

Capital Four AIFM A/S

CVR-nr. 35 67 06 37

Annual Report 2016

This annual report has been adopted
at the company's annual general
meeting on, the 3 / 3 2017

Chairman of the meeting:



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Company details

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CVR-nr.: 35 67 06 37

Board of Directors

Anne-Mette Beske Nielsen, chairman
Harley Murphy
Jeremy Nevil Charles Bassil

Board of Management

Sandro Näf
Torben Maggaard Skødeberg
Henrik Østergaard

Auditors

Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg

Banks

Jyske Bank A/S
Sydbank A/S
Ringkøbing Landbobank A/S

Group relationship

The Company is included in the consolidated financial statements of the parent company, Capital Four Holding A/S. The Annual Report can be obtained at the phone number 35 25 61 00 or at camilla.levin@capital-four.com.

Statement by the Board of Directors and the Board of Management

The Board of Directors and Board of Management have today discussed and approved the Annual Report for the financial year 1 January - 31 December 2016 for Capital Four AIFM A/S.

The Annual Report has been prepared in accordance with the Alternative Investment Fund Managers etc. Act.

The financial statements gives at true and fair view of the Company's assets, liabilities, equity and financial position at 31 December 2016 and of the results of operations for the financial year 1 January - 31 December 2016.

The Management's Review gives a fair review of the development in the Company's operations and financial matters as well as a description of the most material risks and elements of uncertainty that may affect the Company.

We recommend that the Annual Report is approved at the Annual General Meeting.

Copenhagen, 3 March 2017

Board of Management



Sandro Näf



Torben Maggaard Skødeberg



Henrik Østergaard

Board of Directors



Anne-Mette Beske Nielsen
Chairman



Harley Murphy



Jeremy Nevil Charles Bassil

To the shareholders of Capital Four AIFM A/S**Opinion**

We have audited the financial statements of Capital Four AIFM A/S for the financial year 1 January – 31 December 2016, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared under the Alternative Investment Fund Managers etc. Act.

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 – 31 December 2016 in accordance with the Alternative Investment Fund Managers etc. Act.

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board of Management's responsibilities for financial statements

Board of Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Alternative Investment Fund Managers etc. Act, and for such internal control as Board of 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, Board of 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 Board of 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 judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Management.
- ▶ Conclude on the appropriateness of Board 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 conclusion is 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 disclosures, 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.

Statement on Board of Management's review

Board of Management is responsible for the Board of Management's review.

Our opinion on the financial statements does not cover the Board of 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 Board of Management's review and, in doing so, consider whether the Board of 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 Board of Management's review provides the information required under the Alternative Investment Fund Managers etc. Act.

Based on the work we have performed, we conclude that the Board of Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Alternative Investment Fund Managers etc. Act. We did not identify any material misstatement of the Board of Management's review.

Copenhagen, 3 March 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab
CVR-nr. 3070 02 28



Anders Duedahl-Olesen
State Authorised Public Accountant



Rasmus Berntsen
State Authorised Public Accountant

Company Background

The company was founded in 2014 by a demerger from Capital Four Management Fondsmæglerselskab A/S as of 25th February 2014.

Capital Four (representing Capital Four Holding A/S, Capital Four Management Fondsmæglerselskab A/S and Capital Four Management AIFM A/S) was founded in 2007 on two strategic thrusts: (1) Attractive industry growth of European credit markets; (2) Need for specialist Asset Management expertise to manage credit strategies. The European credit markets have gone through a remarkable growth period during the last two decades. Driven by the introduction of the Euro and thriving Corporate Finance and Private Equity activities, Leveraged Finance (High Yield Bonds & Loans) emerged as a new Asset Class in Europe. Although the recent financial crisis caused new issue High Yield markets to pause, the subsequent changes in regulation have provided a strong backdrop for significant growth of debt capital markets.

The founding partners of Capital Four have been working together for more than 15 years and when Capital Four was founded in 2007, we were recognized pioneers in the European leveraged finance markets. Over the years, deep expertise and skills, combined with relentless focus on credit research, continued to strengthen the quality of our award winning track record. As a result our Assets under Management grew from EUR 644 mill to EUR 9.54bn. in 2016.

