

**Annual report including audited financial statements  
as at 31st December 2021**

# **KATLA FUND**

An investment company with variable share capital incorporated  
under the laws of the Grand Duchy of Luxembourg

R.C.S. Luxembourg B96002

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Subscriptions may be made only on the basis of the prospectus including the articles of incorporation and the fact sheets of each of the Sub-Funds and the key investor information document (KIID). The prospectus may only be distributed if accompanied by the most recent annual report and the most recent half-year report, if the half-year report is more recent than the annual report.

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**KATLA FUND**

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# KATLA FUND

## Organisation

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### Registered office

16, Boulevard Royal  
L-2449 LUXEMBOURG

### Board of Directors

#### Chairman

Margret SVEINSDOTTIR  
Head of Markets  
ARION BANK HF  
19, Borgartun  
IS-105 REYKJAVIK

#### Directors

Eric CHINCHON  
Independent Director  
16, Rue Jean-Pierre Brasseur  
L-1258 LUXEMBOURG

Harald Gunnar HALLDORSSON  
Attorney at Law  
24, Hraunhólar  
IS-210 Garðabær  
(until 8th June 2021)

Íris Björk HREINSDOTTIR  
Attorney at Law / Legal Counsel  
ARION BANK HF  
19, Borgartun  
IS-105 REYKJAVIK  
(since 8th June 2021)

### Management Company and Domiciliary Agent

BLI - BANQUE DE LUXEMBOURG INVESTMENTS  
Société Anonyme  
Acting under the commercial name  
CONVENTUM THIRD PARTY SOLUTIONS  
16, Boulevard Royal  
L-2449 LUXEMBOURG

### Board of Directors of the Management Company

#### Chairman

Nicolas BUCK  
Chief Executive Officer  
SEQVOIA  
Société Anonyme  
IVY Building, 13-15 Parc d'Activités  
L-8308 CAPELLEN

#### Directors

Michèle BIEL  
Administrateur Directeur  
BLI - BANQUE DE LUXEMBOURG INVESTMENTS  
Société Anonyme  
16, Boulevard Royal  
L-2449 LUXEMBOURG

## KATLA FUND

### Organisation (continued)

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Ruth BÜLTMANN  
Independent Director  
40, Rue d'Ernster  
L-6977 OBERANVEN

Fernand GRULMS  
Independent Director  
2, Rue Nicolas Flener  
L-8228 MAMER

Gary JANAWAY  
Member of the Executive Committee  
EUROPEAN FUND ADMINISTRATION  
Société Anonyme  
2, Rue d'Alsace  
L-1122 LUXEMBOURG

Guy WAGNER  
Administrateur Directeur  
BLI - BANQUE DE LUXEMBOURG INVESTMENTS  
Société Anonyme  
16, Boulevard Royal  
L-2449 LUXEMBOURG

#### **Conducting Officers of the Management Company**

Michèle BIEL  
Administrateur Directeur  
BLI - BANQUE DE LUXEMBOURG INVESTMENTS  
Société Anonyme  
16, Boulevard Royal  
L-2449 LUXEMBOURG

Georges ENGEL  
Conducting Officer  
BLI - BANQUE DE LUXEMBOURG INVESTMENTS  
Société Anonyme  
16, Boulevard Royal  
L-2449 LUXEMBOURG

Dieter HEIN  
Conducting Officer  
BLI - BANQUE DE LUXEMBOURG INVESTMENTS  
Société Anonyme  
16, Boulevard Royal  
L-2449 LUXEMBOURG

Cédric LENOBLE  
Conducting Officer  
BLI - BANQUE DE LUXEMBOURG INVESTMENTS  
Société Anonyme  
16, Boulevard Royal  
L-2449 LUXEMBOURG

