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## ANNUAL REPORT 2020

BRUMMER MULTI-STRATEGY MASTER

BRUMMER MULTI-STRATEGY

BRUMMER MULTI-STRATEGY EURO

BRUMMER MULTI-STRATEGY NOK

BRUMMER MULTI-STRATEGY UTDELANDE

BRUMMER MULTI-STRATEGY 2XL



BRUMMER & PARTNERS

# THE BRUMMER MULTI-STRATEGY FUNDS IN BRIEF<sup>1)</sup>

## Strategy:

Brummer Multi-Strategy, Brummer Multi-Strategy Euro, Brummer Multi-Strategy NOK and Brummer Multi-Strategy Utdeleande are special feeder funds investing in the special master fund Brummer Multi-Strategy Master which in turn invests in hedge funds managed by fund management companies within Brummer & Partners. Brummer Multi-Strategy 2xL offers a leveraged investment in Brummer Multi-Strategy.

The Brummer Multi-Strategy Master fund invests in<sup>2)</sup>: AlphaCrest, Arete, Black-and-White/IAM Black and White Innovation UCITS, Florin Court Capital, Frost, Lynx Constellation, Lynx SEK (Bermuda), Manticore and Observatory.

## Currency:

Brummer Multi-Strategy Master, Brummer Multi-Strategy, Brummer Multi-Strategy Utdeleande and Brummer Multi-Strategy 2xL: Swedish krona

Brummer Multi-Strategy Euro: Euro

Brummer Multi-Strategy NOK: Norwegian krona

## Inception dates:

Brummer Multi-Strategy Master: 1 April 2013

Brummer Multi-Strategy: 1 April 2002

Brummer Multi-Strategy Euro: 1 October 2002

Brummer Multi-Strategy NOK: 1 June 2015

Brummer Multi-Strategy Utdeleande: 1 May 2013

Brummer Multi-Strategy 2xL: 1 September 2008

**Chief Investment Officers:** Patrik Brummer and Mikael Spångberg

## ASSET MANAGEMENT TARGETS

**Return target:** Absolute returns

**Correlation:** Low with both equity and bond markets

**Risk (standard deviation):** Lower than the equity market

## FEES AND SUBSCRIPTIONS

Management and performance fees: 0 per cent. Brummer Multi-Strategy Master normally pays management fees of 1 per cent per annum and performance fees of 20 per cent of the total return that is in excess of the hurdle on the investments in the constituent funds. In some cases Brummer Multi-Strategy Master may pay a higher management fee, up to 2 per cent, but in those cases normally also a lower performance fee. When Brummer Multi-Strategy Master invests in a leveraged fund, the management fee is scaled with the leverage ratio of the fund. A fund which normally charges 1 per cent management fee would, e.g. in a two times leveraged version, charge 2 per cent management fee per annum.

**Subscription and redemption charges:** 0 per cent

**Subscription for/redemption of units:** Monthly<sup>3)</sup>

### Minimum investment for initial investment:

Brummer Multi-Strategy, Brummer Multi-Strategy Utdeleande and Brummer Multi-Strategy 2xL: SEK 100,000, thereafter a minimum of SEK 20,000 per occasion. Via Brummer & Partners online investment account the minimum investment is SEK 10,000.

Brummer Multi-Strategy Euro: EUR 10,000, thereafter a minimum of EUR 2,000 per occasion.

Brummer Multi-Strategy NOK: NOK 100,000, thereafter a minimum of NOK 20,000 per occasion.

Please read more on [www.brummer.se](http://www.brummer.se).

## INFORMATION ABOUT THE BRUMMER MULTI-STRATEGY FUNDS

Further information about the Brummer Multi-Strategy funds is found in the funds' fact sheets, information memoranda and reports.

Services (please visit [www.brummer.se](http://www.brummer.se) or send an e-mail to [info@brummer.se](mailto:info@brummer.se)).

All information is free of charge and can be ordered from B & P Fund

The information is available in both Swedish and English

## SUPERVISION

**Supervisory authority:** Finansinspektionen (the Swedish Financial Supervisory Authority). The investment manager received a licence to engage in fund management business on 8 October 2010 and was reauthorised in accordance with the Alternative Investment Fund Managers Act (2013:561) on 29 April 2015.

**Depository:** Skandinaviska Enskilda Banken AB (publ)

**Auditor:** KPMG AB, Authorised Public Accountant Mårten Asplund, Box 382, SE-101 27 Stockholm

## INVESTMENT MANAGER

Brummer Multi-Strategy AB  
Company registration number: 556704-9167

**Contact:** Client Desk, B & P Fund Services AB

**CEO:** Mikael Spångberg

**Funds under management:** Brummer Multi-Strategy Master, Brummer Multi-Strategy, Brummer Multi-Strategy Euro, Brummer Multi-Strategy NOK, Brummer Multi-Strategy Utdeleande and Brummer Multi-Strategy 2xL

**Board of Directors:** Patrik Brummer (ordförande), Svante Elfving, Per Josefsson and Peter Thelin

**Owner:** Brummer & Partners AB (100 per cent)

**Chief Compliance Officer:** Joakim Schaaf, B & P Fund Services AB

**Share capital:** SEK 1,500,000

**Complaints:** Fredrik Stjernström, B & P Fund Services AB

**Address:** Norrmalmstorg 14, Box 7030, SE-103 86 Stockholm

**Independent Risk Control Manager:** Alexander Argirou, B & P Fund Services AB

**Telefon:** +46 8 566 214 80

**E-mail:** [info@brummer.se](mailto:info@brummer.se)

**Website:** [www.brummer.se](http://www.brummer.se)

1) For definitions of terms and key performance indicators, see the glossary on page 55.

2) The full names of the funds are AlphaCrest Strategies Offshore Fund Ltd., Arete Macro Feeder Fund, Black-and-White Innovation Fund (Cayman) Ltd., IAM Black and White Innovation UCITS Fund, Florin Court Capital Fund, Frost, Lynx Constellation Fund (Bermuda) Ltd., Lynx SEK (Bermuda) Ltd., Manticore Fund (Cayman) Ltd. and The Observatory Credit Markets Fund Limited.

3) Application forms and information on trading days can be ordered from the investment manager or downloaded at [www.brummer.se](http://www.brummer.se).

*This document is a joint annual report with reports on the activities of the period for the funds Brummer Multi-Strategy Master, Brummer Multi-Strategy, Brummer Multi-Strategy Euro, Brummer Multi-Strategy NOK, Brummer Multi-Strategy Utdelande and Brummer Multi-Strategy 2xL. For information on each fund, reference is made to their respective report on the activities.*

## ANNUAL REPORT 1 JANUARY TO 31 DECEMBER 2020

The Board and CEO of Brummer Multi-Strategy AB herewith submit their annual reports for the funds Brummer Multi-Strategy Master, Brummer Multi-Strategy, Brummer Multi-Strategy Euro, Brummer Multi-Strategy NOK, Brummer Multi-Strategy Utdelande and Brummer Multi-Strategy 2xL for the period 1 January to 31 December 2020.

Comments by the portfolio managers .....	4
Return and risk .....	13
Brummer Multi-Strategy Master.....	15
Brummer Multi-Strategy .....	21
Brummer Multi-Strategy Euro .....	26
Brummer Multi-Strategy NOK.....	32
Brummer Multi-Strategy Utdelande.....	38
Brummer Multi-Strategy 2xL.....	44
Auditor's report.....	51
Asset management organisation.....	53
Brummer & Partners .....	54
Glossary .....	55

### IMPORTANT INFORMATION

The funds are special funds as defined in the Swedish Alternative Investment Fund Managers Act. This material should not be regarded as a recommendation to subscribe for units in the funds or as investment advice. An investor planning to invest in a fund should first read the key investor information document, subscription documentation and information memorandum, including the fund rules, carefully. These documents are available on the funds' website [www.brummer.se](http://www.brummer.se).

Investments in funds are subject to risk. Past performance is no guarantee of future returns. The value of the capital invested in a fund may increase or decrease and investors cannot be certain of recovering all of their invested capital.

Returns shown in this report are not adjusted for inflation.

The units have not been registered in the United States, Canada, Japan, Australia or New Zealand or elsewhere and may not be offered or sold in these countries or in any countries where such offer or sale would be contrary to local law or regulation. Foreign law may prohibit an investment to be made by investors outside of Sweden. The investment manager has no responsibility whatsoever for determining that an investment from a country outside Sweden is being made in accordance with the laws of such country.

Brummer Multi-Strategy Master, Brummer Multi-Strategy, Brummer Multi-Strategy Euro, Brummer Multi-Strategy NOK, Brummer Multi-Strategy 2xL and Brummer Multi-Strategy Utdelande (together "the funds") are not so called UCITS funds. An investment in the funds should be regarded as long-term in nature. Any dispute, controversy or claim relating to the funds or information about the funds shall be settled exclusively in accordance with Swedish law and in a Swedish court. The Investment Manager does not provide such financial advice as is referred to in the Swedish Financial Advisory Services to Consumers Act (2003:862) or such investment advice as referred to in the Swedish Investment Funds Act (2004:46). The investment manager does not have permission to give investment advice in accordance with Chapter 3, Section 2, second paragraph, 4 p of the Alternative Investment Fund Managers Act (2013:561). This report is prepared in Swedish and translated into English. In the event of any discrepancy between the two versions, the Swedish version shall have priority.

In this report we use data from HFR, [www.hedgefundresearch.com](http://www.hedgefundresearch.com) © 2020 Hedge Fund Research, Inc. and MSCI, [www.msci.com](http://www.msci.com) © 2020 MSCI Inc. All rights reserved. Neither MSCI, HFR nor any other party involved in or related to compiling, computing or creating the data makes any express or implied warranties or representations with respect to the data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data.

The representative in Switzerland (the "representative") is ARM Swiss Representatives SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland. The paying agent in Switzerland is Banque Cantonale de Genève, 17, Quai de l'Île, 1204 Geneva, Switzerland. The information memorandum (including any supplement thereto and the fund rules) and annual audited reports for the funds can be obtained free of charge from the representative. The place of performance and jurisdiction is the registered office of the representative, with regards to the units offered or distributed in and from Switzerland. Brummer Multi-Strategy AB (as Investment Manager) and its agents do not pay any retrocessions to third parties in relation to the distribution of the units of the fund in or from Switzerland. Brummer Multi-Strategy AB (as Investment Manager) and its agents do not pay any rebates aiming at reducing fees and expenses paid by the fund and incurred by the investors.

# Comments by the portfolio managers

## PERFORMANCE

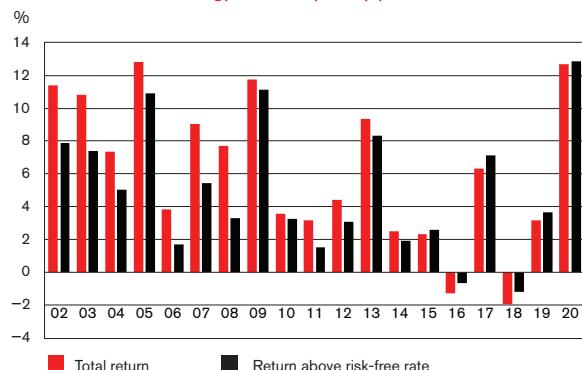
Brummer Multi-Strategy (BMS) reports a return of 12.5 per cent for 2020. The return on Brummer Multi-Strategy 2xL was 24.1 per cent. Over the same period, the Hedge Fund Research (HFR) fund of funds index and global hedge fund index had a return of 10.3 and 11.6 per cent, respectively, while the global equity market<sup>1)</sup> had a return of 13.5 per cent.

The fund's return for the past twelve-month period is 12.7 percentage points above the risk-free rate, which was negative over the same period.<sup>2)</sup> This is significantly higher than BMS's average annual return since inception, which has exceeded the risk-free rate by 5.0 percentage points. Chart 1 shows the fund's annual return and its annual return over the risk-free rate since BMS's inception. As shown in the graph, BMS's annual return of 12.5 per cent in 2020 is the second highest since the fund's inception. Looking at the annual return over the risk-free rate, the return for 2020 is the fund's highest by a wide margin. Brummer Multi-Strategy 2xL's annual return of 24.1 per cent is by far the highest since the fund's inception.

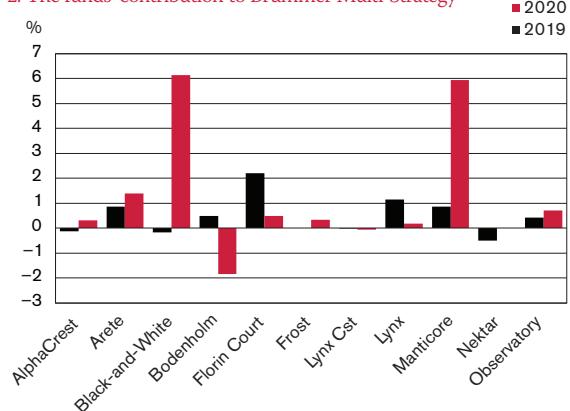
By comparison, BMS's average annual return since inception is 6.2 per cent.

Net asset value decreased from SEK 33 billion to SEK 32 billion in 2020.

## 1. Brummer Multi-Strategy's returns year by year



## 2. The funds' contribution to Brummer Multi-Strategy



## PERFORMANCE SINCE INCEPTION

Brummer Multi-Strategy has an average annual return of 6.2 per cent since inception on 1 April 2002. Brummer Multi-Strategy's risk, measured as the standard deviation of the fund's return, has been significantly lower than the equity index of both the world and the Stockholm stock exchange.

### 3. Return since inception

Index = 100 as at 31 March 2002

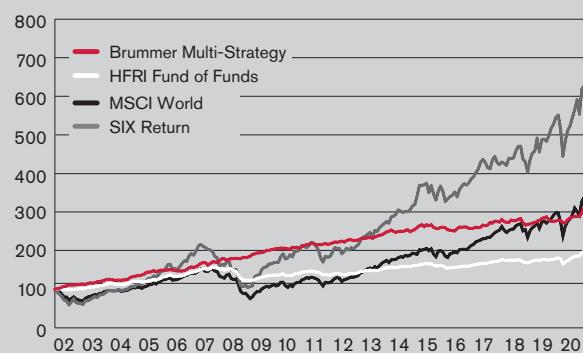
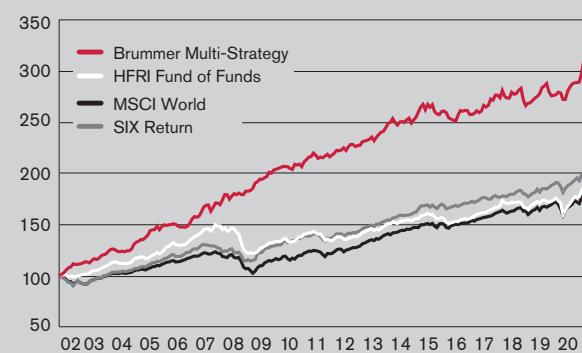


Chart 4 shows the return where the investments have been risk-adjusted by combining each index with a risk-free investment to achieve a standard deviation of the portfolio equivalent to BMS's.

### 4. Risk-adjusted return with BMS's risk level

Index = 100 as at 31 March 2002



1) HFR, [www.hedgefundresearch.com](http://www.hedgefundresearch.com) © 2020 Hedge Fund Research, Inc. The equity market is here represented by the MSCI World Index, MSCI, [www.msci.com](http://www.msci.com) © 2020 MSCI Inc.

2) The risk-free rate is defined as the yield on three-month Swedish treasury bills. In 2020 the average yield was -0.17 per cent.