Board of Management's Review

In order to reduce the vulnerability to one particular track record and overall swings in the credit cycle we have developed new strategies to complement our standard High Yield offering. Today Capital Four has four investment strategies with industry leading track records:

- European High Yield
- Leveraged Loans
- Credit Opportunities
- Direct Lending

We achieved excellent investment performance in 2016 in all of our strategies and outperformed both competitors and relevant benchmarks. Driven by the strong performance of recent years and strong demand for higher yielding fixed income strategies, Assets under Management grew by EUR 2.98 bn and reached a record high of EUR 9.54 bn at the end of 2016.

Despite the favorable asset management environment and our industry leading investment result, the challenges of future success are significant. Asset Management is a very competitive industry and in order to be able to ensure positive long-term developments, we need to continuously develop our firm. During 2016 we continued to extend the talent base of our

firm and increased the number of employees from 29 to 35. We will continue to add new professionals from leading universities and successful companies to strengthen our organization going forward.

Management and Directorship

For a specification of the individual Board of Directors members' Management and Directorships see note 16 in the Annual Report.

Uncertainty with regard to recognition and measurement

No uncertainty with regard to the recognition and measurement exists apart from what is mentioned under accounting policies, just as no exceptional circumstances affecting the recognition and measurement occurred during the financial year.

Risk Exposure and Management

As a financial institution Capital Four accepts risks of a market related, credit related and operational nature. Management of these risks is a significant activity in the company. Risks are controlled by the company by having updated business procedures, including IT-technology and trading systems ensuring proper management of the company.

Net profit and Equity

Net result for the year shows a net profit of DKK 25,844 K compared to a Net profit of DKK 8,263 K in 2015. Net profit of the year is assessed to be satisfactory.

Distribution to owners for 2016: DKK 8,923 K.

After transfer of the net result of the year, the equity is DKK 22,047 K as per 31 December 2016.

Subsequent events

No events have occurred after the balance sheet date which significantly affects the company's financial position as of 31 December 2016.

Outlook for 2017

The management acknowledges strong growth of Assets under Management in 2016, which had a positive impact on 2016 revenues. For 2017 it is expected that revenues will also be at a high level. There is a risk of High Yield markets to correct and Assets-flows might – as a result – revert. Such developments leave the firm vulnerable to declining revenues (and profit). The current high profit margins and the efforts of the firm to gather Assets under Management in less cyclical strategies will mitigate vulnerability of the firm to the credit cycle.

Board of Directors, proposed dividend

Board of Directors propose a dividend of DKK 19,200 K at the company's annual general meeting.

Income Statement

	2016 DKK '000	2015 DKK '000
3 Administration fees	56,005	26,216
4 Staff costs and administrative expenses	-22,760	-15,348
Depreciation and impairment of property, plant and equipment	-17	-17
Profit before financials	33,228	10,851
5 Financial expenses	-4	-4
6 Value adjustment	-78	-36
Profit before tax	33,146	10,811
7 Taxes	-7,302	-2,548
Profit for the year	25,844	8,263
Comprehensive income	0	0
Total Comprehensive income	25,844	8,263
Allocation of the result		
Proposed dividend	19,200	2,672
Paid, interim dividend	6,251	4,950
Accumulated result	393	641
Total allocation	25,844	8,263

Assets	31.12.16	31.12.15
Notes	DKK '000	DKK '000
Property, plant and equipment:		
8 Inventories and equipment	39	56
Total property, plant and equipment	39	56
Receivables:		
Receivables from departments in managing departments	16,686	7,111
Tax assets	0	253
Other receivables	693	692
Prepayments	99	0
Total receivables	17,478	8,056
9 Cash	15,056	1,725
Total assets	32,573	9,837