## KATLA FUND

### Organisation (continued)

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	Fanny NOSETTI - PERROT Conducting Officer BLI - BANQUE DE LUXEMBOURG INVESTMENTS Société Anonyme 16, Boulevard Royal L-2449 LUXEMBOURG
	Guy WAGNER Administrateur Directeur BLI - BANQUE DE LUXEMBOURG INVESTMENTS Société Anonyme 16, Boulevard Royal L-2449 LUXEMBOURG
<b>Investment Manager</b>	STEFNIR ASSET MANAGEMENT COMPANY HF. 19, Borgartun IS-105 REYKJAVIK
<b>Depository, Central Administration and Primary Paying Agent</b>	BANQUE DE LUXEMBOURG Société Anonyme 14, Boulevard Royal L-2449 LUXEMBOURG
<b>Central Administration's Subcontractor</b>	EUROPEAN FUND ADMINISTRATION Société Anonyme 2, Rue d'Alsace L-1122 LUXEMBOURG
<b>Independent auditor</b>	ERNST & YOUNG Société Anonyme 35E, Avenue John F. Kennedy L-1855 LUXEMBOURG
<b>Global Distributor</b>	ARION BANK HF 19, Borgartun IS-105 REYKJAVIK

## **KATLA FUND**

### **Report of the Board of Directors**

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#### **Market Development and Outlook**

The year of 2021 turned out to be quite remarkably strong year for equity markets. The MSCI World gained 29.3% despite numerous challenges. Investors shrug of every negative piece of news that often would have derailed the mood. Disputed presidential election, attack on the Capitol, historically high inflation, supply chain disruptions, pessimists who forecasted a correction that never appeared, but none of these events stopped stocks from continuously achieving all-time highs. Even the still-raging Covid 19 pandemic, or its Delta and Omicron variants have hardly dented the stock market.

Europe ended around 22% up while the S&P500 ended the year up 27% local terms, but the EUR weakened 7% against the USD. Strongest sectors were Energy, Financials and IT.

The world economy rebounded strongly after a disastrous 2020 with global GDP gaining around 5.9% in 2021, vs. 3.1% contraction in 2020, according to the IMF. Parallely, company revenue and profits gained significantly over all sectors, barely keeping stock valuations stable around highest level seen in over 20 years.

Businesses and economies have been trying to get back on their feet, many running again at full steam. However, with inflation at 30-40 year high in developed countries, outlook of somewhat tightening monetary policies, at least in some corners and having supply chain disruptions still unsolved along with Covid 19 variants blazing everywhere, challenges are plenty.

US FED rates are likely to be raised in Q2, when tapering is expected to be completed.

We are fairly optimistic about global stock markets in 2022 as economies battle Covid 19, inflation and supply chain challenges. We expect bond rates to nudge higher out the year.

Thus, we expect inflow to continue into equity markets globally in 2022, but scope of returns should be very variable between sectors and geographies.

The bottom line may be, that There Is No Alternative, to stocks.

#### **Katla Fund Global Value**

Katla Fund Global Value returned 35.5% (EUR) in 2021, compared with 29.3% (EUR) return of the benchmark, the MSCI World Index. The Fund outperformed the benchmark by 6.2%.

The whole year of 2021 the Fund was positioned with an underweight on US equities while overweighting Europe, and Emerging markets, with the outperformance was largely derived from stock selection.

At the beginning of 2022, the Fund is still underweight US and overweight Europe and Emerging markets, with overweight on Consumers, Communication Services, and Information Technology.

#### **Board Activity**

2021 was another extremely challenging year, as was 2020, with new amended curfews, lockdowns, reopenings and home office work. We had to constantly adapt to this situation, remain agile and continuously adapt our way of working, overseeing, performing while ensuring respect at all-time of laws and regulations issued in previous years but also during the year.

In June Ms. Íris Björk Hreinsdóttir joined the Board, replacing Mr. Harald Gunnar Halldórsson. We thank Mr. Halldórsson for his valuable contribution to the Fund and welcome Ms. Hreinsdóttir to the Board.

## **KATLA FUND**

### **Report of the Board of Directors (continued)**

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Similarly to 2020, during 2021 the Board has ensured that all relevant stakeholders took necessary action to perform their tasks ensuring not only compliance with regulations, bearing in mind its objective to limit or even decrease the total expense ratio of the SICAV, but also ensuring they took good care of the health of their employees.

The Board is also in permanent discussion with the portfolio manager regarding ESG topics and SFDR mandatory disclosures and classification and carefully monitors the evolution of the legal environment as well as quality (and quantity) of data available.

The Board has been continuously working with the Fund's Management Company to ensure that the Fund is at all times in line with best market practice and that the interests of investors are safeguarded. In 2021, the Board met at least on a quarterly basis (via video conference) and has been throughout the year in permanent communication with relevant stakeholders (ensuring proper BCP/DRP has been implemented). No matter came to the attention of the Board indicating that the service providers of the Fund have not been and are not able to fulfil their duties.