## 5. MONTHLY RETURNS 2020

	Brummer Multi-Strategy Master (SEK)	Brummer Multi-Strategy (SEK)	Brummer Multi-Strategy Euro (EUR)	Brummer Multi-Strategy NOK (NOK)	Brummer Multi-Strategy Utdelende (SEK)	Brummer Multi-Strategy 2xL (SEK)	HFRI Fund Weighted Composite Index (USD) <sup>3)</sup>	HFRI Fund of Funds Index (USD) <sup>3)</sup>	SIX Return Index (SEK)	MSCI World NDTR Index (local currency) <sup>3)</sup>	JP Morgan Global Government Bond Index (local currency)	MSCI Europe NDTR Index (local currency) <sup>3)</sup>
January	0.84	0.84	0.80	0.97	0.84	1.58	-0.45	0.28	1.02	-0.25	2.21	-1.61
February	-0.31	-0.31	-0.35	-0.25	-0.31	-0.71	-2.28	-1.53	-6.59	-8.10	1.65	-8.02
March	-2.26	-2.26	-2.26	-2.09	-2.25	-4.63	-9.08	-7.63	-13.29	-12.84	0.48	-13.59
April	0.01	0.01	-0.06	0.14	0.01	-0.11	4.52	3.40	8.51	10.51	0.62	5.45
May	2.92	2.92	2.99	2.97	2.92	5.71	2.38	2.30	5.50	4.72	-0.19	3.90
June	1.49	1.49	1.48	1.44	1.49	2.80	2.02	1.97	2.35	2.36	0.18	3.23
July	1.08	1.08	1.06	1.12	1.08	2.04	2.97	2.25	4.10	3.39	0.96	-1.45
August	0.39	0.39	0.36	0.41	0.39	0.67	2.37	2.14	3.73	6.27	-1.12	2.73
September	0.07	0.07	0.04	0.09	0.07	0.06	-0.93	-0.17	4.51	-2.89	0.68	-0.94
October	0.17	0.17	0.16	0.14	0.17	0.24	0.14	0.31	-5.94	-3.05	-0.25	-5.34
November	3.10	3.10	3.07	3.22	3.10	6.10	5.80	4.00	11.36	11.97	0.19	13.94
December	4.52	4.52	4.49	4.55	4.52	8.68	4.47	3.07	1.32	3.51	0.06	2.22
YEAR 2020	12.52	12.52	12.23	13.27	12.52	24.05	11.61	10.27	14.83	13.48	5.56	-2.21

### RETURN ON FUND INVESTMENTS

Manticore (35.7 per cent) and Black-and-White (35.7 per cent) generated the highest returns in 2020, followed by Arete (11.6 per cent), Frost (10.5 per cent), AlphaCrest (6.4 per cent), Lynx (5.2 per cent)<sup>4)</sup>, Observatory (5.5 per cent) and Florin Court (2.5 per cent). Lynx Constellation reported a marginal negative return for the year (-0.3). The only fund which reported a significant negative return was Bodenholm (-12.6 per cent), in which BMS sold its holding in April. The funds' contributions to BMS's performance are calculated by multiplying each fund's return by its allocation in BMS. Chart 2 shows that the largest positive contributions in 2020 came from the long/short equity funds Manticore and Black-and-White. The only significant drag on performance came from the long/short equity fund Bodenholm, in which BMS is no longer invested.

The long/short equity funds and the discretionary macro fund Arete had the biggest impact on BMS's return for 2020.

Looking first at the long/short equity funds Manticore and Black-and-White, the returns on these funds have mainly been generated through successful stock picking on the long and short sides while the funds' general exposure to the stock market during the year was low. The alpha proportion, i.e. the portion of the return generated by positions which are not based on a certain general market trend, was very high in 2020. To a large extent, these gains were generated after the funds successfully identified clear winners and losers in various equity sectors, often driven by changed business models, changed customer behaviour or technological innovations. The long/short equity fund Bodenholm, in which BMS is no longer invested, also had a low general exposure to the equity market. The fund's performance in the first turbulent months of 2020 was thus mainly related to stock picking.

3) HFR, [www.hedgefundresearch.com](http://www.hedgefundresearch.com) © 2020 Hedge Fund Research, Inc. and MSCI, [www.msci.com](http://www.msci.com) © 2020 MSCI Inc. All rights reserved.

4) BMS invests in Lynx SEK (Bermuda) which has a leverage ratio of two relative Lynx (Bermuda). To facilitate continued historical comparison, the corresponding underlying allocation and return in Lynx (Bermuda) are shown.

Among the other funds adding to BMS's return, the discretionary macro fund Arete was the best performer. The fund takes positions based on analysis of China's performance relative to the rest of the world and generated most of its gains in 2020 on directional and relative value trades in the stock markets.

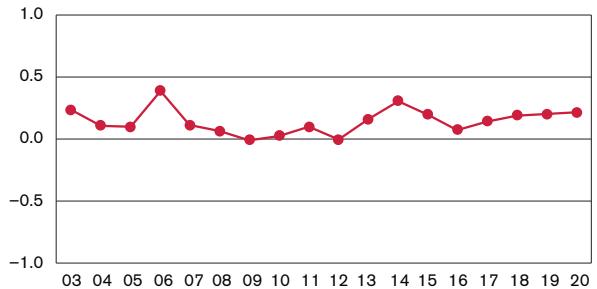
The average correlation between the investee funds of BMS remained low, see chart 6 to the right.

#### A COMPETITIVE RISK-ADJUSTED RETURN

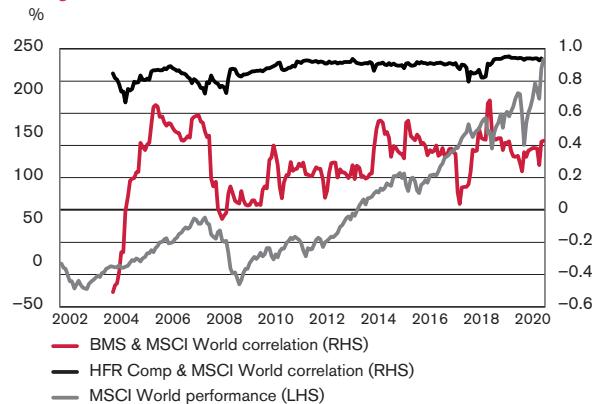
Since its inception on 1 April 2002, BMS has had a risk, as measured by the annual standard deviation, of 4.6 per cent. Coupled with an average annual return of 6.2 per cent, this equates to a Sharpe ratio (measure of risk-adjusted return) of 1.1. This exceeds the Sharpe ratio for the industry as a whole, as measured by the HFR global hedge fund index, which was 0.7 over the same period. The fund has also had a low correlation with the equity market<sup>5)</sup> (BMS's correlation is a mere 0.2), which is good and confirms the value of the portfolio managers' absolute return focus. By contrast, the industry as a whole was very closely correlated with the equity market over the same period, with a correlation of 0.9 for the HFR global hedge fund index. During some periods, BMS may have a certain positive or negative correlation with various markets but over the longer term the fund management team strives to maintain a low correlation.

Chart 7 shows the rolling two-year correlation with the equity market for the hedge fund index and BMS as well as the performance of the equity market since BMS's inception.

#### 6. Average correlation between the investee funds of BMS



#### 7. BMS and HFR's global hedge fund index's realised two-year rolling correlation



#### 8. BRUMMER MULTI-STRATEGY'S ALLOCATION AT THE START OF EACH MONTH IN 2020, %

	AlphaCrest	Arete/ KLS Arete <sup>6)</sup>	Black-and- White	Bodenholm/ Bodenholm Absolute Return <sup>6)</sup>	Florin Court	Frost	Lynx Const.	Lynx SEK	Manticore	Observatory
January	11.91	11.55	15.43	14.52	12.79	2.25	2.83	1.75	15.02	13.38
February	11.71	11.38	15.89	14.56	12.98	2.86	2.92	1.75	15.34	14.13
March	11.41	11.88	16.10	14.14	12.21	2.94	2.96	1.63	15.19	14.33
April	6.65	13.33	17.58	12.26	13.40	3.06	1.64	2.06	20.80	12.32
May	7.99	15.05	17.78		14.97	3.34	1.77	3.55	20.80	13.32
June	7.88	14.30	17.03		14.15	3.35	1.74	3.36	20.68	12.77
July	7.59	14.61	17.77		14.74	3.40	1.75	3.30	21.38	13.47
August	7.32	14.15	16.88		14.65	3.43	1.79	3.32	20.68	13.19
September	8.06	14.08	16.99		13.98	3.50	1.74	3.30	20.80	14.38
October	8.38	11.15	18.76		16.94	5.36	1.75	1.48	21.57	14.77
November	8.25	11.18	20.25		17.07	5.34	1.72	1.42	20.99	14.73
December	8.16	11.15	20.39		15.76	5.33	1.69	1.54	19.65	14.40

5) The equity market is here represented by the MSCI World Index, MSCI, [www.msci.com](http://www.msci.com) © 2020 MSCI Inc. All rights reserved.

6) BMS Master sold its holding in Bodenholm/Bodenholm Absolute Return in April 2020 and in KLS Arete in September 2020.

Over the same period, the hedge fund index has displayed a persistently very high correlation with the equity market while BMS's average correlation has been low and has varied more across market cycles. BMS's correlation has been lower during periods when equity markets have fallen and higher during periods when equity markets have performed well.

#### INVESTMENT ACTIVITIES

BMS's portfolio managers continuously strive to improve the fund's ability to generate a competitive risk-adjusted return that is independent of the performance of the market over time. This is done through active decisions by the portfolio managers on which funds to invest in and how to allocate the capital among the various fund investments. BMS's investment team invests considerable time in understanding the research, investment and risk management processes of the invested funds, and in understanding the market environment for each fund's investment strategy. The portfolio managers seek to ensure that BMS has good prospects of generating a return in different market scenarios.

Compared with an equally weighted portfolio, the portfolio managers had a higher weight mainly in long/short equity funds over the past year. Following the outbreak of the coronavirus epidemic, the portfolio managers chose to increase the fund's allocations to Manticore and Black-and-White based on the view that these strategies had the best potential to earn money in relation to the other strategies in the portfolio in view of the prevailing situation. The combined weight of the systematic trend-following funds Florin Court and Lynx was slightly below neutral while Arete's weight was close to neutral during the year. The portfolio managers chose to have a slightly higher weight in Observatory during the year, but had a lower weight in AlphaCrest. The weight of the relatively new machine learning fund Lynx Correlation remained low. Bodenholm's weight in BMS was further reduced during the year until it was decided to fully redeem BMS's holding in the fund. The decision was taken after a period of dialogue with Bodenholm concerning the fund's investment activities and risk in which it became clear that the fund's Chief Investment Officer and some members of the investment team intended to leave Bodenholm.

Since year-end, BMS has also been invested in Frost, a new relative value fund focusing on the Scandinavian fixed income markets. Frost is managed by two portfolio managers who were previously long-standing key members of the Nektar fund's investment team, Martin Larsén (Chief Investment Officer) and Anders Augusén. The initial allocation was just over 2 per cent of BMS's net asset value. In 2020, Frost generated a return of 10.5 per cent while maintaining a low correlation with general market risk premiums, mainly from positions identified as exposures that the central banks can and want to influence. On 1 October, BMS's portfolio managers increased the allocation to Frost when the fund temporarily opened for subscriptions.

For monthly weights in BMS, see table 8.

#### 9. Value-at-Risk (*ex ante*)



#### AGGREGATE RISK

The BMS portfolio managers make wide use of the different investment strategies of the funds in which BMS invests; these strategies do not co-vary with the performance of the markets over time. This makes it impossible to predict the funds' future returns. Key tasks for BMS's portfolio managers are therefore to identify any structural issues in the existing underlying funds and to identify new funds that BMS may decide to invest in. The goal is to ensure that all funds deliver competitive risk-adjusted returns that are independent of the markets' performance over time.

The risk in BMS is a result of the aggregate portfolio management activities of the invested funds, taking account of diversification effects. One way of illustrating the active risk in BMS is to look at the fund's Value-at-Risk. VaR is a probability-based statistical measure of the overall market risk in a portfolio of assets that is calculated using historical data. In most cases, the measure enables comparisons of risk levels between different funds and investment strategies. VaR estimates the risk of loss, based on a certain time horizon and level of probability<sup>7)</sup>, and also provides an indication of expected fluctuations (volatility) in the fund's market value. At a confidence level of 95 per cent, the risk of loss, which the Value-at-Risk measure seeks to estimate, can be described as follows: On five days out of 100 the portfolio is expected to incur a loss that is greater than that indicated by the Value-at-Risk measure. A Value-at-Risk of 0.4 per cent for BMS can be interpreted to mean that on 95 days out of 100 the fund is expected to generate a return that is better than -0.4 per cent and that the expected risk level in the fund measured as the annual standard deviation will be about 4 per cent<sup>8)</sup>.

VaR is determined mainly by the risk taken by the portfolio managers but also by the volatility in the market and the correlation between different assets. Chart 9 shows how BMS's risk, measured as Value-at-Risk (*ex ante*)<sup>9)</sup>, has varied over the past twelve months. The fund's average measured VaR for the period, as indicated in the chart, corresponds closely with the realised standard deviation over the same period. BMS's VaR over the past twelve months averaged about 0.7,

7) Here Value-at-Risk is measured with a one-day time horizon and 5 per cent probability, i.e. one day out of twenty.

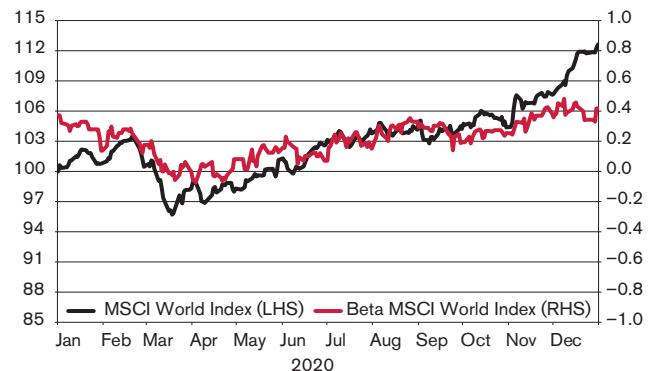
8) Based on the assumption of a normally distributed return on the portfolio and 252 business days in a year.

9) The calculation of risk measures such as Value-at-Risk or market beta can be performed in two fundamentally different ways, *ex ante* or *ex post*. Ex ante risk measures are prospective and attempt to answer the question, "In view of our current portfolio composition, what is the estimated risk?" Ex post risk measures are retrospective and attempt to answer the question, "What risk has the fund had historically, in view of what has actually occurred?"

which is above the fund's historical average of around 0.4. The above-historical average risk in 2020 was primarily due to a generally higher level of volatility in financial markets. The highest Value-at-Risk, at just over 1 per cent, was reached in mid-November. The fund's Value-at-Risk was lowest at the beginning of the year, at around 0.4. The generally low risk is primarily a result of the high degree of diversification in BMS.

A portion of the aggregate risk in BMS comes from pure market exposure (beta). Beta is a result of the underlying funds' chosen direct exposure to a certain market, but also of the indirect exposure arising from a certain degree of covariance in the performance of different markets. For a hedge fund, a positive or negative *ex ante* beta is always the result of an active portfolio management decision and the portfolio managers' conviction in or a model's expectation of a certain market trend. One way of illustrating this portion of the risk is to compare BMS's beta (*ex ante*) over the year with that of the equity market. Chart 10 shows the fund's measured daily market sensitivity to the equity market and the performance of the equity market over the past twelve months. The market exposure (beta), which is calculated on a daily basis, shows how much the fund's return tends to vary in response to changes in the studied market variable. In somewhat simplified terms, a

#### 10. Beta sensitivity vs. equities (*ex ante*) and indexed equity performance



beta of 0.2 to the equity market indicates an expectation that an increase of 1 per cent in the equity market will result in an increase of 0.2 per cent in the value of the fund.

Chart 10 shows that BMS's average beta to the equity market in 2020 has been low, which indicates an expectation that the fund will be influenced only to a small extent by general equity market movements, whether up or down. The beta was lowest during the outbreak of the pandemic in the spring (just under 0) and highest at the end of the year (around 0.4).

