

Computation of Reportable Income
Danske Invest PCC Ltd - Danske Invest Hedge Mortgage Arbitrage Fund
Cover schedule

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Agent's ref: LS/FSTax/DD/DS/DL
- 2) Name of fund Danske Invest PCC Ltd - Danske Invest Hedge Mortgage Arbitrage Fund
- 3) Change of name since last submission No
- 4) Tax Reference Number D0088
- 5) Reporting period 1 January 2018 to 31 December 2018
- 6) Type of fund Open-ended protected cell investment company
- 7) GAAP Luxembourg GAAP

- 8) Information required by Regulation 106(1)
- | | | |
|--|-------------------------------------|------------------|
| (a) A copy of the final audited accounts for the period | <input checked="" type="checkbox"/> | Enclosed |
| (b) A computation of the fund's reportable income | <input checked="" type="checkbox"/> | See Schedule A |
| (c) A copy of the reports provided to participants | <input checked="" type="checkbox"/> | Enclosed |
| (d) The reported income of the fund | <input checked="" type="checkbox"/> | See Schedule A.1 |
| (e) The amount actually distributed in respect of the period | <input checked="" type="checkbox"/> | See Schedule A.3 |
| (f) The number of units in issue at the end of the period | <input checked="" type="checkbox"/> | See Schedule A.2 |
| (g) The reported income per unit of interest | <input checked="" type="checkbox"/> | See Schedule A.2 |
| (h) Declaration of compliance with Regs 53 and 58 | <input checked="" type="checkbox"/> | Enclosed |

9) Share class scope

Share class name	ISIN	HMRC Reference	Reporting Period		
DKK Sub-Class W	GG00BZ05RY20	D0088-0002	1 January 2018	to	31 December 2018

Computation of Reportable Income
Danske Invest PCC Ltd - Danske Invest Hedge Mortgage Arbitrage Fund
Schedule A: Computation of Excess Reportable Income

A.1 Computation of Reportable Income

DKK Sub-Class W

		DKK
	Ref	
Figure equivalent to total comprehensive income for the period		
Net increase in net assets resulting from operations	C.1	<u>93,115</u>
Adjustments arising from investments of the fund		
Adjustments for capital items under Regs 64-65	B.1	40,708
Adjustment for effective interest under Reg 66	B.2	(420,517)
Adjustment for income from wholly owned subsidiaries under Reg 67	B.3	Nil
Adjustments for income from other offshore funds under Regs 68-71	B.4	Nil
Total adjustments		<u>(379,809)</u>
Adjusted figure		<u>(286,694)</u>
No further adjustment required for funds not operating equalisation or adjustments		
Total adjusted figure		<u>(286,694)</u>
Reportable income for the period		<u>Nil</u>

A.2 Computation of Reported Income per unit

Reported income of the fund	A.1	Nil
Distributions to participants in respect of the period	A.3	Nil
Excess reportable income per Reg 94(1)		Nil
Number of units in issue at the period end		<u>2,105.19</u>
Excess per unit to be treated as additional distributions		<u>Nil</u>

A.3 Distributions to participants in respect of the period

No distributions were paid in respect of the period 1 January 2018 to 31 December 2018

Computation of Reportable Income
Danske Invest PCC Ltd - Danske Invest Hedge Mortgage Arbitrage Fund
Schedule B: Adjustments required in calculating reportable income

B.1 Adjustments for capital items and miscellaneous items

DKK Sub-Class W

The following items require to be adjusted for as Capital Items under Regs 64 and/or 65:

Item	Reason for adjustment	Ref	DKK
Net realised gain / (loss) on sale of investments	Deduct capital gains	C.1	(58,230)
Net realised gain / (loss) on forward foreign exchange contracts	Deduct capital gains	C.1	(11,934)
Net realised gain on futures contracts	Add back capital losses	C.1	204,169
Net realised gain / (loss) on foreign exchange	Deduct capital gains	C.1	(736)
Net realised gain / (loss) on swaps	Deduct capital gains	C.1	(95,234)
Change in net unrealised appreciation / (depreciation) on:			
- investments	Deduct capital gains	C.1	(121,434)
- forward foreign exchange contracts	Add back capital losses	C.1	11,934
- swaps	Add back capital losses	C.1	83,477
Performance fees	Disallowable expense	C.1	26,794
Transaction fees (included within Bank charges and correspondent fees)	Disallowable expense		1,902
Adjustments for capital items and miscellaneous items under Regs 64-65			A.1 <u>40,708</u>

B.2 Adjustment for effective interest

The fund does not operate effective interest on interest bearing securities in line with the UK SORP. Therefore, we have calculated an adjustment, the total of which is shown below

Adjustment for effective interest under Reg 66	A.1	(420,517)
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B.3 Adjustment for income from wholly owned subsidiaries

The Fund had no subsidiaries meeting the definition of a wholly owned subsidiary in the period.

