

**Annual report including audited financial statements
as at 31st December 2019**

KATLA FUND

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

R.C.S. Luxembourg B 96 002

CONVENTUM
ASSET MANAGEMENT

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.

KATLA FUND

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KATLA FUND

Organisation

Registered office

9, Boulevard Prince Henri
L-1724 LUXEMBOURG

Board of Directors

Chairman

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

Directors

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

Harald Gunnar HALLDORSSON
General Counsel
STEFNIR ASSET MANAGEMENT COMPANY HF
19, Borgartun
IS-105 Reykjavik
(since 30th August 2019)

Andri V. SIGURDSSON
Partner
Laekjargata - Legal Services ehf.
Laekjargata 2
IS-101 REYKJAVIK
(until 30th August 2019)

Management Company and Domiciliary Agent

CONVENTUM ASSET MANAGEMENT
Société Anonyme
9, Boulevard Prince Henri
L-1724 LUXEMBOURG

Board of Directors of the Management Company

Chairman

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

Directors

Michèle BIEL
General Manager
CONVENTUM ASSET MANAGEMENT
Société Anonyme
9, Boulevard Prince Henri
L-1724 LUXEMBOURG

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

KATLA FUND

Organisation (continued)

**General Managers of the
Management Company**

Michèle BIEL
General Manager
CONVENTUM ASSET MANAGEMENT
Société Anonyme
9, Boulevard Prince Henri
L-1724 LUXEMBOURG

Georges ENGEL
General Manager
CONVENTUM ASSET MANAGEMENT
Société Anonyme
9, Boulevard Prince Henri
L-1724 LUXEMBOURG

Rita HERRMANN
General Manager
CONVENTUM ASSET MANAGEMENT
Société Anonyme
9, Boulevard Prince Henri
L-1724 LUXEMBOURG
(until 28th February 2019)

Investment Manager

STEFNIR ASSET MANAGEMENT COMPANY HF.
Borgartun 19
IS-105 REYKJAVIK

**Depositary,
Central Administration and
Primary Paying Agent**

BANQUE DE LUXEMBOURG
Société Anonyme
14, Boulevard Royal
L-2449 LUXEMBOURG

Central Administration's Subcontractor

EUROPEAN FUND ADMINISTRATION S.A.
Société Anonyme
2, Rue d'Alsace
L-1122 LUXEMBOURG

Independent auditor

ERNST & YOUNG
Société Anonyme
35E, Avenue John F. Kennedy
L-1855 LUXEMBOURG

Global Distributor

ARION BANK HF
19, Borgartun
IS-105 REYKJAVIK

KATLA FUND

Report of the Board of Directors

Market Development and Outlook

After sharp declines in the fourth quarter of 2018 this year came with stellar returns for equities and good returns for most asset classes. FED's U-turn on policy in the beginning of the year eased the markets concerns and the first months were strong with little news of the trade war. Trump's twitter account kicked in early April and the trade war kept markets worried throughout summer.

The fed lowered rates three times from July to October and started expanding its balance sheet in September. The phase one deal was then announced early October. Leading indicators got weaker throughout the year but there were signs of bottoming out in manufacturing PMI late in the year. Needless to say the last quarter of 2019 was a strong one.

With positive development on the trade front and better PMI numbers the risk of recession has been pushed further out and markets are now expecting this record long upcycle to have another leg up.

Even though markets are up around 30% since beginning of 2019 we keep in mind the 20% correction just prior and the fact that the MSCI world has returned 8.57% annualized over the last two years. We do not see a big risk in current price ratios but earnings growth slowed throughout last year and giving pressure on margins we struggle to see a significant reacceleration in earnings growth near term.

The global economy should continue at a moderately healthy pace in 2020, with moderate GDP growth, stable labor markets and inflation. Equity markets have continued last year strong momentum the first weeks of this year. We see potential setbacks related to the re-escalation of the trade war or a progressive Democrat, such as Elizabeth Warren and Bernie Sanders, making strides in the US presidential elections. Our expectations are none the less that Trump will get reelected and at least up until the elections he will want to be seen as a deal maker rather than a breaker.

