

Garda Capital Partners Copenhagen Fondsmæglerselskab A/S

Strandvejen 60, 2900 Hellerup
CVR-nr. 38 34 38 90

Annual Report 2018

This annual report has been adopted
at the company's annual general
meeting on, the / 2019

Chairman of the meeting:

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Company details

Garda Capital Partners Copenhagen Fondsmæglerselskab A/S
Strandvejen 60
2900 Hellerup
www.gardacp.com
Domicile: Gentofte
CVR-nr.: 38 34 38 90

Board of Directors

Jeffrey Steven Drobny, chairman
Robert Scott Goedken
Klaus Lauenborg Breitenstein

Board of Management

Jacob Chres Jørgensen

Auditors

Ernst & Young Godkendt Revisionspartnerselskab
Osvold Helmuths Vej 4
2000 Frederiksberg

Banks

Wells Fargo
Danske Bank A/S

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 2018 for Garda Capital Partners Copenhagen Fondsmæglerselskab A/S.

The Annual Report has been prepared in accordance with the Danish Financial Business Act.

The financial statements give a true and fair view of the Company's assets, liabilities, equity and financial position at 31 December 2018 and of the results of operations for the financial year 1 January - 31 December 2018.

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, 14 March 2019

Board of Management

Jacob Chres Jørgensen

Board of Directors

Jeffrey Steven Drobny
Chairman

Robert Scott Goedken

Klaus Lauenborg Breitenstein

To the shareholders of Garda Capital Partners Copenhagen Fondsmæglerselskab A/S

Opinion

We have audited the financial statements of Garda Capital Partners Copenhagen Fondsmæglerselskab A/S for the financial year 1 January – 31 December 2018, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

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

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 14 March 2019

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR-nr. 30 70 02 28

Anders Duedahl-Olesen

State Authorised Public Accountant

mne24732

Rasmus Berntsen

State Authorised Public Accountant

mne35461

Company Background

Garda Capital Partners Copenhagen Fondsmæglerselskab A/S is a securities dealer founded in 2017. The company offers services to Gardá Capital Partners LP.

The company received its license as a securities dealer from the FSA on 4 May 2017.

Board of Management's Review

Both earnings and expenses for 2018 are slightly lower than budgeted but in line with expectations mentioned in 2017 annual report. The result for 2018 is satisfactory.

Management and Directorship

For a specification of the individual Board of Directors members' Management and Directorships see note 14 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

The activities of Gardá Capital Partners Fondsmæglerselskab A/S include portfolio management, investment research and trading for a portion of assets of a fund managed by Gardá Capital Partners LP. The primary risks related to the entity's activities are a) portfolio risks b) dependence on employees with highly specialized skills and expertise and c) operational risk. Where possible, Gardá CPH has implemented processes and measures intended to mitigate much of the risk associated with the Gardá CPH activities. Risks are controlled by the company by having updated business procedures, including IT-technology and trading systems ensuring proper management of the company.

The company has no identified market risk as it will not take positions for its own account. Credit risk is limited given the company has only one client. Legal or operational risks are mitigated through established Compliance and firm policies and procedures.

Net profit and Equity

Net result for the year shows a net profit of DKK 9,937 K. Net profit of the year is assessed to be satisfactory.

After transfer of the net result of the year, the equity is DKK 10,017 K as per 31 December 2018.

Subsequent events

No events have occurred after the balance sheet date which significantly affects the company's financial position as of 31 December 2018.

Outlook for 2019

The Management Board's ambition for 2019 is to maximize the risk adjusted performance from portfolio management activities according to its business model and strategy, continue strong commitment to compliance and controls and keep a solid financial foundation.

The Management Board expects strong revenues in 2019 while costs are only expected to increase slightly. The Company therefore expects steady earnings in 2019 with a stable outlook.

Board of Directors, proposed dividend

Board of Directors propose a dividend of DKK 4,500 K at the company's annual general meeting.

Income Statement

		16.01.17
	2018	31.12.17
Notes	DKK '000	DKK '000
Interest expenses	-8	0
Net interest	-8	0
Fees and commissions income	28,000	11,200
Net interest and fee income	27,992	11,200
3 Value adjustments	2	-53
4 Staff costs and administrative expenses	-15,142	-9,682
Depreciation and impairment of property, plant and equipment	-107	-77
Profit before tax	12,745	1,388
5 Taxes	-2,808	-308
Profit for the year	9,937	1,080
Other comprehensive income	0	0
Total Comprehensive income	9,937	1,080
Allocation of the result		
Proposed dividend	4,500	1,000
Paid, interim dividend	3,500	0
Accumulated result	1,937	80
Total allocation	9,937	1,080