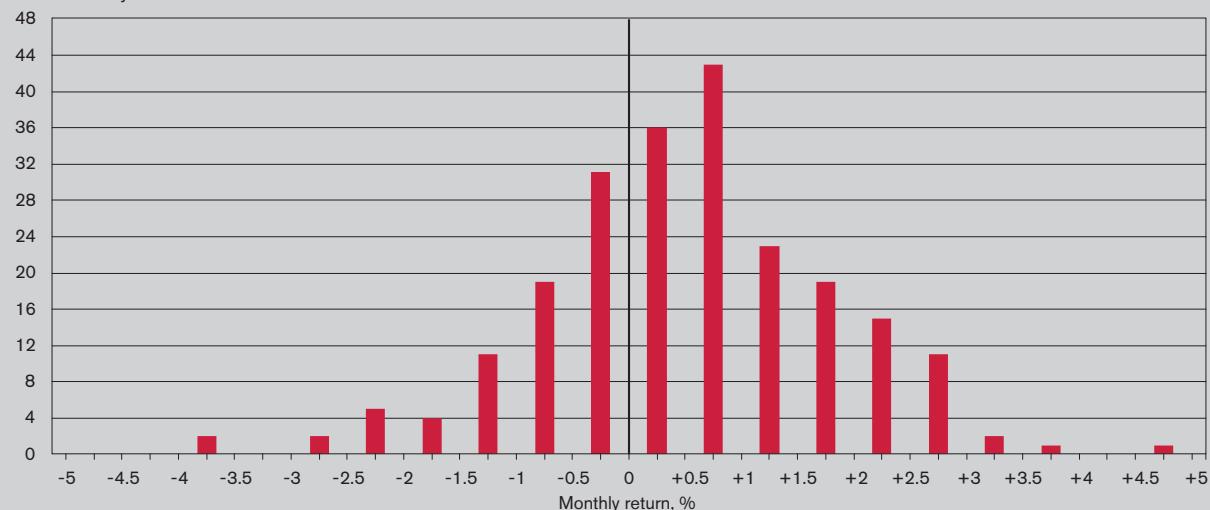
#### FREQUENCY DISTRIBUTION SINCE INCEPTION

Chart 11 shows the distribution of BMS's monthly returns over different return intervals since inception. Over the period April 2002 to December 2020 BMS generated, for example, positive monthly returns of 0.5 to 1 per cent on 43 occasions. The share of positive months is 67 per cent. The return profile reflects BMS's asset management objectives.

The fund strives to achieve a competitive risk-adjusted return over time with small variations in performance. The goal is an asymmetric return profile, which means that there should be more profitable months than loss-making months and that the average gains should be greater than the average losses.

#### 11. Brummer Multi-Strategy's monthly returns across different return intervals since inception

No. of monthly observations

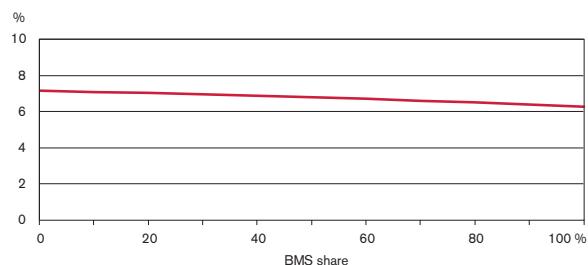


## POSITIVE DIVERSIFICATION EFFECTS

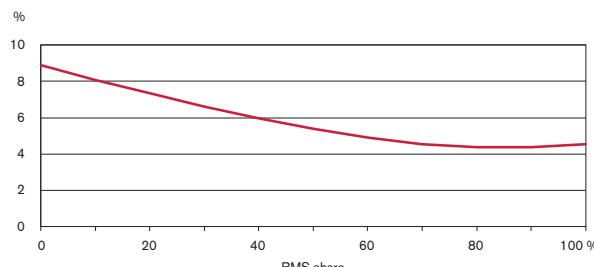
BMS's characteristics, a high risk-adjusted return and low correlation with the market over time, have made it an ideal complement to a traditional portfolio. This is shown in chart 12, which illustrates how an investment in BMS has affected the return and risk in a portfolio of equities and bonds.<sup>10)</sup> The graphs show the positive diversification effects achieved by BMS. The risk, both in terms of standard deviation and maximum drawdown, have been reduced and a higher share of BMS in the portfolio has also increased the risk-adjusted return, as measured by the Sharpe ratio.

### 12. BMS's diversification effects

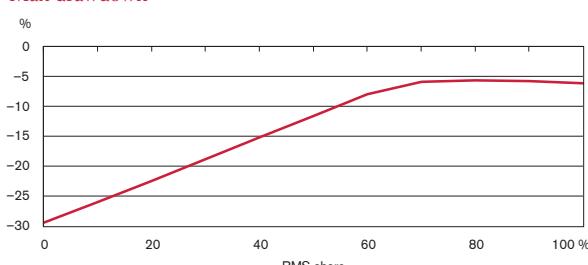
#### Annualised return



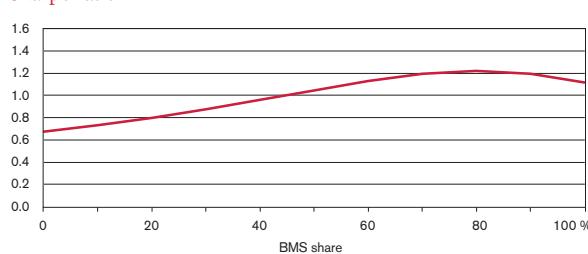
#### Annualised standard deviation



#### Max drawdown



#### Sharpe ratio



10) The portfolio is 60 per cent invested in equity indices and 40 per cent invested in bond indices, and the weights in these indices are adjusted proportionately when BMS's share in the portfolio increases. Data since the inception of BMS in 2002 has been used in the analysis.

## FUNDS IN BRUMMER MULTI-STRATEGY

As of 1 January 2021 the following hedge funds are included in Brummer Multi-Strategy Master:

1. *AlphaCrest* is a quantitative and systematic fund investing in a large number of individual stocks on developed markets, mainly US. The fund is based in the Cayman Islands and the investment manager is AlphaCrest Capital Management LLC.
2. *Arete* is a global macro fund with main focus on China and Asia, investing in liquid instruments including equities, fixed income and commodities. The fund is based in the Cayman Islands and the investment manager is Ocean Arete Limited.
3. *Black-and-White/IAM Black and White Innovation UCITS* are long/short equity funds specialising in the technology, media and telecom sectors and companies in other sectors significantly affected by technological innovation. The funds are based in the Cayman Islands (Black-and-White) and Ireland (IAM Black and White Innovation UCITS) and the investment manager is Black-and-White Capital LP.
4. *Florin Court Capital* is a quantitative, mainly trend-following fund which invests globally in a number of non-traditional markets for trend-following strategies. The fund is established in the Cayman Islands and the portfolio management is run from Florin Court Capital LLP.
5. *Frost* is a fixed income relative value fund with Scandinavian focus. The fund is based in Sweden and the investment manager is Frost Asset Management.
6. *Lynx Constellation* is a systematic fund utilising advanced machine learning techniques to invest in equities, fixed income, commodities and currencies on the global futures markets. The fund is based in Bermuda and the investment manager is Lynx Asset Management AB.
7. *Lynx SEK (Bermuda)* is a quantitative, mainly trend-following fund which primarily invests in Stock exchange listed futures contracts on the share price index, fixed rate instruments, currencies and commodities. The fund is established in Bermuda and the portfolio management is run from Lynx Asset Management AB.
8. *Manticore* is a long/short equity fund with a focus on fundamental analysis. The fund's purpose is to identify decisive trends in technology, media and telecom (TMT). The fund is established in the Cayman Islands and the portfolio management is run from Contour Asset Management LLC.
9. *Observatory* is a long/short credit fund with a focus on the fixed income market including commercial credits. The fund is established in the Cayman Islands and the portfolio management is run from Observatory Capital Management LLP.

## ASSET MANAGEMENT POLICY

BMS's goal is to deliver a competitive risk-adjusted return over time that has a low correlation with traditional asset classes such as equities and bonds. To achieve this, BMS's portfolio managers seek to put together a portfolio of funds with different investment strategies which are expected to have a low correlation with each other over time and deliver returns which are independent of risk premiums in the market. If all funds have the same expected return and risk, are uncorrelated and generate returns which are independent of risk premiums in the market, no active allocation decisions can add value to an equally weighted portfolio. This is the basic premise for the portfolio managers' activities. In practice, however, the performance and risk of individual funds vary, and the constituent funds may periodically be correlated with each other. Nevertheless, the lower the correlation among the constituent funds and with the market, the less scope there is to improve the allocation using mathematical optimisation models or other methods.

A decision by the portfolio managers to deviate from an equally weighted portfolio is not based on a view of an individual fund's short-term performance or of the future direction of markets; rather, allocation decisions have two primary objectives: to reduce the risk of significant losses or to adjust the overall characteristics of the portfolio (expected return, risk, and the relation between the two). Normally, new funds that BMS invests in will initially account for a small portion of the portfolio but their share will then gradually be increased provided that the funds' investment performance lives up to expectations. Any adjustments to allocations are made on a monthly or more frequent basis, as the constituent funds have monthly or more frequent liquidity.

BMS's asset management team actively analyses the funds in the portfolio with an emphasis on understanding and evaluating their research, investment and risk management processes. In addition to qualitative assessments, the team uses a quantitative analysis model, which is continually enhanced. The assessment covers performance analysis, marginal contributions to performance, risk, marginal contributions to risk, sensitivity to market risk premiums or other factors, asset management performance in different market climates, correlations, diversification effects, and so on, see figure 13.

### Evaluation of new fund management teams

BMS's asset management team continuously seeks to identify new funds with the potential to improve the efficiency of the management of the fund. The goal is to further improve BMS's risk-adjusted return and ensure that the asset management activities have an absolute return focus. The evaluation criteria are the same for the existing funds in the portfolio as for new fund management teams. BMS's organisation presents suitable candidates to the Board of Directors of Brummer & Partners, which makes the final decision.

BMS will only invest in a new fund if it is expected to lower BMS's risk and/or increase its return, and if Brummer & Partners becomes a shareholder of the investment manager. Brummer & Partners' investment in BMS emphasises the community of interest between Brummer & Partners AB and other unit holders.

The evaluation process up to the investment stage is described in greater detail in figure 14.

## SHAREHOLDER ENGAGEMENT

The investment manager's funds do not invest in exchange-listed shares and the investment manager is therefore not able to exercise voting rights arising from such shares. However, under its Responsible Investment and Engagement Policy the investment manager has committed to take into account certain ESG and responsible investment principles. The principles are available on the investment manager's website. For further information, see Sustainability Information.

## ACTIVITY LEVEL

The Brummer Multi-Strategy funds are absolute return funds. The funds strive to achieve a positive return over time that is expected to have a low correlation with the returns on the traditional asset classes equities and bonds. The objective is to ensure a competitive risk-adjusted return compared with traditional asset classes. As the funds do not aim to outperform a specific benchmark index, it is not appropriate to compare their performance with that of a specific benchmark index in order to assess the level of activity in the management of the funds.

## NEW REGULATIONS

On 1 January 2020, new requirements came into effect for AIFMs whose asset management performance can be benchmarked against a relevant index, which are now required to disclose information on the level of fund management activity in relation to the benchmark index. The information must describe how the fund is managed and why the selected benchmark index is relevant. If there is no relevant benchmark index, the reasons therefore must be disclosed.

From 30 September 2020, new rules on liquidity stress tests have applied: ESMA's Guidelines on Liquidity Stress Testing in UCITS and AIFs. The purpose of the new rules, which supplement the existing liquidity management rules, is to create a uniform standard for stress tests in UCITS and AIFs and make it easier for the relevant regulators to exercise effective supervision over investment management firms' and AIF managers' liquidity management. The rules include examples of liquidity management tools and principles that should be taken into account in developing stress test models.

## 13. ANALYSIS PROCESS



## 14. PROCESS TO INCLUDE NEW TEAMS IN BMS



## SUSTAINABILITY INFORMATION

### Responsible investment

Responsible investment is largely a matter of common sense. It is part of the duties of a portfolio manager to analyse relevant risks and opportunities regardless of whether they are classified as ESG<sup>11)</sup> factors or, say, macroeconomic trends and political risk. Making well informed decisions is essential to our ability to achieve our goal of generating a competitive risk-adjusted absolute return over time.

BMS invests in hedge funds that are managed in the Brummer & Partners group. In our evaluation of new investment teams, we look for investment strategies which complement the existing strategies in the group and which are expected to add to BMS's risk-adjusted return over time. Sustainability and a commitment from new investment management teams to adhere to the group's values, which includes striving to collaborate on responsible investment matters, are key criteria in the evaluation of new teams. We then work with the investment management teams in the group to develop our responsible investment activities and improve our ESG integration processes, including information disclosure on our sustainability work. This work covers policy formulation, training and continued development of common processes and tools in the area.

BMS's responsible investment policy includes an expectation that the managers of the funds in which BMS invests will identify what responsible investment means for their particular investment strategies and adopt their own policies based on their specific circumstances. In this work, the investment managers are assisted by the Brummer & Partners group's Sustainability Team and a fruitful collaboration among the funds. The Sustainability Team acts as a sounding-board for the investment managers and supports them in their responsible investment activities. The investment managers are, however, responsible for their own research processes and investment decisions and are themselves in the best position to determine which ESG factors are relevant for the type of investments made. A common denominator is that all policies are based on the six United Nations Principles for Responsible Investment (PRI). All investment management firms have signed up to the PRI through Brummer & Partners AB and are also signatories to the Standards Board for Alternative Investments (SBAI), which produces best practice standards for business ethics, corporate governance, information disclosure, fund valuation and other matters. Together with PRI and the Alternative Investment Management Association (AIMA), of which BMS is also a member, SBAI has produced an ESG DDQ (a questionnaire/industry standard on ESG) for hedge funds which it is our ambition that all investment managers of the investee funds of BMS should complete. Read more about Brummer & Partners' active involvement in the work of the SBAI at [www.brummer.se](http://www.brummer.se).

In addition to the six Principles of Responsible Investment and the SBAI framework, the policies of BMS and the other investment managers contain provisions on the avoidance of companies which are directly involved in coal or in the

development, production, maintenance or sale of weapons that are illegal or are considered controversial, such as nuclear weapons, cluster bombs, anti-personnel mines, and biological and chemical weapons. The Brummer & Partners group's Sustainability Team and Risk Team, which are independent of the investment managers, also screen the investment managers to ensure compliance with the provisions of the policies. In addition to the common minimum requirements, the funds are also screened for companies which are alleged to be involved in violations of international norms concerning environmental, human rights, labour and anti-corruption standards. The screening is done quarterly and a dialogue is initiated with investment managers on any identified companies. Some investment managers have chosen to avoid such companies, as this fits in best with their investment strategies and organisational circumstances. Others take the information into account in their research and investment decisions but decide on a case-by-case basis whether they should continue to be long an identified company or whether they want to exit the position. As of autumn 2020, the funds are also screened for exposures to ethically sensitive sectors such as tobacco, alcohol, pornography, gambling, cannabis and weapons. The screening is done to provide information; the decision whether to exclude the holdings or not rests with the investment managers.

More information about our sustainability work is available at: [www.brummer.se/Global/bms\\_sustainability.pdf](http://www.brummer.se/Global/bms_sustainability.pdf)

In 2020, Brummer & Partners established a Responsible Investment Committee, which decides on strategies and priorities for our sustainability work.

Brummer Multi-Strategy AB also formalised its process for evaluating new investment management teams from a sustainability perspective. In addition, the group's Sustainability Team continued its efforts to improve the investment managers' ESG integration and information disclosure activities with regard to how they address responsible investment and this work is still ongoing.

The effort to identify climate risks and measure WACI<sup>12)</sup> is also ongoing. It is clear that communication of climate risks and WACI is challenging in terms of comparability, as standardised calculation models for exposures to certain asset classes appear to be weak or non-existent.

The quarterly screening of BMS's constituent funds has identified a few companies with ESG risks. The Sustainability Team has discussed these with the relevant investment management teams. As previously, we have in some cases assessed whether the identified ESG risks are financially material or not and looked at how these risks have been factored into strategies where the portfolio managers have shorted the companies in which the risks were identified.

