

# Annual Report

## SEB TrendSystem Renten

Status: 31 December 2019

**Notice**

The sole legally binding basis for the purchase of units of the Fund described in this report is the latest valid Sales Prospectus with its terms of contract.

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# Additional Information to the Investors in Germany

## As at 31 December 2019

### **Units in circulation:**

### **The following Fund is publicly approved for distribution in Germany:**

- SEB TrendSystem Renten

The information disclosed above is as at 31 December 2019 and this may change after the year end. The current Fund in circulation and the current registrations per unit class are visible in the distribution matrix on [www.sebgroup.lu](http://www.sebgroup.lu).

# Organisation

**Management Company:**

SEB Investment Management AB  
Stjärntorget 4  
SE-169 79 Solna, Sweden

**Board of Directors of  
the Management Company:****Chairperson**

Johan Wigh  
Partner  
Advokatfirman, Törngren Magnell  
Sweden

**Members**

Mikael Huldt (since 22 August 2019)  
Head of Alternative Investments  
AFA Försäkring  
Sweden

Martin Gärtner (since 22 August 2019)  
Former Head of Private Banking  
Skandinaviska Enskilda Banken (publ.)  
Sweden

Viveka Hirdman-Ryrberg (since 22 August 2019)  
Head of Corporate Communication & Sustainability  
Investor AB  
Sweden

Karin S. Thorburn  
Research Chair Professor of Finance  
Norwegian School of Economics  
Norway

Magnus Wallberg (until 14 March 2019)  
Chief Financial Officer  
SEB Life & Investment Management Division  
Sweden

Jenny Askfelt Ruud (until 21 August 2019)  
Head of Alternative Investments  
AP4  
Sweden

**Branch of the Management Company:**

SEB Investment Management AB, Luxembourg Branch  
4, rue Peterelchen  
L-2370 Howald, Luxembourg

**Central Administration (including the  
administrative, registrar and transfer  
agent function) and Paying Agent in  
Luxembourg:**

The Bank of New York Mellon SA/NV, Luxembourg Branch  
2-4, rue Eugène Ruppert  
L-2453 Luxembourg

**Investment Manager:**

SEB Investment Management AB  
Stjärntorget 4  
SE-169 79 Solna, Sweden

<b>Depository:</b>	Skandinaviska Enskilda Banken S.A.* 4, rue Peternelchen L-2370 Howald, Luxembourg
<b>Auditor of the Fund:</b>	Ernst & Young S.A. (since 1 January 2019) 35E avenue John F.Kennedy L-1855 Luxembourg  PricewaterhouseCoopers, Société coopérative (until 31 December 2018) 2, rue Gerhard Mercator L-2182 Luxembourg
<b>Auditor of the Management Company:</b>	Ernst & Young AB (since 1 January 2019) Jakobsbergsgatan 24 SE-103 99 Stockholm, Sweden  PricewaterhouseCoopers AB (until 31 December 2018) Torsgatan 21 SE-113 97 Stockholm, Sweden
<b>Global Distributor:</b>	Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8 SE-106 40 Stockholm, Sweden
<b>Representatives and Paying Agents outside Luxembourg:</b>	The full list of representatives and paying agents outside Luxembourg can be obtained, free of any charge, at the address of the Management Company, at the address of the Branch and on the website of the Branch.

\* Please refer to Note 7, Subsequent Events after the year end.

# General Information

SEB TrendSystem Renten (the "Fund") is an open-ended common fund ("FCP" - "Fonds Commun de Placement") governed by Part I of the Luxembourg Law on Undertakings for Collective Investment of 17 December 2010, as amended, (the "Law"). The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS). The Fund was set up on 3 August 2000 for an undetermined duration. The Management Regulations lastly modified with effect from 20 September 2017, have been published in the *Recueil Electronique des Sociétés et Associations (RESA)* on 2 November 2017. The Fund is registered with the RCS under the number K 86. The Management Company was established on 19 May 1978 in the form of a Swedish limited liability company (AB). The Management Company is authorised by Finansinspektionen for the management of UCITS and for the discretionary management of financial instruments and investment portfolios under the Swedish UCITS Act (SFS 2004:46). The Management Company is also authorised as an alternative investment fund manager to manage alternative investment funds under the Swedish AIFM Act (SFS 2013:561).