Finally, the Board would like to thank you for investing in the Fund. The Board is grateful for your continued commitment towards the Fund.

Luxembourg, 25th January 2022

The Board of Directors

Note: The information in this report represents historical data and is not an indication of future results.



## Independent auditor's report

To the Shareholders of  
**KATLA FUND**  
Luxembourg

### Opinion

We have audited the financial statements of KATLA FUND (the "Fund"), which comprise the statement of net assets and the statement of investments and other net assets as at 31st December 2021, and the statement of operations and other changes in net assets for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31st December 2021, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### Basis for Opinion

We conducted our audit in accordance with the Law of 23rd July 2016 on the audit profession (the "Law of 23rd July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23rd July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## **Independent auditor's report (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors of the Fund for the financial statements**

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund 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, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

### **Responsibilities of the "réviseur d'entreprises agréé" 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 a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23rd July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 in accordance with the Law of 23rd July 2016 and with ISAs as adopted for Luxembourg by the CSSF, 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 Fund's internal control.

### **Independent auditor's report (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of Board of Directors of the Fund use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Nadia Faber

Luxembourg, 21<sup>st</sup> March 2022

## KATLA FUND - GLOBAL VALUE

### Statement of net assets (in EUR)

as at 31st December 2021

#### Assets

Securities portfolio at market value	260,903,063.05
Cash at banks	1,593,970.68
Income receivable on portfolio	24,127.01
Total assets	<u>262,521,160.74</u>

#### Liabilities

Bank overdrafts	625.53
Expenses payable	1,064,733.45
Total liabilities	<u>1,065,358.98</u>
Net assets at the end of the year	<u>261,455,801.76</u>

#### Breakdown of net assets per share class

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in EUR)
A	988,562.2737	EUR	264.48	<u>261,455,801.76</u> <u>261,455,801.76</u>

The accompanying notes are an integral part of these financial statements.

## KATLA FUND - GLOBAL VALUE

### Statement of operations and other changes in net assets (in EUR)

from 1st January 2021 to 31st December 2021

<b>Income</b>	
Dividends, net	1,405,427.92
Bank interest	2.42
Other income	309,887.95
Total income	1,715,318.29
<b>Expenses</b>	
Management fees	3,491,221.95
Depositary fees	195,003.94
Banking charges and other fees	50,804.44
Transaction fees	832,337.91
Central administration costs	121,758.34
Professional fees	18,019.17
Other administration costs	20,738.81
Subscription duty ("taxe d'abonnement")	115,161.41
Bank interest paid	22,838.42
Total expenses	4,867,884.39
Net investment loss	-3,152,566.10
<b>Net realised gain/(loss)</b>	
- on securities portfolio	52,571,249.14
- on forward foreign exchange contracts	-9,935.60
- on foreign exchange	-48,390.19
Realised result	49,360,357.25
<b>Net variation of the unrealised gain/(loss)</b>	
- on securities portfolio	17,216,009.30
Result of operations	66,576,366.55
Subscriptions	41,866,038.95
Redemptions	-43,332,415.94
Total changes in net assets	65,109,989.56
Total net assets at the beginning of the year	196,345,812.20
Total net assets at the end of the year	261,455,801.76

The accompanying notes are an integral part of these financial statements.

## KATLA FUND - GLOBAL VALUE

### Statistical information (in EUR)

as at 31st December 2021

<b>Total net assets</b>	<b>Currency</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2021</b>
	EUR	208,288,236.77	196,345,812.20	261,455,801.76

<b>Net asset value per share class</b>	<b>Currency</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2021</b>
A	EUR	191.12	195.21	264.48

<b>Number of shares</b>	<b>outstanding at the beginning of the year</b>	<b>issued</b>	<b>redeemed</b>	<b>outstanding at the end of the year</b>
A	1,005,821.9936	176,177.5943	-193,437.3142	988,562.2737