Together with Compliance, the Sustainability Team has monitored and continues to evaluate the regulatory changes currently under implementation in this area.

Signatory of:



11) Environmental, Social and Governance

12) Weighted Average Carbon Intensity

# Return and risk

## RETURN CHARACTERISTICS<sup>1)</sup> SINCE INCEPTION OF EACH FUND<sup>2)</sup>

	Brummer Multi-Strategy Master (SEK)	Brummer Multi-Strategy (SEK)	Brummer Multi-Strategy Euro (EUR)	Brummer Multi-Strategy NOK (NOK)	Brummer Multi-Strategy Utdeutsche (SEK)	Brummer Multi-Strategy 2xL (SEK)	HFRI Fund Weighted Composite Index (USD) <sup>3)</sup>	HFRI Fund of Funds Index (USD) <sup>3)</sup>	SIX Return Index (SEK) (local currency) <sup>3)</sup>	MSCI World NDTR Index	JP Morgan Global Government Bond Index (local currency)	MSCI Europe NDTR Index (local currency) <sup>3)</sup>
RETURN, %												
2020	12.52	12.52	12.23	13.27	12.52	24.05	11.61	10.27	14.83	13.48	5.56	-2.21
2019	3.17	3.17	2.78	4.66	3.17	4.82	10.45	8.39	34.97	27.34	6.05	23.75
2018	-1.96	-1.96	-1.84	-0.57	-1.96	-5.38	-4.75	-4.02	-4.41	-7.38	1.02	-10.59
2017	6.35	6.35	6.96	8.00	6.35	11.66	8.59	7.77	9.47	18.48	1.32	13.06
2016	-1.28	-1.29	-1.13	0.26	-1.29	-3.94	5.44	0.51	9.65	9.00	2.94	7.23
2015	2.33	2.33	2.63	-1.51 <sup>2)</sup>	2.31	2.84	-1.12	-0.27	10.40	2.08	1.28	4.91
2014	2.48	2.48	2.00	-	2.47	2.36	2.98	3.37	15.81	9.81	8.51	4.66
2013	7.06 <sup>2)</sup>	9.38	8.28	-	6.68 <sup>2)</sup>	15.88	9.13	8.96	27.95	28.87	-0.48	21.55
2012	-	4.40	2.72	-	-	5.02	6.36	4.79	16.49	15.71	4.16	15.61
2011	-	3.15	1.89	-	-	2.63	-5.25	-5.72	-13.51	-5.49	6.34	-9.34
2010	-	3.55	3.38	-	-	5.02	10.25	5.70	26.70	10.01	4.18	6.83
2009	-	11.76	12.83	-	-	21.15	19.98	11.47	52.51	25.73	0.66	27.70
2008	-	7.72	8.60	-	-	-0.30 <sup>2)</sup>	-19.03	-21.37	-39.05	-38.69	9.30	-38.91
2007	-	9.03	10.11	-	-	-	9.96	10.25	-2.60	4.69	3.91	6.04
2006	-	3.83	4.68	-	-	-	12.89	10.39	28.06	15.55	0.81	19.05
2005	-	12.83	13.36	-	-	-	9.30	7.49	36.32	15.77	3.67	24.93
2004	-	7.37	6.60	-	-	-	9.03	6.86	20.75	11.32	4.92	12.24
2003	-	10.81	9.90	-	-	-	19.55	11.61	34.15	24.91	2.19	19.78
2002	-	11.40 <sup>2)</sup>	-0.58 <sup>2)</sup>	-	-	-	-3.05	0.04	-34.14	-24.94	8.99	-30.61
Total return since inception <sup>2)</sup>	34.16	211.48	173.86	25.71	33.63	120.10	176.50	99.45	526.28	238.44	107.85	125.04
Average annual return	3.86	6.24	5.67	4.18	3.85	6.60	5.57	3.75	10.27	6.71	3.98	4.42
Average annual return the last five years, %	3.63	3.63	3.67	5.00	3.62	5.70	6.10	4.44	12.20	11.57	3.36	5.58

1) For definition of key ratios, see the glossary on page 55.

2) Brummer Multi-Strategy was launched on 1 April 2002, Brummer Multi-Strategy Euro was launched on 1 October 2002, Brummer Multi-Strategy 2xL was launched on 1 September 2008, Brummer Multi-Strategy Master was launched on 1 April 2013, Brummer Multi-Strategy Utdeutsche was launched on 1 May 2013 and Brummer Multi-Strategy NOK was launched on 1 June 2015. The key performance indicators for the benchmark indices have been defined with Brummer Multi-Strategy's inception date, 1 April 2002, as start date.

3) HFR, www.hedgefundresearch.com © 2020 Hedge Fund Research, Inc. and MSCI, www.msci.com © 2020 MSCI Inc. All rights reserved.

	Brummer Multi-Strategy Master (SEK)	Brummer Multi-Strategy (SEK)	Brummer Multi-Strategy Euro (EUR)	Brummer Multi-Strategy NOK (NOK)	Brummer Multi-Strategy Utdelende (SEK)	Brummer Multi-Strategy 2xL (SEK)	HFRI Fund Weighted Composite Index (USD) <sup>3)</sup>	HFRI Fund of Funds Index (USD) <sup>3)</sup>	SIX Return Index (SEK)	MSCI World NDTR Index (local currency) <sup>3)</sup>	JP Morgan Global Government Bond Index (local currency)	MSCI Europe NDTR Index (local currency) <sup>3)</sup>
<b>RETURN ANALYSIS<sup>1) 2)</sup></b>												
Best month, %	4.52	4.52	4.49	4.55	4.52	8.68	5.80	4.00	21.72	11.97	3.09	13.94
Worst month, %	-3.93	-3.93	-4.02	-3.80	-3.93	-7.91	-9.08	-7.63	-17.77	-16.37	-1.99	-14.24
Average monthly return, %	0.32	0.51	0.46	0.34	0.32	0.53	0.45	0.31	0.82	0.54	0.33	0.36
Positive months, %	64.52	67.11	66.67	64.18	64.13	62.16	68.00	66.22	62.22	65.33	63.56	60.00
Maximum drawdown, %	-6.13	-6.13	-6.05	-5.74	-6.15	-13.44	-21.42	-22.20	-51.73	-50.77	-4.51	-50.20
Time to recovery, no. of months	15	15	8	7	15	15	20	66	27	51	26	57
Time to set new all time high, months	29	29	24	19	29	29	36	80	47	67	32	78
<b>RISK AND OTHER KEY RATIOS</b>												
Standard deviation, %	4.88	4.55	4.56	5.09	4.91	8.68	6.31	5.22	17.86	14.21	3.13	15.10
Downside risk, %	3.00	2.59	2.60	3.11	3.01	5.40	4.36	3.91	11.99	10.24	1.75	10.95
Sharpe ratio	0.84	1.11	1.07	0.70	0.83	0.73	0.68	0.47	0.51	0.38	0.86	0.23
Correlation between Brummer Multi-Strategy SEK and stated index	-	-	-	-	-	-	0.40	0.48	0.14	0.19	0.20	0.18

#### RISK AND OTHER KEY RATIOS<sup>1)</sup> IN THE PAST TWO YEARS

	Brummer Multi-Strategy Master (SEK)	Brummer Multi-Strategy (SEK)	Brummer Multi-Strategy Euro (EUR)	Brummer Multi-Strategy NOK (NOK)	Brummer Multi-Strategy Utdelende (SEK)	Brummer Multi-Strategy 2xL (SEK)	HFRI Fund Weighted Composite Index (USD) <sup>3)</sup>	HFRI Fund of Funds Index (USD) <sup>3)</sup>	SIX Return Index (SEK)	MSCI World NDTR Index (local currency) <sup>3)</sup>	JP Morgan Global Government Bond Index (local currency)	MSCI Europe NDTR Index (local currency) <sup>3)</sup>
Average annual return, %	7.75	7.75	7.40	8.88	7.74	14.03	11.03	9.33	24.49	20.21	5.80	10.01
Standard deviation, %	5.43	5.43	5.46	5.37	5.43	10.73	10.15	7.89	19.29	19.12	3.59	18.45
Downside risk, %	2.76	2.76	2.76	2.69	2.76	5.67	7.09	5.82	12.55	12.35	1.51	12.56
Sharpe ratio	1.48	1.49	1.47	1.52	1.49	1.34	0.96	1.01	1.29	0.99	1.25	0.58
Correlation between Brummer Multi-Strategy SEK and stated index	-	-	-	-	-	-	0.62	0.62	0.36	0.44	0.14	0.47

1) For definition of key ratios, see the glossary on page 55.

2) Brummer Multi-Strategy was launched on 1 April 2002, Brummer Multi-Strategy Euro was launched on 1 October 2002, Brummer Multi-Strategy 2xL was launched on 1 September 2008, Brummer Multi-Strategy Master was launched on 1 April 2013, Brummer Multi-Strategy Utdelende was launched on 1 May 2013 and Brummer Multi-Strategy NOK was launched on 1 June 2015. The key performance indicators for the benchmark indices have been defined with Brummer Multi-Strategy's inception date, 1 April 2002, as start date.

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# Report on the activities of the period BMS Master

## RETURN FOR THE PERIOD

Brummer Multi-Strategy Master reports a return of 12.52 per cent for 2020. Over the same period the Hedge Fund Research (HFR) fund of funds index returned 10.27 per cent, a global equity index (MSCI World) returned 13.48 per cent<sup>1)</sup> and a Swedish equity index (SIX return index) returned 14.83 per cent.

A more detailed explanation of factors that have affected the result for the period can be found in the section "Comments by the portfolio managers".

## DEVELOPMENT OF NET ASSET VALUE

At 31 December 2020 Brummer Multi-Strategy Master had a net asset value of SEK 32,198 million. This is a decrease of SEK 1,167 million since 31 December 2019.

New subscriptions during 2020 totalled SEK 1,835 million, while units worth SEK 6,548 million were redeemed. The net profit for the year was SEK 3,547 million.

## UNIT-HOLDERS' COSTS 2020

The example below left illustrates the costs incurred by Brummer Multi-Strategy Master in 2020. The calculation relates to a unit-holder who has owned units in the fund since inception for the equivalent of SEK 10,000 at 31 December 2019 and who has retained these units throughout 2020.

Amounts in SEK	
Investment at 31 December 2019	10,000
Change in value, before costs 2020	1,253
<i>Costs</i>	
Management fees*	0
Performance fees*	0
Other costs**	-1
Change in value, after costs	1,252
Market value at 31 December 2020	11,252

\* No management or performance fees are paid to the fund management company for the management of Brummer Multi-Strategy Master. More information about the fund's costs can be found under the heading "Costs".

\*\* Other costs refer to transaction-related bank charges and interest costs.

## COSTS

The investment manager does not charge any management or performance fees for its management of the fund. Instead, Brummer Multi-Strategy Master pays management and performance fees on its investee funds.

The annual fee<sup>2)</sup> for 2020 is 1.30 per cent calculated on fixed fees and costs charged to Brummer Multi-Strategy Master's fund investments in relation to the average net asset value of the year. The corresponding performance fee for 2020 is 2.40 per cent.

## MATERIAL RISKS ASSOCIATED WITH THE FUND'S HOLDINGS

Most of the risks in the fund relate to holdings in the different hedge funds in which the fund is invested. These holdings are exposed to market, credit and liquidity as well as operational risks which are managed by the individual funds' investment managers and which Brummer Multi-Strategy Master's portfolio managers unable to influence. Market risks in these funds derive, for instance, from exposures to the equity, commodity, fixed income or currency markets. The currency exposure which arises from the fact that the fund invests a large portion of its net asset value in hedge funds denominated in foreign currencies is continuously eliminated through currency hedging of these holdings. Currency exposures are hedged using currency forwards, reducing the currency risk to virtually zero. When currency hedges have a positive market value a counterparty risk arises.

At the balance sheet date the fund had outstanding currency forwards with a value of 5.27 per cent of the fund's net asset value. Credit and liquidity risks at the balance sheet date were deemed to be small.

## LEVERAGE

The fund may use derivatives (for example currency forwards), to optimise the management in order to reduce costs and risks, as well as use loans, which both may have an effect on the fund's leverage. The fund has used derivatives during the period to regularly currency hedge positions in funds with a different base currency. Temporary loans have been used during the period to enable the use of realised future cash flows so that the fund could maintain its target exposure or in order to handle the fund's liquidity. Loans have also been used during periods to bridge finance new fund investments.

If only the fund's holdings of derivatives are taken into account, the fund's leverage, measured as the gross exposure of these holdings, varied between 118 and 265 per cent during the year, with an average leverage of 185 per cent. As of the balance sheet date it was 167 per cent.

Measured using the so called commitment method, according to which derivatives in order to reduce the risks are not included, the leverage varied between 92 and 110 per cent during the year, with an average leverage of 99 per cent. As of the balance sheet date it was 97 per cent.

The fund's total leverage measured using the gross method varied between 213 and 371 per cent with an average leverage of 283 per cent of net asset value. As of the balance sheet date it was 263 per cent.

1) HFR, [www.hedgefundresearch.com](http://www.hedgefundresearch.com) © 2020 Hedge Fund Research, Inc. and MSCI, [www.msci.com](http://www.msci.com) © 2020 MSCI Inc. All rights reserved.

2) Annual fee is fixed fee and costs that may be charged to the funds according to law, regulations, fund rules, or other statutes for the funds as well as information memorandums.

## FUND RULES

There have been no changes to the fund rules during the period.

## SIGNIFICANT EVENTS DURING THE PERIOD

On 30 January 2020, Brummer Multi-Strategy AB received a licence for discretionary management of investment portfolios under Ch. 3 § 2 of the Swedish Alternative Investment Fund Managers Act (2013:561).

The Covid-19 pandemic has been a significant event during the period. The investment manager has taken measures to ensure continuity in the business under the prevailing pandemic, both in terms of organisation and the funds that the company manages. The investment manager has also had ongoing contact with contractors to get updates about their continuity management and ensure continuous delivery. The investment manager intends to maintain the measures it has taken for as long as it is deemed necessary.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred after the end of the period.

## ORGANISATIONAL CHANGES

Bengt Pettersson, former Head of Operations at the Nektar Fund, was hired by Brummer Multi-Strategy AB in autumn 2019 and was appointed Chief Operating Officer in January 2020.

## INFORMATION ON REMUNERATION

In 2020 the manager paid out SEK 19.5 million in total remuneration to its 7 employees. Of this amount, SEK 15.0 million refers to the manager's executive management and employees that materially influence the risk profile of the fund. The total remuneration consists of SEK 7.0 million in fixed remuneration and SEK 12.5 million in variable remuneration.

The manager pays fixed and variable remuneration to its employees. The goal is to create incentives for a long-term absolute return that is in line with the fund's risk profile while discouraging excessive risk-taking. The remuneration is based on the fund's risk-adjusted return and the individual's contribution to this return. The remuneration is determined in accordance with the company's remuneration policy, as applicable from time to time and remuneration that has been paid out during the period has been in line with the manager's remuneration policy. There have been no essential changes to the remuneration policy during the year.

## ADDITIONAL INFORMATION

As at 31 December 2020 Brummer Multi-Strategy Master had provided collateral in the amount of SEK 4,553 million, which represents 14.14 per cent of net asset value.

The fund's turnover rate is 0.24 times for 2020 and has been calculated by dividing the sum of bought financial instruments during the period by average net asset value during the period.

Brummer Multi-Strategy Master invests exclusively in units of Brummer & Partners' funds and in currency hedges for these holdings. There are no hard-to-value assets in Brummer Multi-Strategy Master. Any assets in the constituent funds that are hard to value are accounted for in their annual reports in accordance with SBAI-standards.

The investment manager has made changes to Brummer Multi-Strategy Master's financial instruments and has been invested in Frost since year-end and in IAM Black and White Innovation UCITS since April. Brummer Multi-Strategy Master also redeemed its investment in the Bodenholm One fund as of 15 April 2020 and its investment in the KLS Arete fund as of 29 September 2020.