The Management Company has delegated parts of the Central Administration as further detailed hereafter, including the administrative, registrar and transfer agent functions - under its continued responsibility and control - at its own expenses to The Bank of New York Mellon SA/NV, Luxembourg Branch, 2-4, rue Eugène Ruppert, L-2453 Luxembourg. This branch was created in Luxembourg as a "succursale d'une société de droit étranger" on 15 December 1998 and is an indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation. It is registered with the Luxembourg Trade and Companies' Register under Corporate Identity Number B 105087 (the "Administrative Agent" and "Registrar and Transfer Agent").

In the capacity of Administrative Agent, it carries out certain administrative duties related to the administration of the Fund, including the calculation of the NAV of the Units and the provision of account services for the Fund.

In its capacity as Registrar and Transfer Agent, it will process all subscriptions, redemptions and transfers of units, and will register these transactions in the Unitholders' register of the Fund.

The main objective of the Fund will be to invest directly and/or indirectly in transferable securities and other Eligible Assets, with the purpose of spreading investment risks and achieving long-term capital growth. The investment objectives of the Fund will be carried out in compliance with the investment restrictions set forth in the latest prospectus.

Unless otherwise laid down in the Prospectus, the Management Company may decide to issue, for the Fund, capitalisation Units ("C" Units) and distribution Units ("D" Units).

The "C" Units will reinvest their income, if any. The "D" Units may pay a dividend to its Unitholders, upon decision of the Management Company. Dividends are paid annually, except where the Management Company would decide on a monthly, quarterly or semi-annual dividend payment.

The "B I" and "B II" Units may pay a dividend.

Currently, the following unit classes are offered for the Fund:

- |                                     |              |
|-------------------------------------|--------------|
| ○ Distribution units ("B I" units)  | LU0116292888 |
| ○ Distribution units ("B II" units) | LU0170040694 |

The base currency of the Fund is Euro.

The issue and redemption prices, which are computed daily on bank business days in Luxembourg, except 24 December and 31 December ("Valuation date"), can be obtained from the registered offices of the Management Company, the Depositary and the Paying Agent.

In addition, the Net Asset Value, fact sheets and other informational material is published on the SEB Luxembourg website [www.sebgroup.lu](http://www.sebgroup.lu) ("website"). When registered in other countries, the publication media might differ according to the regulatory requirements. Information about ongoing charges can be found in the Key Investor Information Document ("KIID").

The audited annual and un-audited semi-annual reports of the Fund may be obtained, free of charge at the registered office of the Management Company, at the address of its Branch and on the website. These reports as well as copies of the Prospectus, the Management Regulations and the KIID are available, free of charge, at the registered office of the Management Company, at the address of the Branch and on the website.



# Management Report

Dear Unitholders,

With this report, we want to give you an overview of the general economic environment and the development of the most important capital markets of our Fund SEB TrendSystem Renten.

We would like to thank you for your confidence and will do everything within our power to justify your decision of investing in our Fund.

## **2019 a strong equity year despite challenges**

What a year 2019 was. If we knew in early January 2019 that US-China trade tensions would be settled mid-December 2019, that the ISM Manufacturing index would fall from 56.6 index points to a low of 47.8, that German industrial production would drop by nearly 5%, and that we would see almost 0% earnings growth for global equities we would have expected a year of negative returns. At the very least we would have expected a drawdown in equities larger than the 6.8% which became the maximum for US equities (SP500).

That said, we need to remember that 2019 started off rather unusually: we had just exited the Q4 2018 correction, the US Federal Reserve Bank (the "FED") was still communicating hikes for the coming year, and overall investor sentiment was bearish. As the FED realigned their policy to catch up with market pricing and US-China trade discussions started to progress, equities found enough support to rally.

Furthermore, general expectations were that growth would not deteriorate further as the US economy continued to appear robust. The slowdown in Europe was ascribed to the auto sector adjusting to the new emission standards that came into play during that autumn. After the initial rally in early 2019, US-China trade tensions escalated and the two countries imposed increased tariffs on one another's goods. And so began the second half of 2019. In a normal market environment, an escalating trade war combined with deteriorating macroeconomic momentum would lead to a negative reaction in the equity markets. However, as yields dropped throughout the first half of the year the acronym TINA - there is no alternative - started to dominate the markets.

Investors were reluctant to sell risky assets since they would then have been forced to buy low or negative yielding assets instead. Nevertheless, the markets were able to weather the US-China trade storm without correcting in earnest. Markets took off when the trade war split into phases in early September, thus raising the likelihood for a small deal higher.