## KATLA FUND - GLOBAL VALUE

### Statement of investments and other net assets (in EUR) as at 31st December 2021

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets *
<b><u>Investments in securities</u></b>					
<b><u>Transferable securities admitted to an official stock exchange listing</u></b>					
<b>Shares</b>					
CAD	100,000	Descartes Systems Gr (The) Inc	3,416,166.06	7,288,370.98	2.79
CHF	20,000	Roche Holding Ltd Pref	5,966,798.48	7,322,791.91	2.80
DKK	85,000	Novo Nordisk AS B	5,175,924.99	8,399,727.43	3.21
EUR	10,000	ASML Holding NV	3,580,729.05	7,067,000.00	2.70
EUR	45,000	Deutsche Boerse AG Reg	6,129,013.05	6,619,500.00	2.53
EUR	11,000	Kering Reg	7,265,613.05	7,775,900.00	2.97
EUR	105,000	Kone Oyj B	6,760,565.41	6,619,200.00	2.53
			23,735,920.56	28,081,600.00	10.73
GBP	150,000	Diageo Plc	6,924,155.75	7,210,959.45	2.76
GBP	180,000	Greggs Plc Reg	3,939,545.94	7,154,500.99	2.74
GBP	80,000	London Stock Exchange Gr Plc	7,091,163.29	6,603,495.07	2.53
			17,954,864.98	20,968,955.51	8.03
JPY	65,000	Sony Group Corp	3,770,352.04	7,185,416.36	2.75
NOK	125,000	SalMar ASA	7,009,650.99	7,577,836.72	2.90
SEK	1,250,000	Swedish Match AB	8,038,920.05	8,745,233.85	3.35
USD	15,000	Adobe Inc Reg	7,453,221.15	7,482,318.79	2.86
USD	3,750	Alphabet Inc C	5,197,346.40	9,545,181.65	3.65
USD	4,500	Amazon.com Inc	12,166,438.81	13,198,918.02	5.05
USD	28,000	Autodesk Inc	6,341,998.43	6,925,862.07	2.65
USD	140,000	Charles Schwab Corp	9,801,160.20	10,357,142.86	3.96
USD	30,000	Constellation Brands Inc A	5,436,970.92	6,623,064.74	2.53
USD	30,000	IQVIA Holdings Inc Reg	4,345,390.95	7,445,636.88	2.85
USD	40,000	Keysight Technologies Inc Reg	6,609,436.45	7,266,361.72	2.78
USD	23,000	Meta Platforms Inc A	5,755,747.10	6,805,110.84	2.60
USD	40,000	Microsoft Corp	8,938,463.76	11,833,919.77	4.53
USD	18,000	Moody's Corp	3,307,580.39	6,184,412.39	2.37
USD	15,000	NetFlix Inc	7,113,326.84	7,949,155.52	3.04
USD	165,000	New York Times Co A	6,266,676.97	7,010,467.98	2.68
USD	120,000	Reliance Industries Ltd GDR	5,391,207.05	6,750,527.80	2.58
USD	75,000	Starbucks Corp	7,377,484.28	7,717,056.65	2.95
USD	65,000	T-Mobile US Inc	4,994,144.98	6,631,509.50	2.54
USD	70,000	Taiwan Semiconduct Mfg Co Ltd ADR repr 5 Shares	6,907,255.90	7,408,251.23	2.83
USD	70,000	Visa Inc A	12,746,303.51	13,344,211.82	5.10
USD	50,000	Waste Management Inc	5,097,970.65	7,340,781.14	2.81
USD	35,000	Zoetis Inc A	6,094,396.04	7,513,238.92	2.87
			137,342,520.78	165,333,130.29	63.23
Total investments in securities			212,411,118.93	260,903,063.05	99.79
Cash at banks				1,593,970.68	0.61
Bank overdrafts				-625.53	0.00
Other net assets/(liabilities)				-1,040,606.44	-0.40
Total				261,455,801.76	100.00

\* Minor differences may arise due to rounding in the calculation of percentages.

The accompanying notes are an integral part of these financial statements.