Breaking down net asset value by the fair value hierarchy defined in IFRS 7<sup>3)</sup>, we deem that levels 1, 2 and 3 account for 2 per cent, 98 per cent and 0 per cent, respectively, of gross asset value.

After the end of the year, on 1 January 2021, the investment manager has employed Alexander Nyblom. He will strengthen the investment manager's operational organisation and will be managing fund transactions and currency hedges as well as performing administrative and other duties. Before joining Brummer Multi-Strategy, Alexander worked at B & P Fund Services AB as a member of the Accounting and Valuation team with responsibilities relating to the investment manager's funds.

3) IFRS 7 requires, inter alia, that the valuation of a financial instrument should be classified based on the source of inputs used in the valuation. The classification only refers to the holdings of financial instruments, such as e.g. fund units and currency related instruments. Other assets and liabilities, such as cash and other receivables and liabilities, are not financial instruments and are not normally included in the classification. In order to include all parts of the gross asset value of the fund, we have above chosen to classify these as level 1. The classification uses the following three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs used in the valuation of the asset or liability that are not based on observable market data (unobservable inputs).

# Accounts

## INCOME STATEMENT

Amounts in SEK '000	Note	1 January– 31 December 2020	1 January– 31 December 2019
<i>Income and change in value</i>			
Change in value of fund units		3,716,066	1,984,048
Interest income		272	1,615
Currency rate gains and losses, net	1	-165,845	-734,774
Other income		104	
<b>TOTAL INCOME AND CHANGE IN VALUE</b>		<b>3,550,597</b>	<b>1,250,889</b>
<i>Costs</i>			
Interest costs		-3,759	-4,210
Other costs	2	-109	-134
<b>TOTAL COSTS</b>		<b>-3,868</b>	<b>-4,344</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>3,546,729</b>	<b>1,246,545</b>

### NOTE 1 CURRENCY RATE GAINS AND LOSSES, NET

In currency rate gains and losses, net, changes in value of currency derivatives as well as currency rate changes affecting the value of fund units, other assets and liabilities are included.

### NOTE 2 OTHER COSTS

Bank charges		-2	-2
Transaction fees		-107	-132
<b>Total other costs</b>		<b>-109</b>	<b>-134</b>

## BALANCE SHEET

Amounts in SEK '000	Note	31 December 2020	31 December 2019
<i>Assets</i>			
OTC derivatives with a positive market value		2,077,028	1,283,461
Fund units		31,098,952	33,840,345
Total financial instruments with a positive market value		33,175,980	35,123,806
Bank deposits and other liquid assets		111	818
Prepaid expenses and accrued income	3	2,773	–
Other assets	4	–	855,560
<b>TOTAL ASSETS</b>		<b>33,178,864</b>	<b>35,980,184</b>
<i>Liabilities</i>			
OTC derivatives with a negative market value		380,954	182,851
Total financial instruments with a negative market value		380,954	182,851
Accrued expenses and deferred income	5	20	257
Other liabilities	6	600,320	2,432,890
<b>TOTAL LIABILITIES</b>		<b>981,294</b>	<b>2,615,998</b>
<b>TOTAL NET ASSET VALUE</b>		<b>32,197,570</b>	<b>33,364,186</b>
MEMORANDUM ITEMS			
<i>Other pledged assets</i>			
Fund units and bank deposits		4,552,650	4,478,003
Per cent of net asset value		14.14	13.42
NOTE 3 PREPAID EXPENSES AND ACCRUED INCOME			
Other		2,773	–
<b>Total prepaid expenses and accrued income</b>		<b>2,773</b>	<b>–</b>
NOTE 4 OTHER ASSETS			
Fund claims in course of settlement		–	855,560
<b>Total other liabilities</b>		<b>–</b>	<b>855,560</b>
NOTE 5 ACCRUED EXPENSES AND DEFERRED INCOME			
Interests		20	257
<b>Total other liabilities</b>		<b>20</b>	<b>257</b>
NOTE 6 OTHER LIABILITIES			
Liability feeder fund		143,620	907,890
Liability credit institution		456,700	1,525,000
<b>Total other liabilities</b>		<b>600,320</b>	<b>2,432,890</b>

**NET ASSET VALUE AT 31 DECEMBER 2020**  
**FINANCIAL INSTRUMENTS**

<i>Financial instruments</i>	<i>Category</i>	<i>Country<sup>1)</sup></i>	<i>Number</i>	<i>Market value (SEK '000)</i>	<i>Per cent of net asset value</i>
<i>Fund units<sup>2)</sup></i>					
AlphaCrest Strategies Offshore Fund Ltd., General Class (USD)	7	KY	309,173	2,611,800	8.11
Arete Macro Feeder Fund, BMS Shares (USD)	7	KY	2,578,673	3,557,028	11.05
Black-And-White Innovation Fund (Cayman) Ltd., Class C-1 Restricted (USD)	7	KY	500,378	6,335,013	19.67
Florin Court Capital Fund, BMS Shares (USD)	7	KY	5,248,311	4,875,445	15.14
Frost, Class A (SEK)	7	SE	150,600	1,605,399	4.99
IAM Black and White Innovation UCITS Fund	7	IE	42,350	438,296	1.36
Lynx Constellation Fund (Bermuda) Ltd. Class X (SEK)	7	BM	532,553	528,216	1.64
Lynx SEK (Bermuda) Ltd., Class C (SEK)	7	BM	372,900	543,238	1.69
Manticore Fund (Cayman) Ltd., Class A-1 SL Shares NNI (USD)	7	KY	250,565	6,074,274	18.87
The Observatory Credit Markets Fund Ltd., Class B2 (USD)	7	KY	3,378,209	4,530,243	14.07
<i>Currency related instruments</i>					
<i>FX-Outright</i>					
USD/SEK	7	USD	1,547,067	-380,954	-1.18
USD/SEK	7	USD	-4,976,313	2,077,028	6.45
<b>TOTAL FINANCIAL INSTRUMENTS</b>				<b>32,795,026</b>	<b>101.86</b>
<b>OTHER ASSETS/LIABILITIES, NET</b>				<b>-597,456</b>	<b>-1.86</b>
<b>TOTAL NET ASSET VALUE</b>				<b>32,197,570</b>	<b>100.00</b>
<i>Categories</i>					
1. Transferable securities which are traded in a regulated market or equivalent market outside the EEA				-	-
2. Other financial instruments which are traded in a regulated market or equivalent market outside the EEA				-	-
3. Transferable securities which are traded regularly in another market that is regulated and open to the public				-	-
4. Other financial instruments which are traded regularly in another market that is regulated and open to the public				-	-
5. Transferable securities which within one year of issuance are intended to be traded in a regulated market or equivalent market outside the EEA				-	-
6. Transferable securities which within one year of issuance are intended to be traded regularly in another market that is regulated and open to the public				-	-
7. Other financial instruments				<b>32,795,026</b>	<b>101.86</b>

1) The fund's country of domicile. Abbreviations of country codes are according to ISO 3166 standards.

2) In the table units in investment objects similar to funds based abroad, which normally are transferable securities, are classified as fund units.

## ACCOUNTING PRINCIPLES

This annual report has been drawn up in accordance with the Swedish Investment Funds Act (2013:561) and Finansinspektionen's rules and recommendations (FFFS 2013:10) and complies with the Swedish Investment Fund Association's recommendations where applicable.

### Valuation of financial instruments

Financial instruments are valued in accordance with the fund rules (Section 8): *“Financial instruments in the Fund shall be valued at market value. Different valuation methods are used to calculate market value, depending on the financial instrument in question and the market on which the instrument is traded. For fund units and equity securities in foreign fund-like investment objects, the latest available unit value or value of the equity security made available by the investment manager or its foreign equivalent is used. For listed instruments the last price paid is normally used to determine the value. For non-listed instruments the value is normally determined as the average of the last bid and offer prices. If the above-mentioned valuation methods, in the opinion of the investment manager, are incorrect, the value is determined on some other objective basis, meaning the use of another generally accepted valuation (i.e. Black & Scholes for regular options) or valuation provided by a third party.”*

## OTHER INFORMATION

### Change in net asset value

Amounts in SEK '000	Opening net asset value	Issue of units	Redemption of units	Net profit for the period	Total net asset value
31 Dec. 2013	0	41,599,906	-2,216,309	2,577,020	41,960,617
31 Dec. 2014	41,960,617	10,264,320	-4,456,310	1,140,848	48,909,475
31 Dec. 2015	48,909,475	12,000,211	-6,451,337	1,003,041	55,461,390
31 Dec. 2016	55,461,390	4,635,020	-16,695,420	-748,986	42,652,004
31 Dec. 2017	42,652,004	3,548,005	-7,287,185	2,444,957	41,357,781
31 Dec. 2018	41,357,781	5,833,700	-5,208,794	-918,235	41,064,452
31 Dec. 2019	41,064,452	2,636,315	-11,583,126	1,246,545	33,364,186
31 Dec. 2020	33,364,186	1,834,505	-6,547,850	3,546,729	32,197,570

### Value of units

	Net asset value (SEK '000)	No. of units in issue	Value per unit (SEK)	Return (%)
31 Dec. 2013	41,960,617	39,193,214.73	1,070.61	7.06 <sup>1)</sup>
31 Dec. 2014	48,909,475	44,580,224.01	1,097.11	2.48
31 Dec. 2015	55,461,390	49,399,408.50	1,122.71	2.33
31 Dec. 2016	42,652,004	38,484,572.71	1,108.29	-1.28
31 Dec. 2017	41,357,781	35,088,254.96	1,178.68	6.35
31 Dec. 2018	41,064,452	35,534,255.26	1,155.63	-1.96
31 Dec. 2019	33,364,186	27,983,787.93	1,192.27	3.17
31 Dec. 2020	32,197,570	23,999,538.06	1,341.59	12.52

1) Refers to the period 1 April to 31 December 2013.

Valuations are made in accordance with a valuation policy adopted by the Board of Directors of the investment manager. Currency instruments are an example of unlisted, or over the counter (OTC), instruments. Non-standardised instruments are valued on the basis of established valuation models and price quotes from external parties. The valuation is made at 31 December 2020 at closing prices.

The investment manager has engaged B & P Fund Services AB (BFS) to perform the day-to-day valuation of the fund and determines the unit value. The investment manager has also appointed Citco Fund Services (Ireland) Limited (Citco) as the fund's external valuer. Citco is part of Citco Group, a leading hedge fund administrator. The outsourcing agreement with Citco means that Citco makes the valuation of the fund's assets, ensuring that unit-holders will receive an independent third-party valuation of fund assets and unit price. Citco makes an independent valuation of the fund's total assets. Within the framework of the valuation process Citco brings in prices from, among others, BFS as one of many price sources.

# Report on the activities of the period BMS

## RETURN FOR THE PERIOD

Brummer Multi-Strategy reports a return of 12.52 per cent for 2020. Over the same period the Hedge Fund Research (HFR) fund of funds index returned 10.27 per cent, a global equity index (MSCI World) returned 13.48 per cent<sup>1)</sup> and a Swedish equity index (SIX return index) returned 14.83 per cent.

A more detailed explanation of factors that have affected the result for the period can be found in the section "Comments by the portfolio managers".

## DEVELOPMENT OF NET ASSET VALUE

At 31 December 2020 Brummer Multi-Strategy had a net asset value of SEK 29,175 million. This is a decrease of SEK 505 million since 31 December 2019.

New subscriptions during 2020 totalled SEK 1,631 million, while units worth SEK 5,346 million were redeemed. The net profit for the year was SEK 3,210 million.

## UNIT-HOLDERS' COSTS 2020

The example below illustrates the costs incurred by Brummer Multi-Strategy in 2020. The calculation relates to a unit-holder who has owned units in the fund since inception for the equivalent of SEK 10,000 at 31 December 2019 and who has retained these units throughout 2020.

Amounts in SEK	
Investment at 31 December 2019	10,000
Change in value, before costs 2020	1,252
Costs	
Management fees*	0
Performance fees*	0
Other costs**	0
Change in value, after costs	1,252
Market value at 31 December 2020	11,252

\* No management or performance fees are paid to the fund management company for the management of Brummer Multi-Strategy. More information about the fund's costs can be found under the heading "Costs".

\*\* Other costs refer to transaction-related bank charges and interest costs.

## COSTS

The investment manager does not charge any management or performance fees for its management of the fund. Instead, Brummer Multi-Strategy Master pays management and performance fees on its investee funds.

The annual fee<sup>2)</sup> for 2020 is 1.30 per cent calculated on fixed fees and costs charged to Brummer Multi-Strategy Master's fund investments in relation to the average net asset value of the year. The corresponding performance fee for 2020 is 2.42 per cent.

## MATERIAL RISKS ASSOCIATED WITH THE FUND'S HOLDINGS

Most of the risks in the fund relate to holdings in the different hedge funds in which the fund is invested. These holdings are exposed to market, credit and liquidity as well as operational risks which are managed by the individual funds' investment managers and which Brummer Multi-Strategy Master's portfolio managers unable to influence. Market risks in these funds derive, for instance, from exposures to the equity, commodity, fixed income or currency markets.

## LEVERAGE

The fund may not use derivatives but may use loans, which may have an effect on the fund's leverage. Temporary loans may have been used occasionally during the period to handle the fund's liquidity. The fund's total leverage, measured using the gross as well as the commitment methods, has not deviated significantly from 100 per cent of the fund's net asset value during the year.

## FUND RULES

There have been no changes to the fund rules during the period.

## SIGNIFICANT EVENTS DURING THE PERIOD

On 30 January 2020, Brummer Multi-Strategy AB received a licence for discretionary management of investment portfolios under Ch. 3 § 2 of the Swedish Alternative Investment Fund Managers Act (2013:561).

The Covid-19 pandemic has been a significant event during the period. The investment manager has taken measures to ensure continuity in the business under the prevailing pandemic, both in terms of organisation and the funds that the company manages. The investment manager has also had ongoing contact with contractors to get updates about their continuity management and ensure continuous delivery. The investment manager intends to maintain the measures it has taken for as long as it is deemed necessary.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred after the end of the period.

## ORGANISATIONAL CHANGES

Bengt Pettersson, former Head of Operations at the Nektar Fund, was hired by Brummer Multi-Strategy AB in autumn 2019 and was appointed Chief Operating Officer in January 2020.

1) HFR, [www.hedgefundresearch.com](http://www.hedgefundresearch.com) © 2020 Hedge Fund Research, Inc. and MSCI, [www.msci.com](http://www.msci.com) © 2020 MSCI Inc. All rights reserved.

2) Annual fee is fixed fee and costs that may be charged to the funds according to law, regulations, fund rules, or other statutes for the funds as well as information memorandums.

## INFORMATION ON REMUNERATION

For information on remuneration that the investment manager has paid, see Brummer Multi-Strategy Master's report on the activities of the period, page 16.

## ADDITIONAL INFORMATION

The fund's turnover rate is 0.05 times for 2020 and has been calculated by dividing the sum of bought financial instruments during the period by average net asset value during the period.

Brummer Multi-Strategy invests exclusively in units of Brummer Multi-Strategy Master. Brummer Multi-Strategy Master invests exclusively in units of Brummer & Partners' funds and in currency hedges for these holdings. There are no hard-to-value assets in Brummer Multi-Strategy Master. Any assets in the constituent funds that are hard to value are accounted for in their annual reports in accordance with SBAI-standards.

The investment manager has made changes in Brummer Multi-Strategy Master's financial instruments, read more on page 16 in the section "Additional information".

Breaking down net asset value by the fair value hierarchy defined in IFRS 7<sup>3)</sup>, we deem that levels 1, 2 and 3 account for 1 per cent, 99 per cent and 0 per cent, respectively, of gross asset value.

After the end of the year, on 1 January 2021, the investment manager has employed Alexander Nyblom. He will strengthen the investment manager's operational organisation and will be managing fund transactions and currency hedges as well as performing administrative and other duties. Before joining Brummer Multi-Strategy, Alexander worked at B & P Fund Services AB as a member of the Accounting and Valuation team with responsibilities relating to the investment manager's funds.