As might be deducted from the above, we entered year 2020 on more precarious footing than at the start of 2019. Following a year where equities have risen approximately 30% purely on the basis of multiple expansion it is obvious that 2020 is going to be more challenging.

## **The effect of COVID-19 on the economy and our funds**

As we write this update, 27 April 2020, the COVID-19 pandemic has spread to most countries. The impact on global financial markets has been substantial. We have seen sharp corrections in all regions, the announcement of massive fiscal and monetary stimulus, significant slowdowns in growth and rapidly rising unemployment rates.

The brutal correction in the financial markets in March had dramatically negative effects on the net asset values of several of our funds. However, as volatility lessened in April, markets stabilised and flows normalised. In this challenging market situation of low liquidity and high volatility, we closely monitor the inflows and outflows of our funds to ensure they have higher cash levels than normally as well as make all other adjustments needed in these circumstances. As a precaution, our fund management team members are located in various geographic locations to reduce the risk of illness in several people on the same team at the same time. We are in daily contact via online meetings to review the current condition of each portfolio and make necessary adjustments – considering short term and long term requirements and goals.

Looking ahead, it is difficult to know at this time exactly how companies and businesses will be affected by the shutdown to halt the spread of the virus. However, we regard the stimulus packages from governments and central banks as encouraging and believe these may calm the markets to some degree and perhaps limit the harshest aspects of an economic slowdown.

Luxembourg, 27 April 2020

**SEB Investment Management AB**

The Board of Directors

# Schedule of Investments

## As at 31 December 2019

SEB TrendSystem Renten				
Security description	Maturity	Total holdings	Market value in EUR	% of Net Assets
Bonds indicated in 1,000 currency units				
Transferable securities admitted to an official stock exchange listing				
Bonds				
<b>Austria</b>				
1.20 % Republic of Austria Government Bond '144A'	20/10/25	2,150	2,334,126.00	7.76
<b>Total Austria</b>			<b>2,334,126.00</b>	<b>7.76</b>
<b>Belgium</b>				
0.50 % Kingdom of Belgium Government Bond '144A'	22/10/24	3,000	3,120,390.00	10.37
<b>Total Belgium</b>			<b>3,120,390.00</b>	<b>10.37</b>
<b>Finland</b>				
2.00 % Finland Government Bond '144A'	15/04/24	2,120	2,341,709.60	7.78
<b>Total Finland</b>			<b>2,341,709.60</b>	<b>7.78</b>
<b>France</b>				
0.50 % French Republic Government Bond OAT	25/05/25	2,900	3,026,034.00	10.06
2.25 % French Republic Government Bond OAT	25/05/24	2,320	2,595,500.00	8.62
<b>Total France</b>			<b>5,621,534.00</b>	<b>18.68</b>
<b>Germany</b>				
2.00 % Bundesrepublik Deutschland Bundesanleihe	15/08/23	900	984,069.00	3.27
<b>Total Germany</b>			<b>984,069.00</b>	<b>3.27</b>
<b>Italy</b>				
3.75 % Italy Buoni Poliennali Del Tesoro	01/09/24	2,140	2,451,412.80	8.14
4.50 % Italy Buoni Poliennali Del Tesoro	01/05/23	2,100	2,392,572.00	7.95
5.50 % Italy Buoni Poliennali Del Tesoro	01/11/22	2,100	2,416,239.00	8.03
<b>Total Italy</b>			<b>7,260,223.80</b>	<b>24.12</b>
<b>Netherlands</b>				
0.25 % Netherlands Government Bond '144A'	15/07/25	2,250	2,324,632.50	7.72
<b>Total Netherlands</b>			<b>2,324,632.50</b>	<b>7.72</b>
<b>Spain</b>				
1.45 % Spain Government Bond '144A'	31/10/27	3,140	3,426,305.20	11.39
1.95 % Spain Government Bond '144A'	30/04/26	2,100	2,342,550.00	7.78
<b>Total Spain</b>			<b>5,768,855.20</b>	<b>19.17</b>
<b>Total Bonds</b>			<b>29,755,540.10</b>	<b>98.87</b>
<b>Total Transferable securities admitted to an official stock exchange listing</b>			<b>29,755,540.10</b>	<b>98.87</b>
<b>Total Portfolio</b>			<b>29,755,540.10</b>	<b>98.87</b>