## KATLA FUND - GLOBAL VALUE

### Industrial and geographical classification of investments as at 31st December 2021

#### Industrial classification

(in percentage of net assets)

Technologies	32.75 %
Cyclical consumer goods	19.14 %
Healthcare	11.73 %
Non-cyclical consumer goods	11.54 %
Industrials	10.49 %
Financials	9.02 %
Energy	2.58 %
Telecommunications services	2.54 %
Total	<u>99.79 %</u>

#### Geographical classification

(by domicile of the issuer)

(in percentage of net assets)

United States of America	57.82 %
United Kingdom	8.03 %
Sweden	3.35 %
Denmark	3.21 %
France	2.97 %
Norway	2.90 %
Taiwan	2.83 %
Switzerland	2.80 %
Canada	2.79 %
Japan	2.75 %
The Netherlands	2.70 %
India	2.58 %
Finland	2.53 %
Germany	2.53 %
Total	<u>99.79 %</u>



## KATLA FUND

### Notes to the financial statements

as at 31st December 2021

#### **Note 1 - General information**

KATLA FUND (the "SICAV") is an Investment Company with Variable Capital ("*Société d'Investissement à Capital Variable*" - SICAV) with multiple Sub-Funds organized under Luxembourg law. The SICAV is governed under the Council Directive 2009/65/EC as amended and the provisions of Part I of the law of 17th December 2010 as amended.

At the end of each financial year ended on 31st December, the SICAV publishes an audited annual report, as well as, at the end of each semester, an unaudited half-yearly report. The accounts and the financial statements of the SICAV are expressed in EUR and correspond to the financial statements of the sole Sub-Fund open.

The Net Asset Value, issue, redemption and conversion price of each class of shares are available every full bank working day in Luxembourg at the SICAV's registered office.

The following documents are made available to the public at the registered office of the SICAV and at the registered office of the Management Company:

- The Prospectus of the SICAV, including the Articles of Incorporation and the fact sheets,
- The key investor information documents ("KIID") of the SICAV, (also published on [www.conventumtps.lu](http://www.conventumtps.lu)),
- The financial reports of the SICAV.

The complaints handling procedure setup in accordance with the CSSF Regulation relating to the out-of-court resolution of complaints is available at the SICAV's registered office free of charge upon request.

#### **Note 2 - Significant accounting policies**

##### **a) Presentation of the financial statements**

The financial statements of the SICAV are prepared in accordance with the Luxembourg legal and regulatory requirements concerning undertakings for collective investment and with generally accepted accounting principles in Luxembourg. The financial statements of the SICAV have been prepared on a going concern basis.

##### **b) Valuation of assets**

The assets' values are determined as follows:

The value of cash on hand or on deposit, bills and notes due on demand, accounts receivable, prepaid expenses, dividends, and interest declared or due but not yet received consists of the nominal value of these assets, unless it is unlikely that this value is received, in which event, the value is determined by deducting an amount which the SICAV deems adequate to reflect the real value of these assets.

The value of all transferable securities, money-market instruments and financial derivative instruments that are listed on a stock exchange or traded on another regulated market that operates regularly, and is recognised and open to the public, is determined based on the most recent available price.

In the case of SICAV investments that are listed on a stock exchange or traded on another regulated market that operates regularly, is recognised and open to the public and traded by market makers outside the stock exchange on which the investments are listed or of the market on which they are traded, the Board of Directors may determine the main market for the investments in question that will be then evaluated at the last available price on that market.

## **KATLA FUND**

### **Notes to the financial statements (continued)**

as at 31st December 2021

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Money market instruments and fixed-interest securities, the residual maturity of which is less than one year, may be valued on the basis of amortised cost, a method that consists after purchase in taking into account a straight-line amortisation to arrive at the redemption price at the security's maturity.

The value of securities representative of an open-ended undertaking for collective investment is determined according to the last official net asset value per unit or according to the last estimated net asset value if it is more recent than the official net asset value, and provided that the SICAV is assured that the valuation method used for this estimate is consistent with that used for the calculation of the official net asset value.

#### **c) Acquisition cost of securities in the portfolio**

The acquisition cost of the securities held by each Sub-Fund that are denominated in currencies other than the reference currency of the Sub-Fund is converted into this currency at the exchange rate prevailing on the date of purchase.

#### **d) Net realised gain/(loss) on securities portfolio**

The realised gains and losses on securities portfolio are calculated on the basis of the average acquisition cost and are disclosed in the statement of operations and other changes in net assets.

#### **e) Investment portfolio income**

Dividend income is recorded at the ex-date, net of any withholding tax.

#### **f) Formation expenses**

The formation expenses of the Sub-Fund KATLA FUND - GLOBAL VALUE are fully amortised.

If the launch of a Sub-Fund occurs after the launch date of the SICAV, the formation expenses related to the launch of the new Sub-Fund shall be charged to such Sub-Fund alone and may be amortised over a maximum of 5 years with effect from the Sub-Fund's launch date.