Katla Fund Global Value

Katla Fund Global Value returned 28.93% (EUR) in 2019, compared with 27.49% (EUR) return of the benchmark, the MSCI World Index. The Sub-Fund outperformed by 1.43%.

In the beginning of 2019 the fund was positioned with an overweight on US equities while underweighting UK and APAC but the outperformance mostly due to stock selection. Throughout the year the fund shifted to an underweighted US and overweight APAC as well as too a bit more defensive stance sector wise.

Board Activity

2019 was for once a year without too numerous new regulation impacting Katla Fund-Global Value, but rather a year of overseeing the good implementation of regulations issued in previous years.

The Board has ensured during the whole year 2019 that the concerned stakeholders take all necessary action to perform their tasks ensuring compliance with regulations, bearing in mind its objective to limit or even decrease the total expense ratio of the SICAV.

Similarly to last year, 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 interest of investors are adequately safeguarded. In 2019, the Board met at least on a quarterly basis and has been throughout the year in permanent communication with relevant stakeholders. The Board has also conducted an on-site visit and due diligence meeting with all substantial service providers to the Fund as they did the previous year (depository bank, central administration and investment manager). No matter came to the attention of the Board indicating that the service providers of the Fund are not in a position to fulfil their duties and that the relationships they have with each other are not professional.

KATLA FUND

Report of the Board of Directors (continued)

The Board also amended during summer 2019 its composition, replacing Mr. Andri V. SIGURDSSON following his resignation by Mr. Harald Gunnar HALLDORSSON. Mrs Margret SVEINSDOTTIR and Mr. Eric CHINCHON wanted to warmly thanks Mr. SIGURDSSON for his performance during the past years and welcomed Mr. HALLDORSSON who will bring legal and compliance support and expertise.

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

Luxembourg 26th February 2020

The Board of Directors

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



Ernst & Young
Société anonyme

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L-2017 Luxembourg

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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 2019, 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 2019, 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 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 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.

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.

Independent auditor's report (continued)

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.
- 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.



Independent auditor's report (continued)

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, 9th March 2020

KATLA FUND - GLOBAL VALUE

Statement of net assets (in EUR)

as at 31st December 2019

Assets

Securities portfolio at market value	205,569,273.67
Cash at banks	3,503,656.90
Income receivable on portfolio	98,579.10
Total assets	<u>209,171,509.67</u>

Liabilities

Bank overdrafts	28.26
Expenses payable	883,244.64
Total liabilities	<u>883,272.90</u>

Net assets at the end of the year	<u><u>208,288,236.77</u></u>
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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	1,089,807.4781	EUR	191.12	<u>208,288,236.77</u>
				<u>208,288,236.77</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 2019 to 31st December 2019

Income	
Dividends, net	2,319,181.08
Interest on bank accounts	55,532.12
Other income	40,234.21
Total income	<u>2,414,947.41</u>
Expenses	
Management fees	3,015,808.81
Depositary fees	168,834.21
Banking charges and other fees	21,115.55
Transaction fees	525,593.84
Central administration costs	108,937.61
Professional fees	17,160.39
Other administration costs	27,476.79
Subscription duty ("taxe d'abonnement")	97,346.95
Bank interest paid	18,664.80
Total expenses	<u>4,000,938.95</u>
Net investment loss	-1,585,991.54
Net realised gain/(loss)	
- on securities portfolio	20,747,457.19
- on forward foreign exchange contracts	-1,501.47
- on foreign exchange	152,293.37
Realised result	<u>19,312,257.55</u>
Net variation of the unrealised gain/(loss)	
- on securities portfolio	<u>29,456,401.32</u>
Result of operations	<u>48,768,658.87</u>
Subscriptions	12,960,356.73
Redemptions	-30,818,261.36
Total changes in net assets	<u>30,910,754.24</u>
Total net assets at the beginning of the year	<u>177,377,482.53</u>
Total net assets at the end of the year	<u><u>208,288,236.77</u></u>

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

KATLA FUND - GLOBAL VALUE

Statistical information (in EUR)

as at 31st December 2019

Total net assets	Currency	31.12.2017	31.12.2018	31.12.2019
	EUR	204,479,875.41	177,377,482.53	208,288,236.77

Net asset value per share	Currency	31.12.2017	31.12.2018	31.12.2019
A	EUR	166.86	148.24	191.12