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3) IFRS 7 requires, inter alia, that the valuation of a financial instrument should be classified based on the source of inputs used in the valuation. The classification only refers to the holdings of financial instruments, such as e.g. fund units and currency related instruments. Other assets and liabilities, such as cash and other receivables and liabilities, are not financial instruments and are not normally included in the classification. In order to include all parts of the gross asset value of the fund, we have above chosen to classify these as level 1. The classification uses the following three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs used in the valuation of the asset or liability that are not based on observable market data (unobservable inputs).

# Accounts

## INCOME STATEMENT

Amounts in SEK '000	Note	1 January– 31 December 2020	1 January– 31 December 2019
<i>Income and change in value</i>			
Change in value of fund units		3,210,233	1,107,979
<b>TOTAL INCOME AND CHANGE IN VALUE</b>		<b>3,210,233</b>	<b>1,107,979</b>
<i>Costs</i>			
Interest costs		–	–138
Other costs	1	–11	–14
<b>TOTAL COSTS</b>		<b>–11</b>	<b>–152</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>3,210,222</b>	<b>1,107,827</b>
<b>NOTE 1 OTHER COSTS</b>			
Transaction fees		–11	–14
<b>Total other costs</b>		<b>–11</b>	<b>–14</b>

## BALANCE SHEET

Amounts in SEK '000	Note	31 December 2020	31 December 2019
<i>Assets</i>			
Fund units		29,172,558	29,677,485
Total financial instruments with a positive market value		29,172,558	29,677,485
Bank deposits and other liquid assets		70	130
Other assets	2	139,420	893,752
<b>TOTAL ASSETS</b>		<b>29,312,048</b>	<b>30,571,367</b>
<i>Liabilities</i>			
Other liabilities	3	137,470	892,192
<b>TOTAL LIABILITIES</b>		<b>137,470</b>	<b>892,192</b>
<b>TOTAL NET ASSET VALUE</b>		<b>29,174,578</b>	<b>29,679,175</b>
<b>NOTE 2 OTHER ASSETS</b>			
Receivable master fund		139,420	893,750
Other		0	2
<b>Total other assets</b>		<b>139,420</b>	<b>893,752</b>
<b>NOTE 3 OTHER LIABILITIES</b>			
Liability relating to redemptions		137,470	892,192
<b>Total other liabilities</b>		<b>137,470</b>	<b>892,192</b>

**NET ASSET VALUE AT 31 DECEMBER 2020**  
**FINANCIAL INSTRUMENTS**

Financial instruments	Category	Country <sup>1)</sup>	Number	Market value (SEK '000)	Per cent of net asset value
<i>Fund units</i>					
Brummer Multi-Strategy Master	7	SE	21,744,745	29,172,558	99.99
<b>TOTAL FINANCIAL INSTRUMENTS</b>				<b>29,172,558</b>	<b>99.99</b>
OTHER ASSETS/LIABILITIES, NET				2,020	0.01
<b>TOTAL NET ASSET VALUE</b>				<b>29,174,578</b>	<b>100.00</b>
 <i>Categories</i>					
1. Transferable securities which are traded in a regulated market or equivalent market outside the EEA				–	–
2. Other financial instruments which are traded in a regulated market or equivalent market outside the EEA				–	–
3. Transferable securities which are traded regularly in another market that is regulated and open to the public				–	–
4. Other financial instruments which are traded regularly in another market that is regulated and open to the public				–	–
5. Transferable securities which within one year of issuance are intended to be traded in a regulated market or equivalent market outside the EEA				–	–
6. Transferable securities which within one year of issuance are intended to be traded regularly in another market that is regulated and open to the public				–	–
7. Övriga finansiella instrument				29,172,558	99.99

1) The fund's country of domicile. Abbreviations of country codes are according to ISO 3166 standards.

**ACCOUNTING PRINCIPLES**

This annual report has been drawn up in accordance with the Swedish Investment Fund Managers Act (2013:561) and Finansinspektionen's rules and recommendations (FFFS 2013:10) and complies with the Swedish Investment Fund Association's recommendations where applicable.

**Valuation of financial instruments**

Financial instruments are valued in accordance with the fund rules (Section 8): *“Financial instruments in the Fund shall be valued at market value. For fund units, the latest unit value stated by the investment manager is used. For listed instruments the last price paid is normally used to determine the*

*value. For non-listed instruments the value is normally determined as the average of the last bid and offer prices. If the above-mentioned valuation methods, in the opinion of the investment manager, are incorrect, the value is determined on some other objective basis, meaning the use of another generally accepted valuation (i.e. Black & Scholes for regular options) or valuation provided by a third party.”*

Valuations are made in accordance with a valuation policy adopted by the Board of Directors of the investment manager. The investment manager has engaged B & P Fund Services AB to manage the day-to-day valuation of the fund. The valuation is made at 31 December 2020 at closing prices.

## OTHER INFORMATION

### Change in net asset value<sup>1)</sup>

Amounts in SEK '000	Opening net asset value	Issue of units	Dividend reinvested <sup>1)</sup>	Redemption of units	Dividend <sup>1)</sup>	Net profit for the period	Total net asset value
31 Dec. 2002	0	1,062,340	–	–27,148	–	63,589	1,098,781
31 Dec. 2003	1,098,781	1,441,379	974	–489,445	–1,149	177,782	2,228,322
31 Dec. 2004	2,228,322	1,663,560	44,606	–753,506	–54,000	211,599	3,340,581
31 Dec. 2005	3,340,581	5,183,924	31,256	–503,431	–36,000	667,752	8,684,082
31 Dec. 2006	8,684,082	3,103,229	50,473	–3,013,851	–56,000	364,318	9,132,251
31 Dec. 2007	9,132,251	1,484,954	115,853	–2,718,733	–130,000	772,632	8,656,957
31 Dec. 2008	8,656,957	2,413,376	105,262	–2,447,730	–124,000	688,573	9,292,438
31 Dec. 2009	9,292,438	9,174,358	111,297	–881,324	–132,000	1,331,109	18,895,878
31 Dec. 2010	18,895,878	10,707,427	152,092	–2,836,671	–172,000	879,637	27,626,363
31 Dec. 2011	27,626,363	4,748,241	249,861	–3,771,753	–284,000	871,423	29,440,135
31 Dec. 2012	29,440,135	3,428,818	385,675	–3,964,717	–439,000	1,305,439	30,156,350
31 Dec. 2013	30,156,350	9,186,733	–	–3,432,925	–	3,046,593	38,956,751
31 Dec. 2014	38,956,751	10,718,143	–	–5,427,858	–	1,060,041	45,307,077
31 Dec. 2015	45,307,077	12,277,093	–	–7,133,393	–	898,714	51,349,491
31 Dec. 2016	51,349,491	4,702,339	–	–16,126,700	–	–686,485	39,238,645
31 Dec. 2017	39,238,645	3,571,968	–	–7,064,882	–	2,247,662	37,993,393
31 Dec. 2018	37,993,393	5,127,178	–	–5,584,629	–	–816,686	36,719,256
31 Dec. 2019	36,719,256	2,965,276	–	–11,113,184	–	1,107,827	29,679,175
31 Dec. 2020	29,679,175	1,630,991	–	–5,345,810	–	3,210,222	29,174,578

1) Since the financial year 2012 Brummer Multi-Strategy no longer pays any dividend.

### Value of units

	Net asset value (SEK '000)	No. of units in issue	Value per unit (SEK) <sup>2)</sup>	Dividend per unit (SEK)	Return (%)
31 Dec. 2002	1,098,781	986,319.06	1,114.02	–	11.40 <sup>3)</sup>
31 Dec. 2003	2,228,322	1,807,029.61	1,233.14	1.16	10.81
31 Dec. 2004	3,340,581	2,584,631.62	1,292.48	29.88	7.37
31 Dec. 2005	8,684,082	6,019,544.31	1,442.65	13.93	12.83
31 Dec. 2006	9,132,251	6,131,300.96	1,489.45	9.30	3.83
31 Dec. 2007	8,656,957	5,406,773.71	1,601.13	21.20	9.03
31 Dec. 2008	9,292,438	5,463,834.36	1,700.72	22.93	7.72
31 Dec. 2009	18,895,878	10,084,038.56	1,873.84	24.16	11.76
31 Dec. 2010	27,626,363	14,367,913.38	1,922.78	17.06	3.55
31 Dec. 2011	29,440,135	14,996,880.33	1,963.08	19.77	3.15
31 Dec. 2012	30,156,350	14,934,304.96	2,019.27	29.27	4.40
31 Dec. 2013	38,956,751	17,638,817.13	2,208.58	–	9.38
31 Dec. 2014	45,307,077	20,018,180.73	2,263.30	–	2.48
31 Dec. 2015	51,349,491	22,170,626.04	2,316.10	–	2.33
31 Dec. 2016	39,238,645	17,162,220.43	2,286.34	–	–1.29
31 Dec. 2017	37,993,393	15,625,426.85	2,431.51	–	6.35
31 Dec. 2018	36,719,256	15,402,829.52	2,383.93	–	–1.96
31 Dec. 2019	29,679,175	12,067,145.45	2,459.50	–	3.17
31 Dec. 2020	29,174,578	10,541,713.12	2,767.54	–	12.52

2) When dividends are reinvested, the number of units in issue increases. Consequently, a comparison between the change in the net asset value as above and reported return is not relevant.

3) Refers to the period 1 April to 31 December 2002.

# Report on the activities of the period BMS Euro

## RETURN FOR THE PERIOD

Brummer Multi-Strategy Euro reports a return of 12.23 per cent for 2020. Over the same period the Hedge Fund Research (HFR) fund of funds index returned 10.27 per cent, while a global equity index (MSCI World) returned 13.48 per cent and a European equity index (MSCI Europe) returned -2.21 per cent.<sup>1)</sup>

A more detailed explanation of factors that have affected the result for the period can be found in the section "Comments by the portfolio managers".

## DEVELOPMENT OF NET ASSET VALUE

At 31 December 2020 Brummer Multi-Strategy Euro had a net asset value of EUR 62 million. This is a decrease of EUR 3 million since 31 December 2019.

New subscriptions during 2020 totalled EUR 10 million, while units worth EUR 20 million were redeemed. The net profit for the year was EUR 7 million.

## UNIT-HOLDERS' COSTS 2020

The example below illustrates the costs incurred by Brummer Multi-Strategy Euro in 2020. The calculation relates to a unit-holder who has owned units in the fund since inception for the equivalent of EUR 10,000 at 31 December 2019 and who has retained these units throughout 2020.

Amounts in EUR	
Investment at 31 December 2019	10,000
Change in value, before costs 2020	1,223
<i>Costs</i>	
Management fees <sup>*)</sup>	0
Performance fees <sup>*)</sup>	0
Other costs <sup>**)</sup>	0
Change in value, after costs	1,223
Market value at 31 December 2020	11,223

\* No management or performance fees are paid to the fund management company for the management of Brummer Multi-Strategy Euro. More information about the fund's costs can be found under the heading "Costs".

\*\*) Other costs refer to transaction-related bank charges and interest costs.

## COSTS

The investment manager does not charge any management or performance fees for its management of the fund. Instead, Brummer Multi-Strategy Master pays management and performance fees on its investee funds.

The annual fee<sup>2)</sup> for 2020 is 1.30 per cent calculated on fixed fees and costs charged to Brummer Multi-Strategy Master's fund investments in relation to the average net asset value of the year. The corresponding performance fee for 2020 is 2.40 per cent.

## MATERIAL RISKS ASSOCIATED WITH THE FUND'S HOLDINGS

Most of the risks in the fund relate to holdings in the different hedge funds in which the fund is invested. These holdings are exposed to market, credit and liquidity as well as operational risks which are managed by the individual funds' investment managers and which Brummer Multi-Strategy Master's portfolio managers unable to influence. Market risks in these funds derive, for instance, from exposures to the equity, commodity, fixed income or currency markets. The currency exposure, which arises from the fact that the fund invests almost all of its assets in Brummer Multi-Strategy Master, denominated in Swedish kronor, is continuously eliminated through currency hedging. The currency hedging is done using currency forwards, reducing the currency risk to virtually zero. When currency hedges have a positive market value a counterparty risk arises.

At the balance sheet date the fund had outstanding currency forwards with a value of -1.40 per cent of the fund's net asset value. Credit and liquidity risks at the balance sheet date were deemed to be small.

## LEVERAGE

The fund may use derivatives (for example currency forwards), to optimise the management in order to reduce costs and risks, as well as use loans, which both may have an effect on the fund's leverage. The fund has used derivatives during the period to regularly currency hedge positions in funds with a different base currency. Temporary loans may have been used occasionally during the period to enable the use of realised future cash flows so that the fund could maintain its target exposure or in order to handle the fund's liquidity.

If only the fund's holdings of derivatives are taken into account, the fund's leverage, measured as the gross exposure of these holdings, varied between 100 and 545 per cent during the year, with an average leverage of 339 per cent. As of the balance sheet date it was 309 per cent.

Measured using the so called commitment method, according to which derivatives in order to reduce the risks are not included, the leverage varied between 93 and 104 per cent during the year, with an average leverage of 100 per cent. As of the balance sheet date it was 102 per cent.

The fund's total leverage measured using the gross method varied between 200 and 642 per cent with an average leverage of 439 per cent of net asset value. As of the balance sheet date it was 411 per cent.

1) HFR, [www.hedgefundresearch.com](http://www.hedgefundresearch.com) © 2020 Hedge Fund Research, Inc. and MSCI, [www.msci.com](http://www.msci.com) © 2020 MSCI Inc. All rights reserved.

2) Annual fee is fixed fee and costs that may be charged to the funds according to law, regulations, fund rules, or other statutes for the funds as well as information memorandums.

## FUND RULES

There have been no changes to the fund rules during the period.

## SIGNIFICANT EVENTS DURING THE PERIOD

On 30 January 2020, Brummer Multi-Strategy AB received a licence for discretionary management of investment portfolios under Ch. 3 § 2 of the Swedish Alternative Investment Fund Managers Act (2013:561).

The Covid-19 pandemic has been a significant event during the period. The investment manager has taken measures to ensure continuity in the business under the prevailing pandemic, both in terms of organisation and the funds that the company manages. The investment manager has also had ongoing contact with contractors to get updates about their continuity management and ensure continuous delivery. The investment manager intends to maintain the measures it has taken for as long as it is deemed necessary.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred after the end of the period.

## ORGANISATIONAL CHANGES

Bengt Pettersson, former Head of Operations at the Nektar Fund, was hired by Brummer Multi-Strategy AB in autumn 2019 and was appointed Chief Operating Officer in January 2020.

## INFORMATION ON REMUNERATION

For information on remuneration that the investment manager has paid, see Brummer Multi-Strategy Master's report on the activities of the period, page 16.

## ADDITIONAL INFORMATION

The fund's turnover rate is 0.11 times for 2020 and has been calculated by dividing the sum of bought financial instruments during the period by average net asset value during the period.

Brummer Multi-Strategy Euro invests exclusively in units of Brummer Multi-Strategy Master and in currency hedges for these holdings. Brummer Multi-Strategy Master invests exclusively in units of Brummer & Partners funds<sup>3)</sup> and in currency hedges for these holdings. There are no hard-to-value assets in Brummer Multi-Strategy Master. Any assets in the constituent funds that are hard to value are accounted for in their annual reports in accordance with SBAI-standards.

The investment manager has made changes in Brummer Multi-Strategy Master's financial instruments, read more on page 16.

Breaking down net asset value by the fair value hierarchy defined in IFRS 7<sup>3)</sup>, we deem that levels 1, 2 and 3 account for 2 per cent, 98 per cent and 0 per cent, respectively, of gross asset value.