Adjustment for wholly owned subsidiaries	A.1	-
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B.4 Adjustment for income from other offshore funds

The Fund has no holding in offshore funds, therefore no adjustment is required.

Adjustments for income from other offshore funds under Regs 68-71	A.1	-
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B.5 Adjustment for funds operating equalisation, and choice of equalisation or income adjustment

The fund has elected not to apply equalisation, nor to make income adjustments.

Adjustments for funds operating equalisation under Reg 72	A.1	-
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Computation of Reportable Income
Danske Invest PCC Ltd - Danske Invest Hedge Mortgage Arbitrage Fund
Schedule C: Analysis of accounts

C.1 Analysis of accounts

Ref.

	DKK Sub-Class W	Total of non-reporting share classes	Total
	DKK	DKK	DKK
Income			
Interest on bonds, net	264,468	10,851,642	11,116,110
Interest on bank account and time deposit	6,450	580,346	586,796
Interest on repos	46052	2127778	2,173,830
Interest on swaps	603,846	21,246,957	21,850,803
Other income	210	19,096	19,306
TOTAL INCOME	921,026	34,825,819	35,746,845
EXPENSES			
Management fees	24,308	1,575,503	1,599,811
Performance fees	26,794	1,362,556	1,389,350
Domiciliation, administration and transfer agent fees	3,202	108,155	111,357
Bank charges and correspondent fees	12,317	455,874	468,191
Bank interest and interest on reverse repos	11,600	497,472	509,072
Interest on swaps	723,629	24,962,536	25,686,165
Operating and administrative fees	6,521	304,986	311,507
Other charges	7,528	1,237	8,765
TOTAL EXPENSES	815,899	29,268,319	30,084,218
NET INCOME / (LOSS) FROM OPERATIONS	105,127	5,557,500	5,662,627
NET REALISED GAIN / (LOSS) ON INVESTMENTS			
Net realised gain / (loss) on sale of investments	58,230	665,720	723,950
Net realised gain / (loss) on forward foreign exchange contracts	11,934	378,066	390,000
Net realised gain on futures contracts	(204,169)	(6,965,771)	(7,169,940)
Net realised gain / (loss) on foreign exchange	736	68,739	69,475
Net realised gain / (loss) on swaps	95,234	3,980,386	4,075,620
NET REALISED GAIN / (LOSS) ON INVESTMENTS	67,092	3,684,640	3,751,732
Change in net unrealised appreciation / (depreciation) on:			
- investments	121,434	5,363,667	5,485,101
- forward foreign exchange contracts	(11,934)	(378,062)	(389,996)
- swaps	(83,477)	(5,431,078)	(5,514,555)
Net increase in net assets resulting from operations	93,115	3,239,167	3,332,282

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Schedule D: Summary of information reported to investors

D.1 Figures reported to investors

The following summarises the information required to be reported to investors in compliance with Regulation 92(1)

The table is set out according to the sub-sections of Regulation 92(1), as follows:

- a) Amount actually distributed to participants per share
- b) Excess of reported income per share over amount actually distributed
- c) Dates on which distributions were made
- d) Fund distribution date
- e) The fund remains a reporting fund at the date reports are made

	CCY	(a)	(b)	(c)	(d)	(e)
DKK Sub-Class W	DKK	Nil	Nil	N/A	30 June 2019	No

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 Schedule DER: Adjustments for derivatives

DER.1 Derivatives

The fund held the following derivative contracts during the period. Differences between the treatment per accounts and the corresponding UK accounting treatment under the IMA SORP are summarised below and any adjustments required are made in Schedule C to break down the returns and treat capital and revenue elements correctly.

Derivative type	Accounting treatment per financial statements	Corresponding UK accounting treatment	Adjustment required in computation of reportable income
Forward foreign exchange contracts	Capital	Capital	No
Future contracts	Capital	Capital	No
Interest rate swaps	Capital with income elements accounted for in revenue	Capital with income elements accounted for in revenue	No