Number of shares	outstanding at the beginning of the year	issued	redeemed	outstanding at the end of the year
A	1,196,554.4365	74,460.9448	-181,207.9032	1,089,807.4781

KATLA FUND - GLOBAL VALUE

Statement of investments and other net assets (in EUR) as at 31st December 2019

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
Investments in securities					
Transferable securities admitted to an official stock exchange listing					
Shares					
CAD	170,000	Descartes Systems Gr (The) Inc	3,391,984.87	6,481,199.91	3.11
DKK	85,000	Novo Nordisk AS B	3,031,214.64	4,397,915.23	2.11
EUR	145,000	Industria de Diseno Textil SA	3,865,571.57	4,560,250.00	2.19
EUR	9,000	Kering Reg	3,881,355.71	5,266,800.00	2.53
EUR	120,000	Vonovia SE	4,199,937.19	5,760,000.00	2.77
			11,946,864.47	15,587,050.00	7.49
GBP	220,000	Imperial Brands Plc	4,554,363.83	4,852,341.52	2.33
GBP	70,000	Reckitt Benckiser Group Plc	4,864,768.47	5,062,989.64	2.43
			9,419,132.30	9,915,331.16	4.76
JPY	135,000	Asahi Group Holdings Ltd	5,530,364.27	5,513,042.47	2.65
JPY	55,000	Nidec Corp	4,779,694.50	6,763,404.65	3.25
JPY	90,000	Sony Corp	4,796,766.91	5,458,830.33	2.62
			15,106,825.68	17,735,277.45	8.52
NOK	195,000	Aker BP ASA	5,775,436.03	5,690,880.19	2.73
NOK	800,000	Leroy Seafood Group ASA	4,451,364.99	4,726,186.82	2.27
			10,226,801.02	10,417,067.01	5.00
SEK	145,000	Lundin Petroleum AB	2,959,053.71	4,391,793.09	2.11
USD	70,000	Akamai Technologies Inc	4,630,568.57	5,385,766.46	2.59
USD	4,600	Alphabet Inc C	4,497,649.42	5,478,125.95	2.63
USD	3,000	Amazon.com Inc	4,436,434.64	4,937,668.12	2.37
USD	150,000	Bank of America Corp	3,121,797.09	4,705,620.38	2.26
USD	3,600	Booking Holdings Inc Reg	5,719,009.82	6,585,399.48	3.16
USD	115,000	Boston Scientific Corp	3,783,934.96	4,631,958.67	2.22
USD	130,000	Centene Corp	6,238,478.17	7,279,861.05	3.49
USD	30,000	Cigna Corp Reg	4,117,067.25	5,464,238.00	2.62
USD	70,000	Citigroup Inc	3,949,111.46	4,981,116.95	2.39
USD	100,000	Cognizant Tec Solutions Corp	6,659,957.95	5,524,182.77	2.65
USD	38,000	Facebook Inc A	5,309,727.14	6,947,091.83	3.34
USD	37,000	Fidelity Natl Inform Serv Inc	2,168,654.90	4,583,887.06	2.20
USD	75,000	Hartford Fin Serv Gr Inc (The)	2,641,181.73	4,059,633.03	1.95
USD	30,000	IQVIA Holdings Inc Reg	4,141,248.87	4,128,707.58	1.98
USD	40,000	Johnson & Johnson	4,693,306.78	5,197,114.10	2.49
USD	20,000	Lazard Ltd A	709,154.42	711,855.35	0.34
USD	50,000	Medtronic Plc Reg	4,348,447.03	5,052,551.88	2.43
USD	105,000	Morgan Stanley	4,429,282.00	4,780,974.44	2.30
USD	55,000	Nasdaq Inc	4,981,144.97	5,246,726.64	2.52
USD	5,000	Samsung Electronics Co Ltd spons GDR repr 25 Shares	5,134,596.15	5,313,084.53	2.55
USD	60,000	Spirit AeroSyst Holdings Inc A	4,886,492.44	3,894,896.23	1.87
USD	60,000	T-Mobile US Inc	2,937,793.24	4,190,968.20	2.01
USD	55,000	The Walt Disney Co	5,486,065.38	7,085,285.47	3.40
USD	40,000	United Technologies Corp	4,144,859.13	5,335,708.56	2.56
USD	28,000	Visa Inc A	4,483,295.88	4,686,202.90	2.25
USD	85,000	XPO Logistics Inc	6,203,596.85	6,034,114.19	2.90
			113,852,856.24	132,222,739.82	63.47
Total shares			169,934,732.93	201,148,373.67	96.57