## SEB TrendSystem Renten

	Market value in EUR	% of Net Assets
<b>Cash at bank</b>		
Cash at bank	190,709.14	0.63
<b>Total Cash at bank</b>	<b>190,709.14</b>	<b>0.63</b>
<b>Other assets</b>		
Interest receivable on bonds	166,597.35	0.56
Receivable on subscriptions	168.22	0.00
<b>Total other assets</b>	<b>166,765.57</b>	<b>0.56</b>
<b>Liabilities</b>		
Management fees	(6,572.52)	(0.03)
Bank interest payable on cash accounts	(27.10)	(0.00)
Other liabilities	(10,503.43)	(0.03)
<b>Total liabilities</b>	<b>(17,103.05)</b>	<b>(0.06)</b>
<b>Total Net Assets as at 31 December 2019</b>	<b>30,095,911.76</b>	<b>100.00</b>

A list of changes in the assets held during the financial year under review is available free of charge from SEB Investment Management AB.

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

# Statement of Operations

## For the year ended 31 December 2019

	SEB TrendSystem Renten
	EUR
<b>Income</b>	
Interest on bonds (note 1)	668,469.07
<b>Total income</b>	<b>668,469.07</b>
<b>Expenses</b>	
Management fees (note 2)	177,748.56
Taxe d'abonnement (note 4)	21,753.55
Bank interest on cash accounts	3,147.76
Other expenses	13,748.99
<b>Total expenses</b>	<b>216,398.86</b>
<b>Net income for the year</b>	<b>452,070.21</b>

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

# Statement of Changes in Net Assets

## For the year ended 31 December 2019

	SEB TrendSystem Renten
	EUR
<b>Net Assets at the beginning of the year</b>	<b>41,754,568.98</b>
<b>Net income for the year</b>	<b>452,070.21</b>
<b>Net realised gain / (loss) on:</b>	
- sales of securities	267,194.85
- financial futures contracts	(144,888.32)
<b>Total net realised gain</b>	<b>122,306.53</b>
<b>Change in net unrealised appreciation / (depreciation) on:</b>	
- securities	436,561.55
- financial futures contracts	25,350.00
<b>Total change in net unrealised appreciation</b>	<b>461,911.55</b>
<b>Increase in Net Assets as a result of operations</b>	<b>1,036,288.29</b>
<b>Proceeds on issues of units</b>	<b>19,952.32</b>
<b>Payment on redemptions of units</b>	<b>(12,464,833.11)</b>
<b>Dividends paid</b>	<b>(250,064.72)</b>
<b>Total Net Assets as at 31 December 2019</b>	<b>30,095,911.76</b>

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

# Statement of Net Assets

## As at 31 December 2019

	SEB TrendSystem Renten
	EUR
<b>Assets</b>	
Portfolio at cost	28,765,634.77
Unrealised appreciation	989,905.33
<b>Portfolio at market value (note 1)</b>	<b>29,755,540.10</b>
Receivable interest and / or dividends	166,597.35
Cash at bank	190,709.14
Other assets	168.22
<b>Total Assets</b>	<b>30,113,014.81</b>
<b>Liabilities</b>	
Other liabilities	(17,103.05)
<b>Total Liabilities</b>	<b>(17,103.05)</b>
<b>Total Net Assets as at 31 December 2019</b>	<b>30,095,911.76</b>
"B I" units outstanding as at 31 December 2019	486,186.8910
"B II" units outstanding as at 31 December 2019	51,874.8800
Net Asset Value per "B I" unit as at 31 December 2019	55.933
Net Asset Value per "B II" unit as at 31 December 2019	55.941

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

# Statistical Information

## As at 31 December 2019

	SEB TrendSystem Renten
	EUR
<b>Number of "B I" units outstanding</b>	
as at 31 December 2019	486,186.8910
as at 31 December 2018	707,794.8100
as at 31 December 2017	720,126.5500
<b>Number of "B II" units outstanding</b>	
as at 31 December 2019	51,874.8800
as at 31 December 2018	54,418.1740
as at 31 December 2017	61,018.7000
<b>Total Net Assets</b>	
as at 31 December 2019	30,095,911.76
as at 31 December 2018	41,754,568.98
as at 31 December 2017	43,848,947.90
<b>Net Asset Value per "B I" unit</b>	
as at 31 December 2019	55.933
as at 31 December 2018	54.780
as at 31 December 2017	56.134
<b>Net Asset Value per "B II" unit</b>	
as at 31 December 2019	55.941
as at 31 December 2018	54.788
as at 31 December 2017	56.142
<b>Dividend paid per B I unit</b>	
2019	0.3300
2018	1.0674
2017	1.0744
<b>Dividend paid per B II unit</b>	
2019	0.3300
2018	1.0675
2017	1.0744

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

# Notes to the Financial Statements

## As at 31 December 2019

### **Note 1. Significant Accounting Policies**

The financial statements have been prepared in accordance with Luxembourg regulations relating to Undertakings for Collective Investment.