Assets		31.12.18	31.12.17
Notes		DKK '000	DKK '000
6	Receivables from credit institutions and central banks	15,434	6,134
7	Other property, plant and equipment	155	176
	Deferred tax assets	11	3
	Other assets	135	135
	Prepayments	84	63
	Total assets	15,819	6,511
Liabilities & equity			
	Tax liabilities	2,761	311
	Other liabilities	3,041	1,620
	Total liabilities	5,802	1,931
	Share capital	3,500	3,500
	Retained earnings	2,017	80
	Proposed dividend	4,500	1,000
8	Total equity	10,017	4,580
	Total liabilities & equity	15,819	6,511
9	Contingent and contractual liabilities		
10	Security provided		
11	Related parties		
12	Capital adequacy requirements		
13	Risk management		
14	Management and directorships		

Statement of Changes in Equity and Comprehensive Income

Amounts in DKK thousand	Share capital	Retained earnings	Proposed dividend	Total
2017				
Capital in connection with the formation as of 16.01.17	500	0	0	500
Capital increase	3,000	0	0	3,000
Comprehensive income for the period	0	80	1,000	1,080
Equity at 31.12.17	3,500	80	1,000	4,580
2018				
Equity at 01.01.18	3,500	80	1,000	4,580
Comprehensive income for the period	0	1,937	8,000	9,937
Change in equity for the year:				
Distribution to owners	0	0	-1,000	-1,000
Interim dividend	0	0	-3,500	-3,500
Equity at 31.12.18	3,500	2,017	4,500	10,017

1. Accounting Policies

GENERAL

The annual report is prepared in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

With effect from 1 January 2018, the Danish Financial Business Act has been amended regarding the classification and measurement of financial assets and liabilities, since the rules in IFRS 9 are incorporated in the Danish Financial Business Act. The changes have led to new criteria for impairment of loans and receivables at amortized cost, after which they are written down on the basis of expected credit losses against previously incurred credit losses.

In accordance with the transitional rules, no comparison figures for 2017 have been adjusted.

Except from above the accounting policies have been applied consistently with last year.

The changes have not had any effect on the company's opening balance per 1 January 2018.

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 annual 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

Interest income and fee income

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

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.

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 years

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

Other 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 amortised cost, which usually corresponds to the nominal value.

Receivables, where there has not been a significant increase in credit risk since the first account, are written down by an amount corresponding to the statistically expected loss in the coming 12 months, while receivables on which there has been a significant increase in the credit risk are written down by an amount corresponding to the expected loss in the residual maturity of the receivable. For receivables that are impaired (non-performing), only interest on the written-down amount is recognized as income. The Company does not provide loans and has therefore not developed models for use in the write-down of loans and receivables. Write-downs are based on individual assessments and estimates.

Equity and dividend

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

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.

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 are 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**

		16.01.17
Amounts in DKK thousand	31.12.18	31.12.17
Net interest and fee income	27,992	11,200
Value adjustments	2	-53
Staff costs and administrative expenses	15,142	9,682
Profit for the year	9,937	1,080
Equity	10,017	4,580
Total assets	15,819	6,511
Own funds in relation to minimum capital requirement	2.26	1.24
Solvency ratio	18.1%	10.0%
Core capital ratio	18.1%	10.0%
Return on equity before tax	174.6%	34.4%
Return on equity after tax	136.2%	26.7%
Income/cost ratio	1.84	1.14

	2018	16.01.17
	DKK '000	DKK '000

3. Value adjustments

Currency adjustments	2	-53
Total	2	-53

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

Board of Directors	150	100
Board of Management, fixed salary	4,364	4,736
Board of Management, variable salary	0	0
Salary risktakers, fixed salary	0	255
Salaries and remuneration to the Board of Management, the Board of Directors and employees with influence on risk	4,514	5,091
Staff salaries	3,643	498
Staff pensions	157	19
Social security costs	22	6
Payroll tax	1,135	741
Total staff costs	9,471	6,355
Other administrative expenses	5,671	3,327
Total staff costs and administrative expenses	15,142	9,682
Average number of employees in the period	5	2

	16.01.17	31.12.17
	2018	2017
	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	1	2
Risktakers	0	1
Total	4	6

Audit fee:

Fees for statutory audits of annual accounts	230	225
Fees for assurance engagements other than audit	92	0
Fees for tax advisory services	0	0
Fee for other services	0	0
Total Audit fee	322	225

Fees to the Board of Directors of Garda Capital Partners Copenhagen Fondsmæglerselskab A/S are shown in note 14.

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 and Board of Management. As the wages in respect to the Board of Directors and Board of Management are specified above, it is chosen not to specify these again under significant risk takers.