Liabilities & equity		31.12.16	31.12.15
		DKK '000	DKK '000
Notes			
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Equity:			
	Share capital	1,600	1,600
	Retained earnings	1,247	805
	Thereof proposed dividend	19,200	2,672
<hr/>			
10	Total equity	22,047	5,077
<hr/>			
Provisions:			
	Provisions for deferred taxes	2	3
<hr/>			
	Total Provisions	2	3
<hr/>			
Payables:			
	Payables from departments in managing departments	5,261	2,056
	Tax liabilities	1,604	0
	Other liabilities	3,659	2,701
<hr/>			
	Total payables	10,524	4,757
<hr/>			
	Total liabilities & equity	32,573	9,837
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Statement of Changes in Equity and Comprehensive Income

Amounts in DKK thousand	Share capital	Retained earnings	Proposed Dividend	Total
Equity at 01.01.15	1,600	143	1,760	3,503
Comprehensive income for the period	0	641	7,622	8,263
Change in equity, for the period:				
Distribution to owners	0	0	-6,710	-6,710
Issue of warrants	0	21	0	21
Equity at 31.12.15	1,600	805	2,672	5,077
Equity at 01.01.16	1,600	805	2,672	5,077
Comprehensive income for the period	0	393	25,451	25,844
Change in equity, for the period:				
Distribution to owners	0	0	-8,923	-8,923
Issue of warrants and stock awards	0	49	0	49
Equity at 31.12.16	1,600	1,247	19,200	22,047

The parent company has issued 20,337 warrants in April 2015 which gives the right to subscribe for ordinary shares in the parent company at a given time after the 1st of April 2022.

In 2016 the parent company has issued stock awards which gives the right to ordinary shares in the parent company at a given time 4 years after the grant date.

The exercise price for the issued warrants and stock awards are equal to the fair market value of the shares of the company on commencement date calculated on the basis of the enterprise value.

1. Accounting Policies

GENERAL

The annual report of Capital Four AIFM A/S for 2016 has been prepared in accordance with Alternative Investment Fund Managers etc. Act, the Danish FSA's Executive Order on general rules for financial statements and audit of Alternative Investment Fund Managers and the Danish FSA's Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

The accounting policies have been applied consistently with the latest annual report.

The company has received the Danish Financial Supervisory Authority's approval to present the annual report in the English language only.

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. Receivables and liabilities 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 net financials.

Intra-group business combinations

In connection with business combinations such as acquisition and disposal of equity investments, mergers, demergers, addition of assets and exchange of shares, etc., involving enterprises controlled by the parent company, the uniting-of-interests method is used. Differences between the agreed consideration and the carrying amount of the acquired enterprise are recognised in equity. Moreover, comparative figures for previous financial years are restated.

INCOME STATEMENT**Administration fees**

Fees income includes income concerning discretionary capital management at the clients' expense, including administrative fees in particular.

Performance fees are recognized as income when the Company obtains definitive rights to the fee.

Translation adjustments

Realised and unrealised capital gains and losses are recognised in the income statement, including any value adjustments of assets and liabilities measured at fair value.

Staff costs and administrative expenses

These include staff, management and administrative expenses, including expenses, related to office rental.

Share-based payment (warrants and stock awards) of employees is recognized as an expense in the income statement at the grant date. Similarly, recognition is made by a corresponding increase in other reserves in equity. The shares-based payment are measured at fair value at the grant date.

Depreciation

Depreciation of property, plant and equipment aims at systematic depreciation over the expected useful lives of the assets. The following depreciation period is applied by the company:

Inventories and equipment	3-5 years
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Tax

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

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.

Other assets

Receivables and receivables related to fees for portfolio management are measured at amortized cost, which usually corresponds to the nominal value. The value is reduced by provisions for bad debts.

Equity and dividend

The proposed dividend for the financial year is recognized as a special item under equity.

Premiums for warrants and stock awards and the redemption of warrants and stock awards on the company's shares are recognized as a change in equity in other reserves.

Current and deferred taxes

Current tax payable and receivable is recognized in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for any tax paid on account.

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. In cases where the tax base can be made according to different tax rules, deferred tax is measured on basis of management's planned use of the asset or settlement of the liability.

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.

Other liabilities

Expenses that is not due until subsequent reporting year is recognised under other liabilities.

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.