The Financial Statements have been prepared based on last official Net Asset Value of the year which has been calculated on 30 December 2019 with the prices as of that date.

#### **Investments:**

a) Transferable securities and money market instruments, which are officially listed on a stock exchange, are valued at the last available price.

b) Transferable securities and money market instruments, which are not officially listed on a stock exchange, but which are traded on another regulated market are valued at a price no lower than the bid price and no higher than the ask price at the time of the valuation and at which the Management Company considers to be an appropriate market price.

c) Transferable securities and money market instruments quoted or traded on several markets are valued on the basis of the last available price on the principal market for the transferable securities or money market instruments in question, unless these prices are not representative.

d) In the event that such prices are not in line with market conditions, or for securities and money market instruments other than those covered in a), b) and c) above for which there are no fixed prices, these securities and money market instruments, as well as other assets, will be valued at the current market value as determined in good faith by the Management Company, following generally accepted valuation principles.

e) Units or shares of UCI(TS) are valued at the last available Net Asset Value obtained from the Administrative Agent of such UCI(TS), except for Exchange Traded Funds which are valued at the latest available price found on the main stock exchange on which they are listed.

f) Derivatives instruments traded on regulated markets or stock exchanges are valued at last available settlement prices of these contracts on regulated markets or stock exchanges on which the derivative instruments are traded by the Fund.

Derivatives instruments not traded on regulated markets or on stock exchanges are valued at their net liquidating value determined, pursuant to the policies established in good faith by the Management Company on a basis consistently applied for each different variety of contracts, in accordance with generally recognised principles, taking into consideration the generally accepted accounting practices, the customary practices in line with the market and the interests of the Unitholders.

g) Financial futures contracts, which are not matured, are valued at valuation date at market rates prevailing at this date and resulting unrealised appreciation or depreciation are posted as change in net unrealised appreciation/(depreciation) on financial future contracts to the Statement of Changes in Net Assets.

In the case that extraordinary circumstances occur which make it impossible or even wrong to make a valuation in accordance with the above-mentioned criteria, the Management Company is entitled to temporarily apply other generally accepted valuation procedures, which are determined by it in good faith, in order to make an appropriate valuation of the Fund's Assets.

Gains and losses on the sale of securities are determined using the average cost method.



**Swing pricing:**

The Investment Manager needs to perform transactions in order to uphold the desired asset allocation as a result of the flows in and out of the Fund. While performing these transactions brokerage and transaction costs will occur. Acting in the Unitholders' interest, the Net Asset Value will be adjusted if on any Valuation Day the aggregate transactions in units of all Classes of a Fund result in a net increase or decrease of units which exceeds a threshold set by the Board of Directors of the Management Company from time to time (relating to the cost of market dealing for the Fund), the Net Asset Value per unit of the relevant Fund will be adjusted to reflect both the estimated fiscal charges and dealing costs (brokerage and transaction costs) that may be incurred by the Fund and the estimated bid/offer spread of the assets in which the respective Fund invests following the net movement of units of the Fund. The adjustment will be an addition when the net movement results in an increase of all units of the Fund and a deduction when it results in a decrease. Adjustments made during the year are recorded in "Proceeds on issues of units" and "Payment on redemptions of units" in the Statement of Changes in Net Assets.

The Board of Directors of the Management Company or swing price committee may also decide a maximum swing factor to apply to the Fund. The Fund will not have a higher maximum swing factor than 0.99%. The list of Funds that currently apply swing pricing, including the size of a maximum swing factor, is available on SEB Investment Management's website. Investors may also request this information, free of charge.

No swing pricing adjustment has been applied to the year end Net Asset Value per unit calculated on 30 December 2019.

**Currency Translation:**

All assets denominated in a different currency to the Fund's currency are converted into the Fund's currency at the last available exchange rate.

Separate accounts are maintained for the Fund in the currency in which the Net Asset Value per unit to which it relates is expressed (the "accounting currency").

Transactions denominated in a currency other than the accounting currency are recorded on the basis of exchange rates prevailing on the date they occur or accrue to the Fund.