#### **g) Conversion of foreign currencies**

Cash at banks, other net assets and liabilities and the market value of the securities in portfolio expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the financial statements. Income and expenses expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the transaction. Net realised gains or losses on foreign exchange are disclosed in the statement of operations and other changes in net assets.

#### **h) Transaction fees**

Transaction costs disclosed under the item "Transaction fees" in the expenses of the statement of operations and other changes in net assets are mainly composed of broker fees incurred by the SICAV and of fees relating to transactions paid to the depositary as well as of transaction fees on financial instruments and derivatives and of fees relating to term deposits.

## KATLA FUND

### Notes to the financial statements (continued)

as at 31st December 2021

#### **Note 3 - Management fees**

The SICAV has appointed BLI - BANQUE DE LUXEMBOURG INVESTMENTS acting under the commercial name CONVENTUM THIRD PARTY SOLUTIONS as Management Company.

The Management Company may delegate, under its responsibility and its control, the management of the assets of one or several Sub-Funds of the SICAV to one or several Investment Managers.

The Management Company has appointed STEFNIR ASSET MANAGEMENT COMPANY HF. as Investment Manager of the Sub-Fund. The Investment Manager STEFNIR ASSET MANAGEMENT COMPANY HF. is entitled to receive an annual commission at the rate indicated below:

- KATLA FUND - GLOBAL VALUE 1.50%

The management fee is payable quarterly and is calculated on the basis of the average net assets of each Sub-Fund for the relevant quarter.

#### **Note 4 - Subscription, redemption and conversion fees**

A subscription fee up to 2% of the subscription amount and a conversion fee up to 0.5% of the conversion amount may be applied.

No redemption fee is applied.

#### **Note 5 - Subscription duty ("*Taxe d'abonnement*")**

The SICAV is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the SICAV is subject to an annual "*taxe d'abonnement*" of 0.05% which is payable quarterly and calculated on the basis of the net assets of each sub-fund on the last day of each quarter.

Pursuant to Article 175 (a) of the amended law of 17th December 2010 the net assets invested in undertakings for collective investment already subject to the "*taxe d'abonnement*" are exempt from this tax.

#### **Note 6 - Statement of changes in investments**

The statement of changes in investments for the period in reference to the report is available free of charge at the registered office of the SICAV.

#### **Note 7 - Events**

With effect on 1st January 2021, CONVENTUM ASSET MANAGEMENT, Management Company of the SICAV, and its sister company BLI - BANQUE DE LUXEMBOURG INVESTMENTS have merged. CONVENTUM ASSET MANAGEMENT has been absorbed by BLI - BANQUE DE LUXEMBOURG INVESTMENTS.

Since that date:

BLI - BANQUE DE LUXEMBOURG INVESTMENTS acting under the commercial name CONVENTUM TPS or CONVENTUM THIRD PARTY SOLUTIONS acts as Management Company and domiciliation agent of the SICAV;  
the registered office of the SICAV is established at 16, Boulevard Royal L-2449 LUXEMBOURG.

## KATLA FUND

### Notes to the financial statements (continued)

as at 31st December 2021

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BLI - BANQUE DE LUXEMBOURG INVESTMENTS was incorporated in Luxembourg on 25th January 2001 in the form of a public limited company (*société anonyme*) and is registered with the Luxembourg trade and company register under number B 80 479. BLI - BANQUE DE LUXEMBOURG INVESTMENTS, with registered office at 16, Boulevard Royal L-2449 LUXEMBOURG, is subject to the provisions of Chapter 15 of the amended law of 17th December 2010.

A new prospectus dated 10th March 2021 covering Sustainable Finance Disclosure Regulation ("SFDR") has been issued and has been approved by the CSSF.

#### **Note 8 - Subsequent events**

A new prospectus dated 1st January 2022 has been issued and approved by the CSSF.

The specific information sheet of the Sub-Fund KATLA FUND - GLOBAL VALUE related to ESG factors and sustainability risks integration has been amended as follows:

"The Investment underlying this financial product do not take into account the EU Criteria for environmentally sustainable economic activities".

#### **Russia - Ukraine Crisis**

In February 2022, a number of countries (including the US, UK and EU) imposed sanctions against certain entities and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of potential additional sanctions have been made following military operations initiated by Russia against the Ukraine on 24 February 2022.