2. Five year summary (key figures and financial ratios)

Key Figures

Amounts in DKK thousand	2016	2015	25.02.14 31.12.14
Administration fees	56,005	26,216	4,553
Staff costs and administrative expenses	22,760	15,348	2,660
Profit before financials	33,228	10,851	1,892
Profit before tax	33,146	10,811	1,892
Profit for the year	25,844	8,263	1,429

Amounts in DKK thousand	31.12.16	31.12.15	31.12.14
Equity	22,047	5,077	3,503
Total assets	32,573	9,837	5,280

Amounts in DKK thousand	2016	2015	25.02.14 31.12.14
Own funds in relation to minimum capital requirement	3,06	2,58	1,87
Solvency ratio	114,2%	130,8%	132,4%
Return on equity before tax	244,4%	252,0%	54,0%
Return on equity after tax	190,6%	192,6%	40,8%
Number of funds under administration	5	3	2
Number of departments under administration	8	5	4
Assets under administration (amounts in DKK thousand)	6,452,944	4,264,578	2,394,888

	2016 DKK '000	2015 DKK '000
3. Administration fees		
Capital Four Invest	35,982	17,068
Strategic Lending Fund	5,148	2,541
Mercer Investments Fund I	7,137	6,490
Nykredit - EMD High Income Credit	5,242	0
Northhill Global Fund	2,496	0
Other income	0	117
Total	56,005	26,216

4. Salaries and remuneration to the Board of Management, the Board of Directors and employees with influence on risk

Board of Directors	38	36
Board of Management, fixed salary	886	565
Board of Management, variable salary	0	0
Salary risktakers, fixed salary	345	0
Salaries and remuneration to the Board of Management, the Board of Directors and employees with influence on risk	1,269	601
Staff salaries	3,725	3,202
Staff pensions	263	265
Social security costs	866	523
Total staff costs	6,123	4,591
Fee for custodians	12,679	7,830
Other administrative expenses	3,958	2,927
Total staff costs and administrative expenses	22,760	15,348

	2016	2015
	DKK '000	DKK '000

4. Salaries and remuneration to the Board of Management, the Board of Directors and employees with influence on risk - continued

Number of employees defined as risktakers:

Board of Directors	3	3
Board of Management	3	2
Risktakers	2	0
Total	8	5

Audit fee:

Fees for statutory audits of annual accounts	138	125
Fees for assurance engagements other than audit	44	25
Fees for tax advisory services	0	0
Fee for other services	0	75
Total Audit fee	182	225

Fee to the Board of Directors of Capital Four AIFM A/S are shown in note 16.

There are no pension commitments on the company because the company's pension plan is a defined contribution plan.

The company has no significant risk takers beyond the company's Board of Directors, Board of Management, Head of Risk Management and Head of Legal and Compliance. As the wages in respect to the Board of Directors, Board of Management, Head of Risk Management and Head of Legal and Compliance are specified above. It is chosen not to specify these again under significant risk takers.

	2016 DKK '000	2015 DKK '000
5. Financial expenses		
Interest from credit institutions and central banks	4	0
Total	4	0
6. Value adjustments		
Currency adjustments	-78	-36
Total	-78	-36
7. Taxes		
Calculated tax for the period	7,304	2,547
Deferred tax, adjustment for the year	-2	-1
Adjustments on tax in respect of previous years	0	2
Total taxes	7,302	2,548
Deferred tax liability:		
Provisions for deferred taxes	2	3
Tax reconciliation:		
Current tax rate	22,0%	23,5%
Non-deductible Items	0,0%	0,0%
Average effective rate of interest	22,0%	23,5%

	31.12.16	31.12.15
	DKK '000	DKK '000

8. Property, plant and equipment

Equipment and fixtures:

Costs as at 01.01.16	74	74
Additions during the year	0	0
Costs as at 31.12.16	74	74
Depreciations and impairment losses as at 01.01.16	18	1
Depreciation during the year	17	17
Depreciations and impairment losses as at 31.12.16	35	18
Carrying amount as at 31.12.16	39	56

9. Cash

Receivables from credit institutions on demand	15,056	1,725
Cash, total	15,056	1,725

10. Equity

The company's share capital consists of A-shares, each of a nominal value of DKK 10.