Assets and liabilities, expressed in a currency other than the accounting currency, are translated on the basis of exchange rates ruling at the balance sheet date.

As at 30 December 2019, all assets and liabilities were denominated in Euro.

**Income:**

Interest income and bank interest income are recognised on an accrual basis. Dividends are recorded on the ex-dividend date. This income is shown net of any withholding taxes and adjusted accordingly when tax reclaims apply.

**Note 2. Management Fees**

In payment for its services, the Management Company receives an annual rate of:

- 0.50% is charged on SEB Trendsystem Renten "B I" units (maximum rate: 0.50%)
- 0.50% is charged on SEB Trendsystem Renten "B II" units (maximum rate: 0.50%)

A twelfth of this rate is being payable at the end of each month and based on the average Net Assets of the Fund calculated daily during the relevant month.

The Management Company pays accounting, administration and depositary fees on behalf of the Fund.

### **Note 3. Performance Fees**

In addition to the fixed management fees above, the Management Company also receives an annual performance-related commission ("Performance Fees") amounting to 25% of the value by which the annual growth in the Net Asset Value per unit exceeds the return of the "Barclays Euro Treasury 1-10 Year Total Return Index Value Unhedged EUR" index. All costs incurred by the Fund, including the fixed Management Fees of 0.5% per annum, are included in determining the performance of the Net Asset Value per unit. The Performance Fees are thus only charged when the performance of the Net Asset Value per unit after the deduction of all costs is above the aforementioned index at the end of the Fund's financial year.

### **Note 4. Taxation**

The Fund is liable in Luxembourg to a subscription tax ("taxe d'abonnement") of 0.05% or 0.01% (as applicable) per annum of its NAV, such tax being payable quarterly on the basis of the value of the aggregate Net Assets of the Fund at the end of the relevant calendar quarter. Investments by the Fund in shares or units of another Luxembourg undertaking for collective investment which are also subject to the taxe d'abonnement are excluded from the NAV of the Fund serving as basis for the calculation of this tax to be paid by the Fund.

No stamp duty or other tax is payable in Luxembourg on the issue of units.

Interest, dividend and other income realised by the Fund on the sale of securities of non-Luxembourg issuers, may be subject to withholding and other taxes levied by the jurisdictions in which the income is sourced.

### **Note 5. Transaction Fees**

Transaction fees incurred by the Fund relating to the purchase or sale of transferable securities, money market instruments, derivatives or other eligible assets are mainly composed of depositary fees and broker fees. Most of the transaction fees are included in the transaction price used to calculate the realised and unrealised gain/(loss) on securities.

In line with bond market practice, a bid-offer spread is applied when buying or selling securities and other financial instruments. Consequently, in any given transaction, there will be a difference between the purchase and sale prices quoted by the broker, which represents the broker's remuneration. This type of transaction cost is difficult to obtain separately and is therefore included in the acquisition cost of securities or deducted from selling prices of bonds.

As at 31 December 2019, the transaction fees were as follows:

SEB TrendSystem Renten	489.75 EUR
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### **Note 6. Significant events during the year**

#### **Auditor**

Ernst & Young A.B. were appointed Auditor of the Management Company effective for the financial year commencing 1 January 2019.

#### **Directors**

There were changes to the Board of Directors of the Management Company during the year. Please refer to the Organisation section on page 3 for details.

#### **Prospectus**

A new prospectus was issued in November 2019.

There were no other significant events during the year.

**Note 7. Subsequent events after the year end.****Depository**

With effect on 2 January 2020, Skandinaviska Enskilda Banken S.A. merged with its parent company Skandinaviska Enskilda Banken AB (publ) ("SEB AB"). As from 2 January 2020, the depository duties undertaken pursuant to the Depository Agreement was taken over in full by SEB AB acting through the Luxembourg Branch, Skandinaviska Enskilda Banken AB (publ), Luxembourg Branch.

**Prospectus**

A new prospectus was issued in January 2020.

There were no other subsequent events after the year end.

## Independent auditor's report

To the Unitholders of  
SEB TrendSystem Renten  
4, rue Peternelchen  
L-2370 Howald, Luxembourg

### Opinion

We have audited the financial statements of SEB TrendSystem Renten (the "Fund"), which comprise the statement of net assets and the schedule of investments as at 31 December 2019, and the statement of operations and the statement of 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 31 December 2019, and of the results of its operations and changes in the 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 23 July 2016 on the audit profession (the "Law of 23 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 23 July 2016 and ISAs 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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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 matter

The financial statements of SEB TrendSystem Renten for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 10 April 2019.