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

KATLA FUND - GLOBAL VALUE

Statement of investments and other net assets (in EUR) (continued) as at 31st December 2019

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<u>Open-ended investment funds</u>					
Tracker funds (UCITS)					
EUR	220,000	Xtrackers Nikkei 225 UCITS ETF 1D Dist	3,331,250.00	4,420,900.00	2.12
Total tracker funds (UCITS)			3,331,250.00	4,420,900.00	2.12
Total investments in securities			173,265,982.93	205,569,273.67	98.69
Cash at banks				3,503,656.90	1.68
Bank overdrafts				-28.26	0.00
Other net assets/(liabilities)				-784,665.54	-0.37
Total				208,288,236.77	100.00

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 2019

Industrial classification

(in percentage of net assets)

Cyclical consumer goods	18.82 %
Healthcare	17.34 %
Technologies	16.57 %
Financials	13.96 %
Industrials	10.58 %
Non-cyclical consumer goods	9.68 %
Energy	4.84 %
Real estate	2.77 %
Investment funds	2.12 %
Telecommunications services	2.01 %
Total	<u>98.69 %</u>

Geographical classification

(by domicile of the issuer)
(in percentage of net assets)

United States of America	58.15 %
Japan	8.52 %
Norway	5.00 %
United Kingdom	4.76 %
Canada	3.11 %
Germany	2.77 %
South Korea	2.55 %
France	2.53 %
Ireland	2.43 %
Spain	2.19 %
Luxembourg	2.12 %
Sweden	2.11 %
Denmark	2.11 %
Bermuda	0.34 %
Total	<u>98.69 %</u>

KATLA FUND

Notes to the financial statements

as at 31st December 2019

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.conventum.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 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 2019

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 costs of formation in relation 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 liquidation of 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 2019

Note 3 - Management fees

The SICAV has appointed CONVENTUM ASSET MANAGEMENT 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 - Event

By circular resolutions as of 19th July 2019 the Board of Directors resolved to coopt Mr Harald Gunnar HALLDORSSON as Director of the SICAV in replacement of Mr Andri V SIGURDSSON which resigned from his mandate of Director of the SICAV with effective date as at 30th August 2019.

Note 8 - Subsequent events

There are no significant subsequent events.

KATLA FUND

Additional information (unaudited)

as at 31st December 2019

1 - Risk management

As required by Circular CSSF 11/512, 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

CONVENTUM ASSET MANAGEMENT has been appointed Management Company of KATLA FUND.

The Management Company has delegated the investment management to STEFNIR ASSET MANAGEMENT COMPANY HF (the "Investment Manager").

The Management Company ensures that its delegate Investment Manager is subject to regulatory requirements on remuneration disclosure for their staff that are equally as effective as those applicable to the Management Company and/or that appropriate arrangements are in place.

The Management Company further informs that it did not pay any remuneration to the staff of its delegate Investment Manager.

The Management Company has further implemented a remuneration policy, which aligns with the principles of internal corporate governance, based on its size and organization as well as the nature, scope and complexity of its activities.

The annual remuneration of the conducting officers and employees of the Management Company is independent of both the evolution of its mandates under management and any related performance criteria.

Annual remuneration comprises a contractual fixed amount and a variable component. The ratio of the fixed amount to the variable component is significantly weighted in favour of the fixed amount.

During the financial year 2019, a total remuneration of EUR 1.407 mio has been paid to an average of 16 employees with a variable component weighted 17.39%. Total remuneration paid to 3 identified risk takers was EUR 0.386 mio, with a variable component weighted 28.76%.

The remuneration policy of the Management Company is reviewed each year and its implementation is assessed annually by an independent body.

The details of the remuneration policy of the Management Company are available on the internet site www.conventum.lu and a hard copy can be made available free of charge on request.

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.