,063	109,031

Ratios

	2015	2014
Common Equity Tier %	18.2	15.5
Core Capital %	18.2	15.5
Capital Base %	18.2	15.5

Notes

19. Related parties and ownership

Name	Basis of influence
Controlling interest	
AllianceBernstein Preferred Limited	Principal Shareholder
Other related parties	
Kenneth Gravesen	CEO, Executive Board Member
Christopher John Bricker	Chairman of the Board of Directors
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
Kenneth Gravesen	Owner of B shares

Transactions

The company is related to AllianceBernstein Limited (ABL), a fellow subsidiary of the company's parent AllianceBernstein Preferred Limited (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.

Former related parties

The company formed part of the Formuepleje A/S Fondsmæglerselskab Group up until and including 20 June 2014.

Ownership

Approx. 82% of the company is owned by AllianceBernstein Preferred Limited. The remaining B shares are owned by the investment team and will be purchased by AllianceBernstein Preferred Limited over the next five years based on various put and call options. On 27th August 2015 AllianceBernstein Preferred Limited exercised its option to purchase 3.66% of the issued share capital for \$1,200,842. This increased its ownership of the company to 85%. 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 AllianceBernstein Preferred Limited, a company registered in England and Wales. The consolidated financial statements of AllianceBernstein 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: DKK537k

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.
- 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.

Notes

- 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.