## **Other information**

The Board of Directors of the Management Company (the “Board of Directors”) 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.

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 for the financial statements**

The Board of Directors 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 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 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 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 23 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 23 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' 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, 27 April 2020

# Risk Disclosure (unaudited)

In the context of risk measurement and in accordance with CSSF Circular 11/512 a UCITS must calculate its global exposure on at least a daily basis.

For SEB TrendSystem Renten, the global exposure is calculated and monitored daily by using the calculation methodology Value at Risk (VaR). The VaR model used is parametric VaR. The observation period is at least 250 days.

The VaR methodology provides an estimate of the maximum potential loss over a specific time period and at a given confidence level, i.e. probability level. Usually for UCITS, the time period is 1 month/20 business days and the confidence level is 99%.

For example, a VaR estimate of 3% on a 20-days' time period with a 99% confidence level means that, with 99% certainty, the percentage the Fund can expect to lose over the next 20 days' period should be a maximum of 3%.

In case of the VaR methodology, the Fund can use either the "relative" or the "absolute" VaR approach.

According to CSSF Circular 11/512, the absolute VaR approach must not be greater than 20% based on a 99% confidence level and a holding period of 1 month/20 business days. In the case of the relative VaR approach, the VaR of the Fund must not be greater than twice the VaR of its reference portfolio. Nevertheless, lower limitations than those ones set by the regulator can be set in accordance with the investment policy/strategy of the Fund.

In addition to the VaR, the level of leverage generated through the use of derivatives and the use of collateral in relation to efficient portfolio management transactions (i.e. securities lending or repurchase agreements) is monitored twice a month. Leverage is measured as the sum of the absolute notional exposures of the financial derivative instruments (i.e. the absolute sum of all long and short notional positions in derivatives compared to the Net Asset Value of the Fund) and the reinvestment of collateral related to securities lending or repurchase agreement used by the Fund.

The Investment Manager calculates the leverage on a gross or on a commitment method. The gross method converts all positions on derivative financial instruments into equivalent positions in the underlying assets, while the commitment method applies the same while allowing netting and hedging arrangements.

The below overview summarises the Fund indicating the VaR, the reference portfolio (in the case of relative VaR), the lowest/highest and average utilisation of VaR (expressed as a percentage of the respective absolute or relative legal VaR limit) as well as the average level of leverage for the year ended 31 December 2019:

<b>Fund</b>	<b>Relative/ Absolute VaR</b>	<b>Reference portfolio</b>	<b>Lowest utilisation of VaR</b>	<b>Highest utilisation of VaR</b>	<b>Average utilisation of VaR</b>	<b>Average Leverage (FX forwards serving the purposes of unit-class(es) hedging, if any, are not included in the leverage calculation)</b>	<b>Average Leverage (including FX forward for unit class hedging)</b>
<b>SEB TrendSystem Renten</b>	Relative	Barclays Euro Treasury 1-10 Year TR Index Value Unhedged EUR	36.50%	56.50%	51.82%	3.86%	3.86%

# Remuneration Disclosure (unaudited)

SEB Investment Management AB (the Management Company) wishes to encourage and incite good performance and sound behaviour, as well as to endeavour to achieve balanced risk-taking that is aligned with the interests of fund unitholders.

The Management Company has a long-term vision regarding the employment conditions of its staff. Total remuneration shall contribute to developing the Management Company's competitiveness and profitability through the Company being able to attract, retain, motivate and reward competent and skilful employees. In order to achieve this objective, the Management Company's board of directors has adopted a remuneration policy based on Swedish and international regulations. The purpose of the remuneration policy is to ensure that the Management Company has a remuneration system that is adapted to the fund unitholders' long-term interests and the Management Company's strategy and values.

The remuneration policy is based on the remuneration model that is applied at Group level, and is built on SEB's values. The Management Company's remuneration policy is reviewed at least annually. The Management Company's current remuneration policy is based on a risk analysis that has been prepared by the Management Company's risk control department.

## **The Management Company's remuneration structure is based on three components:**

- Fixed remuneration (basic salary)
- Variable remuneration
- Pensions and other benefits

The remuneration components are used to achieve a competitive individual level of remuneration with an appropriate balance between fixed and variable remuneration.

The fixed remuneration component is individually adapted further to predetermined internal and external appraisals. The level of the fixed remuneration is based on the employee's experience, long-term performance and behaviour.

