

**Objectives and investment policy**

**Objectives**

The objective of the fund is to generate high absolute return. The fund is accumulating.

**Investment policy**

The fund mainly invests in long and short positions in bonds and fixed income markets primarily in the Nordic, but also Euroland, UK and US. The fund aims to utilise imbalances in the markets by investing in both traditional government bonds and mortgage bonds as well as financial derivative instruments.

The fund aims to protect the Investments by hedging the interest rate risk fully or partially, as well as by investing in a number of different strategies. The gross exposure is capped at 150 times the value of net assets.

The investment strategy is active. This means that there may be significant differences in the return relative to the alternative investment fund's target.

**Latest fund report**

In October, Danske Invest Hedge Fixed Income Strategies DKK Sub-Class A provided a return of -0.57%. For the year 2018 the portfolio provided a return of 2.53%.

In May the financial market came under severe stress due to the new Italian government lead by populists 5S and Liga. Interest rates in core Europe and Denmark fell sharply and credit spread widened. The markets has been calmer in June, July and August. In end September the new Italian government came out with their highly anticipated budget proposal for the coming years. The market was caught off-guard as the proposed budget deficit was higher than expected causing great risk-off in the market.

Performance in October was negative and there were a bit of volatility in our positions although the volatility caused by the Italian budget proposal in September had a negative impact on the funds positions.

For the rest of 2018 focus could likely be on Donald Trump (midterm election), Italy and the poor liquidity in the financial markets in general.

In general, the wide yield fluctuations and extremely low interest rates have contributed to poorer liquidity in many of the markets in which we are active. Moreover, it also appears that the regulation, which is affecting banks on a regular basis, also contributes to reducing the different banks' risk appetite. Going forward, we expect that the above scenario will continue to provide us with attractive opportunities as investors.

At the end of October, the portfolio risk level (in terms of Value-at-Risk) is approx. 40% below our maximum risk limit, which is unchanged from a one month ago.

Historical returns are no reliable indicator of future returns. It should be noted that monthly returns (in per cent) are non-additive.

**Manager**



**Name:**  
Michael Petry  
Danske Bank Asset Management  
**Title:**  
Chief Portfolio Manager  
**Background:**  
HD (Finansiering)  
**Years of experience:**  
23

**Basic information**

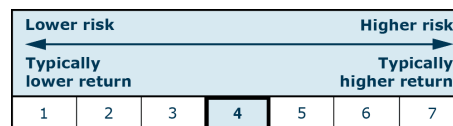
ISIN code	GB00B0XNFF59
Bloomberg ticker	DANHFIA GU
Currency	DKK
Total assets, mill. DKK, 12.11.2018	7,872.6
Net asset value (NAV), 12.11.2018	4,103.46
Minimum initial investment	DKK 10,000
Management fee	1.00%
Sub-fund of	Danske Invest PCC Limited
Fund domicile	Guernsey
Management company	Danske Invest Management A/S

**Charges**

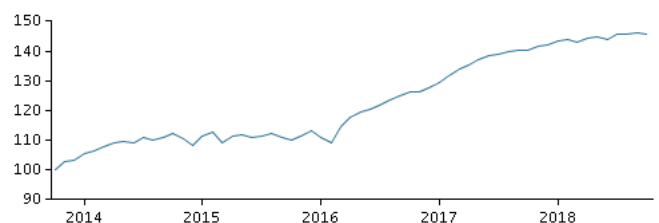
Ongoing charge	1.20%
Max. entry charge	5.00%
Max. exit charge	1.00%
Performance fee: 20% of the return above hurdle rate (Risk-free rate). In the fund's last financial year the performance fee was 0.00%.	

**Risk indicator**

The indicator illustrates the typical correlation between the risk and your potential return of the investment.

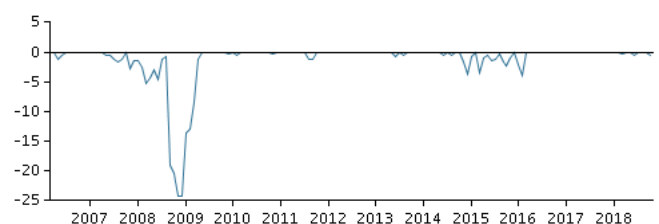


**Return in the period: 31.10.2013 - 31.10.2018**



The default for the chart is the return for the past 5 years as of end of month or, if the fund is less than 5 years old, since launch. Past performance is not a reliable indicator of future results.

**Drawdown**



## Monthly return

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2018</b>	1.13	0.13	-0.34	0.74	0.35	-0.50	1.03	0.06	0.49	-0.57			2.53
<b>2017</b>	1.45	1.77	1.48	1.21	1.15	1.15	0.39	0.62	0.24	-0.02	0.82	0.31	11.09
<b>2016</b>	-2.15	-1.76	5.10	2.90	1.56	0.55	1.10	1.75	0.84	1.34	-0.00	0.96	12.66
<b>2015</b>	2.87	1.43	-3.36	2.32	0.42	-0.86	0.23	0.89	-1.32	-0.57	1.23	1.57	4.78
<b>2014</b>	2.11	0.87	1.00	1.33	0.40	-0.47	1.71	-0.56	0.65	1.14	-1.60	-2.07	4.51
<b>2013</b>	2.11	1.06	1.87	2.43	2.21	-0.70	0.77	-0.61	2.21	2.25	2.79	0.72	18.44
<b>2012</b>	5.92	3.55	3.52	1.12	0.06	3.18	3.48	1.44	0.99	2.26	2.18	1.35	33.07

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