The situation, together with growing turmoil from fluctuations in commodity prices and foreign exchange rates, and the potential to adversely impact global economies, has driven a sharp increase in volatility across markets. The Board of Directors regards these events for the Fund and its Sub-Fund KATLA FUND - GLOBAL VALUE as non-adjusting events after the reporting period.

Although neither the Fund's and its Sub-Fund's performance and going concern nor operations, at the date of this report, have been significantly impacted by the above, the Board of Directors continues to monitor the evolving situation and its impact on the financial position of the Fund and of its Sub-Fund KATLA FUND - GLOBAL VALUE.

## KATLA FUND

### Additional information (unaudited)

as at 31st December 2021

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#### 1 - Risk management

As required by Circular CSSF 11/512 as amended, the Management Company of the SICAV needs to determine the global risk exposure of the SICAV by applying either the commitment approach or the VaR ("Value at Risk") approach.

In terms of risk management, the Management Company of the SICAV decided to adopt the commitment approach as a method of determining the global exposure.

#### 2 – Remuneration

The remuneration policy of BLI - Banque de Luxembourg Investments is aligned with that in force within its parent company, Banque de Luxembourg. This policy complies with the regulatory provisions and the values with which BLI - Banque de Luxembourg Investments is identified in the long term.

BLI - Banque de Luxembourg Investments respects an appropriate balance between the fixed and variable components of its employees' total remuneration. The fixed component represents a sufficiently major proportion of the total remuneration so that the policy can be exercised with complete freedom regarding the variable components, especially the option not to pay any variable component. BLI - Banque de Luxembourg Investments reserves the right to revoke any variable remuneration award if it is found to have been granted under conditions of misconduct. In such cases, BLI - Banque de Luxembourg Investments may demand the reimbursement of all or part of the amount allocated, up to three years after its payment.

The development of employees' remuneration is based on their accumulated experience and the assumption of new responsibilities, but also to an annual assessment of each employee by the management. It is based on qualitative rather than quantitative criteria. Where quantitative criteria are taken into account, they are expressed and assessed more in relation to the achievement of collective targets. In no case is the amount of the bonus correlated with the financial performance of an employee.

In accordance with Article 5 of the Regulation (EU) 2019/2088 of the European Parliament and the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, the remuneration policy of BLI - Banque de Luxembourg Investments includes consideration of sustainability risks.

In concrete terms, BLI - Banque de Luxembourg Investments considers that the transition to a balanced and sustainable economy is an integral part of its objectives and that each employee has an active role to play. As sustainability factors are integrated in the qualitative assessment criteria of the remuneration in the same way as the other relevant criteria, each employee actively participates in the achievement of BLI - Banque de Luxembourg Investments' sustainability objectives.

The remuneration policy of BLI - Banque de Luxembourg Investments is reviewed each year and its implementation is assessed annually by an independent body.

BLI - Banque de Luxembourg Investments has delegated the investment management to the following external portfolio manager: STEFNIR ASSET MANAGEMENT COMPANY HF (the "Investment Manager").

BLI - Banque de Luxembourg Investments ensures that its delegate Investment Manager is subject to regulatory requirements on remuneration disclosure for its staff that are equally as effective as those applicable to the management company and/or that appropriate arrangements are in place.

BLI - Banque de Luxembourg Investments further informs that it did not pay any remuneration to the staff of its delegate Investment Manager.

## KATLA FUND

### Additional information (unaudited) (continued)

as at 31st December 2021

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During the financial year 2021, a total remuneration of EUR 8 869 k has been paid to an average of 62 employees with a variable component weighted 31 %. Total remuneration paid to 17 identified risk takers was EUR 4 933 k, with a variable component weighted 48 %.

Details of the updated remuneration policy, including in particular a description of how remuneration and benefits are calculated, the identity of the persons responsible for awarding remuneration and benefits, the composition of the remuneration committee and the integration of sustainability factors, are available free of charge upon request by investors on [www.conventumtps.lu](http://www.conventumtps.lu).

### **3 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")**

During the reporting period, the SICAV did not engage in transactions which are subject to the publication requirements of SFTR. Accordingly, no information concerning the transparency of securities financing transactions and of reuse of cash collateral should be reported.