		16.01.17
	2018	31.12.17
	DKK '000	DKK '000

5. Taxes

Calculated tax for the period	2,816	311
Deferred tax, adjustment for the year	-8	-3
Total taxes	2,808	308
Deferred tax assets:	11	3
Tax reconciliation:		
Current tax rate	22,0%	22,0%
Non-deductible Items	0,0%	0,1%
Average effective rate of interest	22,0%	22,1%

		16.01.17
	31.12.18	31.12.17
	DKK '000	DKK '000

6. Receivables from credit institutions and central banks

Receivables from credit institutions on demand	15,434	6,134
Receivables from credit institutions and central banks, total	15,434	6,134

	31.12.18	31.12.17
	DKK '000	DKK '000

7. Other property, plant and equipment

Inventories and equipment:

Cost as at 01.01.18	253	0
Additions during the year	86	253
Costs as at 31.12.18	339	253
Depreciations and impairment losses as at 01.01.18	77	0
Depreciation during the year	107	77
Depreciations and impairment losses as at 31.12.18	184	77
Carrying amount as at 31.12.18	155	176

8. Equity

The company's share capital is divided into A-shares, each of a nominal value of DKK 1 and carrying one vote and B-shares, each of a nominal value of DKK 1 and 1 B-shares carrying one vote.

The share capital consists of:

	Nominal value
Share class A	2,975,000
Share class B	525,000

	31.12.18	31.12.17
	DKK'000	DKK'000

9. Contingent and contractual liabilities

Other commitments

Rent commitments (7 months)	488	650
Total other commitments	488	650

10. Securities provided

The company has per 31st December 2018 not made any pawning or given any form of securities.

11. 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:

- Garda Capital Partners LP, USA
- Regnar Holding ApS, Arnevangen 26, 2840 Holte

	31.12.18	31.12.17
	DKK '000	DKK '000

12. Capital adequacy requirements

Capital adequacy requirements according to section 95 (2) of Capital Requirements Regulation (CRR):

Total risk exposure / risk-weighted items	30,497	35,938
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Capital adequacy requirements according to section 97 of Capital Requirements Regulation (CRR) (previous years fixed costs)

Staff costs and administrative expenses	9,682	11,500
Depreciation and impairment of property, plant and equipment	77	0
Total fixed expenses	9,759	11,500

Capital adequacy requirements, 25% of this	2,440	2,875
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Own Funds

Equity	10,017	4,580
Proposed dividend	-4,500	-1,000
Deferred tax asset	-11	-3
Own Funds	5,506	3,577

13. Risk management

The most important operating risks of the company relates to:

- The company only having one client with the risk of losing customers. This risk is minimised as the customer is also the majority shareholder.
- Operational errors leading to losses. This risk is minimised through: Business procedures, including up-to-date IT technology and trading systems and also staff training.
- Dependence on employees with highly specified skills and the risk of losing key staff in the investment area. This risk is minimised through: Contractually fixed non-competition clauses. Increase/diversification of the staff.
- Operational risks around portfolio management activities. This risk is minimised through: Strong commitment to compliance and controls.
- Financial risks (credit and market risks). Deemed to be limited for the company and thus insignificant.

As a financial institution, Garda Capital Partners Copenhagen Fondsmæglerselskab 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.

14. 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).

Jeffrey Steven Drobny, Chairman of the Board (No Board of Directors and Board of Management remuneration has been paid in the company or in other group companies for 2017)

- Garda Capital Partners SARL (BM)
- Garda GP LLC (BM)
- Garda Capital Partners LP (CEO)

Robert Scott Goedken, Board member (No Board of Directors and Board of Management remuneration has been paid in the company or in other group companies for 2017)

- Garda Fixed Income Relative Value Opportunity Fund (Onshore) Ltd. (BM)
- Garda Fixed Income Relative Value Opportunity Fund Ltd. (BM)
- Garda FIRV Opportunity Master Fund Ltd. (BM)
- Garda Inflation Opportunity Fund Ltd. (BM)
- Garda Capital Partners SARL (BM)
- Garda GP LLC (BM)
- Garda Capital Partners LP (CEO)

Klaus Lauenborg Breitenstein, Board member

	31.12.18	16.01.17
	DKK '000	DKK '000
Directors remuneration, fixed	150	100
Directors remuneration, variable	0	0
Total	150	100

- Miranova Fondsmæglerselskab A/S (CM)
- Assure Wealth Holding A/S (CEO and BM)
- Assure Wealth A/S (CEO and BM)
- Investeringselskabet af 20. januar 2015 ApS (CEO)
- PorterHouse Invest ApS (CEO)
- Breitenstein Holding ApS (CEO)

14. Management and Directorships - continued -

Jacob Chres Jørgensen, Board of management

- Regnar Holding ApS (CEO)