The share capital consists of:

	Nominal value
Share class A	1,600,000

The parent company has issued 20,337 warrants in April 2015 which gives the right to subscribe for ordinary shares in the parent company at a given time after the 1st of April 2022.

In 2016 the parent company has issued stock awards which gives the right to ordinary shares in the parent company at a given time 4 years after the grant date.

The exercise price for the issued warrants and stock awards are equal to the fair market value of the shares of the company on commencement date calculated on the basis of the enterprise value.

	31.12.16	31.12.15
	DKK'000	DKK'000

11. Contingent and contractual liabilities

Danish guarantee fund for depositors and investors	9	5
Total guaranties	9	5

The company is taxed with other group companies. The company is liable from 2014 with the other taxed companies for the total company tax. The total known tax liability for the jointly taxed companies amounts to DKK thousands 2,289 at the balance sheet date.

The company is jointly registered with other group companies for VAT. The company is liable with the other group companies for the total VAT.

12. Securities provided

The company has per 31st December 2016 not made any pawning or given any form of securities.

13. Related parties

The company has not completed transactions, granted loans, granted mortgage, provided guarantees, for Board of Directors, Board of Management or principal shareholder or with companies outside of the company in which the parties have an interest. Any transactions with related parties are based on market conditions.

Ownership:

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

- Capital Four Holding A/S, Per Henrik Lings Allé 2. 8, 2100 Copenhagen Ø.

Capital Four AIFM A/S is included in the consolidated financial statements of the parent company, Capital Four Holding A/S.

	31.12.16	31.12.15
	DKK '000	DKK '000

14. Capital adequacy requirements

Capital adequacy requirements according to section 16 of the Alternative Investment Fund Managers etc. Act

Capital requirement	2,493	1,839
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Own Funds

Equity	22,047	5,077
Proposed dividend	-19,200	-2,672

Own Funds	2,847	2,405
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15. Risk management

The most important operating risks of the company relates to:

- Loss of customers/assets under management. This risk is minimised through: Contractually fixed minimum maturity periods. Diversification of the customer base.
- Operational errors leading to losses. This risk is minimised through: Business procedures, including up-to-date IT technology and trading systems. Staff training.
- Loss of key staff in the investment area. This risk is minimised through: Contractually fixed non-competition clauses. Increase/diversification of the staff.
- Financial risks (credit and market risks). Deemed to be limited for the company and thus insignificant.

As a financial institution, Capital Four AIFM A/S assumes market, credit and operational risks. Risk management constitutes a significant activity in the company. The risks are managed according to guidelines on investments in securities as laid down by the Board of Directors. The risks are limited and primarily relate to investments in mortgage credit bonds.

16. Management and Directorships

Management and Directorships held by the Board of Directors in companies as member of the Board of Management or Board of Directors (Chief Executive Officer (CEO), Chairman (CM), Board member (BM))

Anne-Mette Beske Nielsen, Chairman of the Board

	2016 DKK '000	2015 DKK '000
Directors remuneration, fixed	38	17
Directors remuneration, variable	0	0
Total	38	17

- Capital Four Management Fondsmæglerselskab A/S (CM)

Harley Murphy, Board member (No Board of Directors and Board of Management remuneration has been paid in the company or in other group companies for 2016)

- Capital Four Management Fondsmæglerselskab A/S (BM)
- Capital Four Holding A/S (BM)
- Harvest Financial Services Ltd (CM)
- CNP Europe Life Ltd. (BM)
- AChange Ltd. (CEO)

Jeremy Nevil Charles Bassil, Board member (No Board of Directors and Board of Management remuneration has been paid in the company or in other group companies for 2016)

- Capital Four Management Fondsmæglerselskab A/S (BM)
- Capital Four Holding A/S (BM)
- Northill Global Strategies SPC (BM)
- Northill Global Fund Managers Limited (BM)
- Ellis Munro Asset Management Pte. Limited (BM)
- Northill Global Funds ICAV (BM)
- Northill EM Holdings Limited (CEO)