After the end of the year, on 1 January 2021, the investment manager has employed Alexander Nyblom. He will strengthen the investment manager's operational organisation and will be managing fund transactions and currency hedges as well as performing administrative and other duties. Before joining Brummer Multi-Strategy, Alexander worked at B & P Fund Services AB as a member of the Accounting and Valuation team with responsibilities relating to the investment manager's funds.

3) IFRS 7 requires, inter alia, that the valuation of a financial instrument should be classified based on the source of inputs used in the valuation. The classification only refers to the holdings of financial instruments, such as e.g. fund units and currency related instruments. Other assets and liabilities, such as cash and other receivables and liabilities, are not financial instruments and are not normally included in the classification. In order to include all parts of the gross asset value of the fund, we have above chosen to classify these as level 1. The classification uses the following three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs used in the valuation of the asset or liability that are not based on observable market data (unobservable inputs).

# Accounts

## INCOME STATEMENT

Amounts in EUR '000	Note	1 January– 31 December 2020	1 January– 31 December 2019
<i>Income and change in value</i>			
Change in value of fund units		7,342	2,657
Currency rate gains and losses, net	1	–398	–266
Other income		17	–
<b>TOTAL INCOME AND CHANGE IN VALUE</b>		<b>6,961</b>	<b>2,391</b>
<i>Costs</i>			
Interest costs		–1	0
Other costs	2	–1	–1
<b>TOTAL COSTS</b>		<b>–2</b>	<b>–1</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>6,959</b>	<b>2,390</b>
<b>NOTE 1 CURRENCY RATE GAINS AND LOSSES, NET</b>			
In currency rate gains and losses, net, changes in value of currency derivatives as well as currency rate changes affecting the value of fund units, other assets and liabilities are included.			
<b>NOTE 2 OTHER COSTS</b>			
Transaction fees		–1	–1
<b>Total other costs</b>		<b>–1</b>	<b>–1</b>

**BALANCE SHEET**

Amounts in EUR '000	Note	31 December 2020	31 December 2019
<i>Assets</i>			
OTC derivatives with a positive market value		1,499	409
Fund units		63,752	65,957
Total financial instruments with a positive market value		65,251	66,366
Bank deposits and other liquid assets		276	1,017
Prepaid expenses and accrued income	3	–	84
Other assets	4	–	641
<b>TOTAL ASSETS</b>		<b>65,527</b>	<b>68,108</b>
<i>Liabilities</i>			
OTC derivatives with a negative market value		2,373	1,446
Total financial instruments with a negative market value		2,373	1,446
Other liabilities	5	819	981
<b>TOTAL LIABILITIES</b>		<b>3,192</b>	<b>2,427</b>
<b>TOTAL NET ASSET VALUE</b>		<b>62,335</b>	<b>65,681</b>
NOTE 3 PREPAID EXPENSES AND ACCRUED INCOME			
Other		–	84
Total prepaid expenses and accrued income		–	84
NOTE 4 OTHER ASSETS			
Claims master fund		–	641
Total other assets		–	641
NOTE 5 OTHER LIABILITIES			
Liability relating to redemptions		819	981
Total other liabilities		819	981

**NET ASSET VALUE AT 31 DECEMBER 2020**  
**FINANCIAL INSTRUMENTS**

Financial instruments	Category	Country <sup>1)</sup>	Number	Market value (EUR '000)	Per cent of net asset value
<i>Fund units</i>					
Brummer Multi-Strategy Master	7	SE	477,362	63,752	102.27
<i>Currency related instruments</i>					
	Category	Currency	Nominal amount (EUR '000)	Market value (EUR '000)	Per cent of net asset value
<i>FX-Outright</i>					
EUR/SEK	7	EUR	-63,096	1,499	2.41
EUR/SEK	7	EUR	125,540	-2,373	-3.81
<b>TOTAL FINANCIAL INSTRUMENTS</b>				<b>62,878</b>	<b>100.87</b>
<b>OTHER ASSETS/LIABILITIES, NET</b>				<b>-543</b>	<b>-0.87</b>
<b>TOTAL NET ASSET VALUE</b>				<b>62,335</b>	<b>100.00</b>
<i>Categories</i>					
1. Transferable securities which are traded in a regulated market or equivalent market outside the EEA				-	-
2. Other financial instruments which are traded in a regulated market or equivalent market outside the EEA				-	-
3. Transferable securities which are traded regularly in another market that is regulated and open to the public				-	-
4. Other financial instruments which are traded regularly in another market that is regulated and open to the public				-	-
5. Transferable securities which within one year of issuance are intended to be traded in a regulated market or equivalent market outside the EEA				-	-
6. Transferable securities which within one year of issuance are intended to be traded regularly in another market that is regulated and open to the public				-	-
7. Other financial instruments				62,878	100.87

1) The fund's country of domicile. Abbreviations of country codes are according to ISO 3166 standards.

**ACCOUNTING PRINCIPLES**

This annual report has been drawn up in accordance with the Swedish Investment Fund Managers Act (2013:561) and Finansinspektionen's rules and recommendations (FFFS 2013:10) and complies with the Swedish Investment Fund Association's recommendations where applicable.

**Valuation of financial instruments**

Financial instruments are valued in accordance with the fund rules (Section 8): *“Financial instruments in the Fund shall be valued at market value. For fund units, the latest unit value stated by the investment manager is used. For listed instruments the last price paid is normally used to determine the value. For non-listed instruments the value is normally determined as the average of the last bid and offer prices. If the*

*above-mentioned valuation methods, in the opinion of the investment manager, are incorrect, the value is determined on some other objective basis, meaning the use of another generally accepted valuation (i.e. Black & Scholes for regular options) or valuation provided by a third party.”*

Valuations are made in accordance with a valuation policy adopted by the Board of Directors of the investment manager. Currency instruments are an example of unlisted, or over the counter (OTC), instruments. Non-standardised instruments are valued on the basis of established valuation models and price quotes from external parties. The investment manager has engaged B & P Fund Services AB to manage the day-to-day valuation of the fund. The valuation is made at 31 December 2020 at closing prices.

## OTHER INFORMATION

### Change in net asset value

Amounts in EUR '000	Opening net asset value	Issue of units	Dividend reinvested <sup>1)</sup>	Redemption of units	Dividend <sup>1)</sup>	Net profit for the period	Total net asset value
31 Dec. 2002	0	4,705	–	–	–	–9	4,696
31 Dec. 2003	4,696	15,637	–	–179	–	748	20,902
31 Dec. 2004	20,902	88,674	133	–3,916	–160	6,137	111,770
31 Dec. 2005	111,770	6,997	319	–33,089	–380	12,597	98,214
31 Dec. 2006	98,214	21,334	755	–86,956	–900	1,163	33,610
31 Dec. 2007	33,610	47,245	352	–11,309	–435	3,652	73,115
31 Dec. 2008	73,115	50,512	460	–44,230	–500	7,064	86,421
31 Dec. 2009	86,421	20,551	859	–58,389	–1,000	11,117	59,559
31 Dec. 2010	59,559	98,253	938	–14,153	–1,200	4,320	147,717
31 Dec. 2011	147,717	71,792	875	–29,332	–1,200	1,751	191,603
31 Dec. 2012	191,603	57,396	1,674	–14,016	–2,300	5,398	239,755
31 Dec. 2013	239,755	37,569	–	–76,029	–	17,610	218,905
31 Dec. 2014	218,905	30,279	–	–24,954	–	4,448	228,678
31 Dec. 2015	228,678	68,155	–	–115,193	–	7,195	188,835
31 Dec. 2016	188,835	16,999	–	–86,139	–	–2,511	117,184
31 Dec. 2017	117,184	15,204	–	–40,700	–	6,845	98,533
31 Dec. 2018	98,533	15,686	–	–24,060	–	–1,795	88,364
31 Dec. 2019	88,364	6,474	–	–31,547	–	2,390	65,681
31 Dec. 2020	65,681	9,946	–	–20,251	–	6,959	62,335

1) Since the financial year 2012 Brummer Multi-Strategy Euro no longer pays any dividend.

### Value of units

	Net asset value (EUR '000)	No of units in issue	Value per unit (EUR) <sup>2)</sup>	Dividend per unit (EUR)	Return (%)
31 Dec. 2002	4,696	47,228.21	99.42	–	–0.58 <sup>3)</sup>
31 Dec. 2003	20,902	191,289.04	109.27	–	9.90
31 Dec. 2004	111,770	966,775.70	115.61	0.84	6.60
31 Dec. 2005	98,214	751,923.90	130.62	0.39	13.36
31 Dec. 2006	33,610	247,818.40	135.62	1.20	4.68
31 Dec. 2007	73,115	495,927.04	147.43	1.76	10.11
31 Dec. 2008	86,421	543,362.36	159.05	1.01	8.60
31 Dec. 2009	59,559	335,765.00	177.38	1.84	12.83
31 Dec. 2010	147,717	822,018.39	179.70	3.57	3.38
31 Dec. 2011	191,603	1,054,952.85	181.62	1.46	1.89
31 Dec. 2012	239,755	1,300,592.36	184.34	2.18	2.72
31 Dec. 2013	218,905	1,096,717.18	199.60	–	8.28
31 Dec. 2014	228,678	1,123,200.40	203.60	–	2.00
31 Dec. 2015	188,835	903,753.25	208.95	–	2.63
31 Dec. 2016	117,184	567,274.62	206.57	–	–1.13
31 Dec. 2017	98,533	445,967.32	220.94	–	6.96
31 Dec. 2018	88,364	407,435.05	216.88	–	–1.84
31 Dec. 2019	65,681	294,648.23	222.91	–	2.78
31 Dec. 2020	62,335	249,167.21	250.17	–	12.23

2) When dividends are reinvested the number of units in issue increases. Consequently a comparison between the change in the net asset value as above and reported return is not relevant.

3) Refers to the period 1 October to 31 December 2002.

# Report on the activities of the period BMS NOK

## RETURN FOR THE PERIOD

Brummer Multi-Strategy NOK reports a return of 13.27 per cent for 2020. Over the same period the Hedge Fund Research (HFR) fund of funds index returned 10.27 per cent, a global equity index (MSCI World) returned 13.48 per cent<sup>1)</sup> and a Norwegian equity index (Oslo OBX Stock Index) returned 1.84 per cent.

A more detailed explanation of factors that have affected the result for the period can be found in the section "Comments by the portfolio managers".

## DEVELOPMENT OF NET ASSET VALUE

At 31 December 2020 Brummer Multi-Strategy NOK had a net asset value of NOK 164 million. This is an increase of NOK 4 million since 31 December 2019.

New subscriptions during 2020 totalled NOK 31 million, while units worth NOK 43 million were redeemed. The net profit for the year was NOK 16 million.

## UNIT-HOLDERS' COSTS 2020

The example below illustrates the costs incurred by Brummer Multi-Strategy NOK in 2020. The calculation relates to a unit-holder who has owned units in the fund since inception for the equivalent of NOK 10,000 at 31 December 2019 and who has retained these units throughout 2020.

	Amounts in NOK
Investment at 31 December 2019	10,000
Change in value, before costs 2020	1,328
Costs	
Management fees*	0
Performance fees*	0
Other costs**	-1
Change in value, after costs	1,327
Market value at 31 December 2020	11,327

\* No management or performance fees are paid to the fund management company for the management of Brummer Multi-Strategy NOK. More information about the fund's costs can be found under the heading "Costs".

\*\* Other costs refer to transaction-related bank charges and interest costs.

## COSTS

The investment manager does not charge any management or performance fees for its management of the fund. Instead, Brummer Multi-Strategy Master pays management and performance fees on its investee funds.

The annual fee<sup>2)</sup> for 2020 is 1.33 per cent calculated on fixed fees and costs charged to Brummer Multi-Strategy Master's fund investments in relation to the average net asset value of the year. The corresponding performance fee for 2020 is 2.36 per cent.

## MATERIAL RISKS ASSOCIATED WITH THE FUND'S HOLDINGS

Most of the risks in the fund relate to holdings in the different hedge funds in which the fund is invested. These holdings are exposed to market, credit and liquidity as well as operational risks which are managed by the individual funds' investment managers and which Brummer Multi-Strategy Master's portfolio managers unable to influence. Market risks in these funds derive, for instance, from exposures to the equity, commodity, fixed income or currency markets.

The currency exposure, which arises from the fact that the fund invests almost all of its assets in Brummer Multi-Strategy Master, denominated in Swedish kronor, is continuously eliminated through currency hedging. The currency hedging is done using currency forwards, reducing the currency risk to virtually zero. When currency hedges have a positive market value a counterparty risk arises.

At the balance sheet date the fund had outstanding currency forwards with a value of 0.73 per cent of the fund's net asset value. Credit and liquidity risks at the balance sheet date were deemed to be small.

## LEVERAGE

The fund may use derivatives (for example currency forwards), to optimise the management in order to reduce costs and risks, as well as use loans, which both may have an effect on the fund's leverage. The fund has used derivatives during the period to regularly currency hedge positions in funds with a different base currency. Temporary loans may have been used occasionally during the period to enable the use of realised future cash flows so that the fund could maintain its target exposure or in order to handle the fund's liquidity.

If only the fund's holdings of derivatives are taken into account, the fund's leverage, measured as the gross exposure of these holdings, varied between 102 and 692 per cent during the year, with an average leverage of 351 per cent. As of the balance sheet date it was 268 per cent.

Measured using the so called commitment method, according to which derivatives in order to reduce the risks are not included, the leverage varied between 96 and 119 per cent during the year, with an average leverage of 102 per cent. As of the balance sheet date it was 100 per cent.

The fund's total leverage measured using the gross method varied between 201 and 799 per cent with an average leverage of 453 per cent of net asset value. As of the balance sheet date it was 368 per cent.

## FUND RULES

There have been no changes to the fund rules during the period.

1) HFR, [www.hedgefundresearch.com](http://www.hedgefundresearch.com) © 2020 Hedge Fund Research, Inc. and MSCI, [www.msci.com](http://www.msci.com) © 2020 MSCI Inc. All rights reserved.

2) Annual fee is fixed fee and costs that may be charged to the funds according to law, regulations, fund rules, or other statutes for the funds as well as information memorandums.

### SIGNIFICANT EVENTS DURING THE PERIOD

On 30 January 2020, Brummer Multi-Strategy AB received a licence for discretionary management of investment portfolios under Ch. 3 § 2 of the Swedish Alternative Investment Fund Managers Act (2013:561).

The Covid-19 pandemic has been a significant event during the period. The investment manager has taken measures to ensure continuity in the business under the prevailing pandemic, both in terms of organisation and the funds that the company manages. The investment manager has also had ongoing contact with contractors to get updates about their continuity management and ensure continuous delivery. The investment manager intends to maintain the measures it has taken for as long as it is deemed necessary.

### SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred after the end of the period.

### ORGANISATIONAL CHANGES

Bengt Pettersson, former Head of Operations at the Nektar Fund, was hired by Brummer Multi-Strategy AB in autumn 2019 and was appointed Chief Operating Officer in January 2020.

### INFORMATION ON REMUNERATION

For information on remuneration that the investment manager has paid, see Brummer Multi-Strategy Master's report on the activities of the period, page 16.

### ADDITIONAL INFORMATION

The fund's turnover rate is 0.23 times for 2020 and has been calculated by dividing the sum of bought financial instruments during the period by average net asset value during

the period.

Brummer Multi-Strategy NOK invests exclusively in units of Brummer Multi-Strategy Master and in currency hedges for these holdings. Brummer Multi-Strategy Master invests exclusively in units of Brummer & Partners' funds and in currency hedges for these holdings. There are no hard-to-value assets in Brummer Multi-Strategy Master. Any assets in the constituent funds that are hard to value are accounted for in their annual reports in accordance with SBAI-standards.

The investment manager has made changes in Brummer Multi-Strategy Master's financial instruments, read more on page 16.

Breaking down net asset value by the fair value hierarchy defined in IFRS 7<sup>3)</sup>, we deem that levels 1, 2 and 3 account for 1 per cent, 99 per cent and 0 per cent, respectively, of gross asset value.