All employees at the Management Company are embraced by SEB's collective profit sharing model that has a predetermined maximum outcome. The remuneration is established based on SEB's earnings and customer satisfaction.

Remuneration to employees in control departments (internal audit, risk control, and observance of regulations) is established by the board of directors further to proposals from the Management Company's remuneration committee. Remuneration shall be based on objective grounds related to the employee's role and tasks, and be independent of the business unit that the control department scrutinises.

Employees in departments that have a monitoring function, such as internal auditing, risk control or compliance, are not to receive any other variable remuneration over and above SEB's profit sharing.

The Management Company applies the grandfather principle to all remuneration, which means all decisions are to be approved by, at the least, the manager for the manager of the employee concerned.

## **Variable remuneration**

The Management Company uses variable remuneration in order to develop and reward performance and behaviour that create both short-term and long-term value for the fund unitholders and the Management Company. Variable remuneration is an important aspect of designing a flexible remuneration system. Variable remuneration is composed of both cash and shares in investment funds or financial instruments which achieve the equivalent common interests as shares in the relevant investment funds.

The principles for variable remuneration adopted by the Management Company are established with the objective of reflecting the Management Company's low risk tolerance and being compatible with the Fund's prevailing risk profiles, fund rules, discretionary mandates, as well as internal and external regulations. The variable remuneration shall be based on the employee's performance and behaviour from a several-year perspective, as well as the performance and economic results of the employee's team, the Management Company and SEB as a whole.

At the same time as obtaining a sound balance between fixed and variable remuneration, the payment of variable remuneration shall be related to the Management Company's risk policy and creation of value for the fund unitholders. This implies that certain maximum levels and deferment of payment shall apply to different personnel categories.



For employees in positions that have a significant influence on the Management Company's or the managed funds' risk profile, the maximum variable remuneration may not exceed 100 percent of the fixed remuneration. The variable remuneration is to be deferred by 40 to 60 percent for a minimum of three years. At least 50 percent of the variable remuneration is to consist of shares in investment funds or instruments which achieve the same common interests as shares in the relevant securities funds. Variable remuneration in the form of fund shares will be subject to retention policy for at least one year. This retention policy applies to variable compensation whether or not it is deferred.

The Management Company also applies a special remuneration model for certain employees who manage funds and discretionary mandates. The remuneration model for these persons is based on a structure with distinct rules for maximum outcome of remuneration, deferment of remuneration as well as rules regarding downward adjustment/reduction of remuneration.

Payment of deferred remuneration shall only be made if such is motivated based on the Management Company's economic situation and the performance of the Management Company, the relevant division and the employee.

Reduction or downward adjustment of deferred variable remuneration shall apply should losses, increased risks and costs arise during the deferment period, which includes for example taking into consideration the employee's observance of external and internal regulations. Reduction or downward adjustment shall also take place should payment be deemed unwarrantable in view of the Management Company's financial situation.

The variable remuneration system shall be continuously reviewed in order to ensure that it does not create any unsuitable behaviour and contribute to excessive risk-taking.

#### **The remuneration committee**

The Management Company has appointed a remuneration committee with the task of independently appraising the remuneration policy. The remuneration committee shall be responsible for preparing decisions regarding remuneration that are to be adopted by the board of directors, and intervene if a decision could imply consequences for the Management Company's risks and risk management. The remuneration committee is an independent body composed of the board of directors' independent members.

#### **Follow up**

The CEO, the deputy CEO and the board of directors shall ensure that the remuneration policy is operationally applied. The remuneration policy shall be reviewed annually by the internal audit department or by an independent auditing firm. In order to ensure that the Management Company's remuneration system is applied in accordance with the remuneration policy, the remuneration system and the payment of remuneration shall be reviewed annually by internal or external auditors.

<b>Regulated staff</b>	<b>Paid remuneration and benefits, 2019 (thousand)</b>
	<b>EUR</b>
- Employees in leading strategic positions	1,878
- Employees responsible for control	360
- Risk-takers	10,745
- Employees whose total remuneration amounts to or exceeds the total remuneration to any of the Executive Board	-
	<b>Total remuneration paid (thousand)</b>
	<b>EUR</b>
- All employees (fixed remuneration)	16,548
- All employees (variable remuneration)	3,949
- Executive management and employees that significantly affect the risk profile of the alternative investment fund	12,623
<i>Number of employees during the year</i>	<i>180</i>

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