After the end of the year, on 1 January 2021, the investment manager has employed Alexander Nyblom. He will strengthen the investment manager's operational organisation and will be managing fund transactions and currency hedges as well as performing administrative and other duties. Before joining Brummer Multi-Strategy, Alexander worked at B & P Fund Services AB as a member of the Accounting and Valuation team with responsibilities relating to the investment manager's funds.

3) IFRS 7 requires, inter alia, that the valuation of a financial instrument should be classified based on the source of inputs used in the valuation. The classification only refers to the holdings of financial instruments, such as e.g. fund units and currency related instruments. Other assets and liabilities, such as cash and other receivables and liabilities, are not financial instruments and are not normally included in the classification. In order to include all parts of the gross asset value of the fund, we have above chosen to classify these as level 1. The classification uses the following three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs used in the valuation of the asset or liability that are not based on observable market data (unobservable inputs).

# Accounts

## INCOME STATEMENT

Amounts in NOK '000	Note	1 January– 31 December 2020	1 January– 31 December 2019
<i>Income and change in value</i>			
Change in value of fund units		14,983	4,973
Interest income		1	9
Currency rate gains and losses, net	1	1,444	2,329
<b>TOTAL INCOME AND CHANGE IN VALUE</b>		<b>16,428</b>	<b>7,311</b>
<i>Costs</i>			
Interest costs		–5	–8
Other costs	2	–15	–17
<b>TOTAL COSTS</b>		<b>–20</b>	<b>–25</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>16,408</b>	<b>7,286</b>
<b>NOTE 1 CURRENCY RATE GAINS AND LOSSES, NET</b>			
In currency rate gains and losses, net, changes in value of currency derivatives as well as currency rate changes affecting the value of fund units, other assets and liabilities are included.			
<b>NOTE 2 OTHER COSTS</b>			
Bank charges		–3	–5
Transaction fees		–12	–12
<b>Total other costs</b>		<b>–15</b>	<b>–17</b>

## BALANCE SHEET

Amounts in NOK '000	Note	31 December 2020	31 December 2019
<b>Assets</b>			
OTC derivatives with a positive market value		1,503	6,878
Fund units		164,262	155,825
Total financial instruments with a positive market value		165,765	162,703
Bank deposits and other liquid assets		23	43
Other assets	3	2	6,962
<b>TOTAL ASSETS</b>		<b>165,790</b>	<b>169,708</b>
 <i>Liabilities</i>			
OTC derivatives with a negative market value		318	4,182
Total financial instruments with a negative market value		318	4,182
Other liabilities	4	1,250	5,788
<b>TOTAL LIABILITIES</b>		<b>1,568</b>	<b>9,970</b>
<b>TOTAL NET ASSET VALUE</b>		<b>164,222</b>	<b>159,738</b>
 NOTE 3 OTHER ASSETS			
Receivable master fund		–	6,961
Other		2	1
<b>Total other assets</b>		<b>2</b>	<b>6,962</b>
 NOTE 4 OTHER LIABILITIES			
Liability relating to redemptions		–	5,788
Liability credit institution		1,250	
<b>Total other liabilities</b>		<b>1,250</b>	<b>5,788</b>

NET ASSET VALUE AT 31 DECEMBER 2020  
FINANCIAL INSTRUMENTS

Financial instruments	Category	Country <sup>1)</sup>	Number	Market value (NOK '000)	Per cent of net asset value
<i>Fund units</i>					
Brummer Multi-Strategy Master	7	SE	117,406	164,262	100.02
<i>Currency related instruments</i>					
	Category	Currency	Nominal amount (NOK '000)	Market value (NOK '000)	Per cent of net asset value
<i>FX-Outright</i>					
NOK/SEK	7	NOK	162,687	1,203	0.74
NOK/SEK	7	NOK	139,893	-311	-0.19
NOK/SEK	7	NOK	-3,650	-7	0.00
NOK/SEK	7	NOK	-134,397	300	0.18
TOTAL FINANCIAL INSTRUMENTS				165,447	100.75
OTHER ASSETS/LIABILITIES, NET				-1,225	-0.75
TOTAL NET ASSET VALUE				164,222	100.00

Categories	Market value (NOK '000)	Per cent of net asset value
1. Transferable securities which are traded in a regulated market or equivalent market outside the EEA	-	-
2. Other financial instruments which are traded in a regulated market or equivalent market outside the EEA	-	-
3. Transferable securities which are traded regularly in another market that is regulated and open to the public	-	-
4. Other financial instruments which are traded regularly in another market that is regulated and open to the public	-	-
5. Transferable securities which within one year of issuance are intended to be traded in a regulated market or equivalent market outside the EEA	-	-
6. Transferable securities which within one year of issuance are intended to be traded regularly in another market that is regulated and open to the public	-	-
7. Other financial instruments	165,447	100.75

1) The fund's country of domicile. Abbreviations of country codes are according to ISO 3166 standards.

#### ACCOUNTING PRINCIPLES

This annual report has been drawn up in accordance with the Swedish Investment Fund Managers Act (2013:561) and Finansinspektionen's rules and recommendations (FFFS 2013:10) and complies with the Swedish Investment Fund Association's recommendations where applicable.

#### Valuation of financial instruments

Financial instruments are valued in accordance with the fund rules (Section 8): *"Financial instruments in the Fund shall be valued at market value. For fund units, the latest unit value stated by the investment manager is used. For listed instruments the last price paid is normally used to determine the value. For non-listed instruments the value is normally determined as the average of the last bid and offer prices. If the*

*above-mentioned valuation methods, in the opinion of the investment manager, are incorrect, the value is determined on some other objective basis, meaning the use of another generally accepted valuation (i.e. Black & Scholes for regular options) or valuation provided by a third party."*

Valuations are made in accordance with a valuation policy adopted by the Board of Directors of the investment manager. Currency instruments are an example of unlisted, or over the counter (OTC), instruments. Non-standardised instruments are valued on the basis of established valuation models and price quotes from external parties. The investment manager has engaged B & P Fund Services AB to manage the day-to-day valuation of the fund. The valuation is made at 31 December 2020 at closing prices.

## OTHER INFORMATION

### Change in net asset value

Amounts in NOK '000	Opening net asset value	Issue of units	Redemption of units	Net profit for the period	Total net asset value
31 Dec. 2015	0	90,753	-11,052	-675	79,026
31 Dec. 2016	79,026	47,810	-525	927	127,238
31 Dec. 2017	127,238	77,470	-9,479	11,974	207,203
31 Dec. 2018	207,203	44,090	-86,292	-1,893	163,108
31 Dec. 2019	163,108	21,263	-31,919	7,286	159,738
31 Dec. 2020	159,738	30,660	-42,584	16,408	164,222

### Value of units

	Net asset value (NOK '000)	No of units in issue	Value per unit (NOK)	Return (%)
31 Dec. 2015	79,026	80,240.62	984.86	-1.51 <sup>1)</sup>
31 Dec. 2016	127,238	128,864.28	987.38	0.26
31 Dec. 2017	207,203	194,304.15	1,066.38	8.00
31 Dec. 2018	163,108	153,823.61	1,060.36	-0.57
31 Dec. 2019	159,738	143,932.80	1,109.81	4.66
31 Dec. 2020	164,222	130,640.07	1,257.06	13.27

1) Refers to the period 1 June to 31 December 2015.

# Report on the activities of the period BMS UtDELANDE

## RETURN FOR THE PERIOD

Brummer Multi-Strategy UtDELANDE reports a return of 12.52 per cent for 2020. Over the same period the Hedge Fund Research (HFR) fund of funds index 10.27 per cent, a global equity index (MSCI World) returned 13.48 per cent<sup>1)</sup> and a Swedish equity index (SIX return index) returned 14.83 per cent.

A more detailed explanation of factors that have affected the result for the period can be found in the section "Comments by the portfolio managers".

## DEVELOPMENT OF NET ASSET VALUE

At 31 December 2020 Brummer Multi-Strategy UtDELANDE had a net asset value of SEK 1,862 million. This is an increase of SEK 456 million since 31 December 2019.

New subscriptions during 2020 totalled SEK 448 million, while units worth SEK 111 million were redeemed. The net profit for the year was SEK 202 million.

## DIVIDEND

In accordance with the fund rules, the fund has distributed a dividend. The dividend has been fixed at SEK 83 million, or SEK 45.10 per unit.

## UNIT-HOLDERS' COSTS 2020

The example below illustrates the costs incurred by Brummer Multi-Strategy UtDELANDE in 2020. The calculation relates to a unit-holder who has owned units in the fund since inception for the equivalent of SEK 10,000 at 31 December 2019 and who has retained these units throughout 2020. The calculation includes 100 per cent reinvested dividend.

Amounts in SEK	
Investment at 31 December 2019	10,000
Change in value, before costs 2020	1,252
<b>Costs</b>	
Management fees*	0
Performance fees*	0
Other costs **	0
Change in value, after costs	1,252
Market value at 31 December 2020	11,252

\* No management or performance fees are paid to the fund management company for the management of Brummer Multi-Strategy UtDELANDE. More information about the fund's costs can be found under the heading "Costs".

\*\* Other costs refer to transaction-related bank charges and interest costs.

## COSTS

The investment manager does not charge any management or performance fees for its management of the fund. Instead, Brummer Multi-Strategy Master pays management and performance fees on its investee funds.

The annual fee<sup>2)</sup> for 2020 is 1.30 per cent calculated on fixed fees and costs charged to Brummer Multi-Strategy Master's fund investments in relation to the average net asset value of the year. The corresponding performance fee for 2020 is 2.61 per cent.

## MATERIAL RISKS ASSOCIATED WITH THE FUND'S HOLDINGS

Most of the risks in the fund relate to holdings in the different hedge funds in which the fund is invested. These holdings are exposed to market, credit and liquidity as well as operational risks which are managed by the individual funds' investment managers and which Brummer Multi-Strategy Master's portfolio managers unable to influence. Market risks in these funds derive, for instance, from exposures to the equity, commodity, fixed income or currency markets.

## LEVERAGE

The fund may not use derivatives but may use loans, which may have an effect on the fund's leverage. Temporary loans may have been used occasionally during the period to handle the fund's liquidity. However, the fund's total leverage, measured using the gross as well as the commitment methods, has not deviated significantly from 100 per cent of the fund's net asset value during the year.

## FUND RULES

Following a change in the Fund's fund rules, the investment manager may offer reinvestment as an alternative to dividend in cash. In such cases, the dividend is reinvested, after deduction of tax, in fund units corresponding to the dividend amount. These fund units are issued in the Fund as of the dividend date.

## SIGNIFICANT EVENTS DURING THE PERIOD

On 30 January 2020, Brummer Multi-Strategy AB received a licence for discretionary management of investment portfolios under Ch. 3 § 2 of the Swedish Alternative Investment Fund Managers Act (2013:561).

The Covid-19 pandemic has been a significant event during the period. The investment manager has taken measures to ensure continuity in the business under the prevailing pandemic, both in terms of organisation and the funds that the company manages. The investment manager has also had ongoing contact with contractors to get updates about their continuity management and ensure continuous delivery. The investment manager intends to maintain the measures it has taken for as long as it is deemed necessary.

1) HFR, [www.hedgefundresearch.com](http://www.hedgefundresearch.com) © 2020 Hedge Fund Research, Inc. and MSCI, [www.msci.com](http://www.msci.com) © 2020 MSCI Inc. All rights reserved.

2) Annual fee is fixed fee and costs that may be charged to the funds according to law, regulations, fund rules, or other statutes for the funds as well as information memorandums.

## **SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD**

No significant events have occurred after the end of the period.

## **ORGANISATIONAL CHANGES**

Bengt Pettersson, former Head of Operations at the Nektar Fund, was hired by Brummer Multi-Strategy AB in autumn 2019 and was appointed Chief Operating Officer in January 2020.

## **INFORMATION ON REMUNERATION**

For information on remuneration that the investment manager has paid, see Brummer Multi-Strategy Master's report on the activities of the period, page 16.

## **ADDITIONAL INFORMATION**

The fund's turnover rate is 0.07 times for 2020 and has been calculated by dividing the sum of sold financial instruments during the period by average net asset value during the period. As the sum of sold financial instruments is lower than the sum of bought financial instruments, the sum of sold financial instruments has been used instead of the sum of bought financial instruments.

Brummer Multi-Strategy Utdelende invests exclusively in units of Brummer Multi-Strategy Master. Brummer Multi-Strategy Master invests exclusively in units of Brummer & Partners' funds and in currency hedges for these holdings. There are no hard-to-value assets in Brummer Multi-Strategy Master. Any assets in the constituent funds that are hard to value are accounted for in their annual reports in accordance with SBAI-standards.

The investment manager has made changes in Brummer Multi-Strategy Master's financial instruments, read more on page 16.

Breaking down net asset value by the fair value hierarchy defined in IFRS 7<sup>3)</sup>, we deem that levels 1, 2 and 3 account for 0 per cent, 100 per cent and 0 per cent, respectively, of gross asset value.

After the end of the year, on 1 January 2021, the investment manager has employed Alexander Nyblom. He will strengthen the investment manager's operational organisation and will be managing fund transactions and currency hedges as well as performing administrative and other duties. Before joining Brummer Multi-Strategy, Alexander worked at B & P Fund Services AB as a member of the Accounting and Valuation team with responsibilities relating to the investment manager's funds.

3) IFRS 7 requires, inter alia, that the valuation of a financial instrument should be classified based on the source of inputs used in the valuation. The classification only refers to the holdings of financial instruments, such as e.g. fund units and currency related instruments. Other assets and liabilities, such as cash and other receivables and liabilities, are not financial instruments and are not normally included in the classification. In order to include all parts of the gross asset value of the fund, we have above chosen to classify these as level 1. The classification uses the following three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs used in the valuation of the asset or liability that are not based on observable market data (unobservable inputs).

# Accounts

## INCOME STATEMENT

	Note	1 January– 31 December 2020	1 January– 31 December 2019
<i>Amounts in SEK '000</i>			
<i>Income and change in value</i>			
Change in value of fund units	1	201,794	34,223
<b>TOTAL INCOME AND CHANGE IN VALUE</b>		<b>201,794</b>	<b>34,223</b>
<i>Costs</i>			
Interest costs			-1
Other costs	2	-7	-9
<b>TOTAL COSTS</b>		<b>-7</b>	<b>-10</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>201,787</b>	<b>34,213</b>
NOTE 1 CHANGE IN VALUE OF FUND UNITS			
Realised result		8,716	4,343
Unrealised result		193,078	29,880
<b>Total change in value of fund units</b>		<b>201,794</b>	<b>34,223</b>
NOTE 2 OTHER COSTS			
Bank charges		-	-1
Transaction fees		-7	-8
<b>Total other costs</b>		<b>-7</b>	<b>-9</b>

## BALANCE SHEET

Amounts in SEK '000	Note	31 December 2020	31 December 2019
<i>Assets</i>			
Fund units		1,861,601	1,405,272
Total financial instruments with a positive market value		1,861,601	1,405,272
Bank deposits and other liquid assets		1,989	14,437
Other assets	3	2	–
<b>TOTAL ASSETS</b>		<b>1,863,592</b>	<b>1,419,709</b>

## *Liabilities*

Other liabilities	4	1,870	14,332
<b>TOTAL LIABILITIES</b>		<b>1,870</b>	<b>14,332</b>
<b>TOTAL NET ASSET VALUE</b>		<b>1,861,722</b>	<b>1,405,377</b>

### NOTE 3 OTHER ASSETS

Other	2	–
Total other assets	2	–

### NOTE 4 OTHER LIABILITIES

Liability relating to redemptions	1,870	14,332
Total other liabilities	1,870	14,332

**NET ASSET VALUE AT 31 DECEMBER 2020**  
**FINANCIAL INSTRUMENTS**

Financial instruments	Category	Country <sup>1)</sup>	Number	Market value (SEK '000)	Per cent of net asset value
<i>Fund units</i>					
Brummer Multi-Strategy Master	7	SE	1,387,607	1,861,601	99.99
<b>TOTAL FINANCIAL INSTRUMENTS</b>				<b>1,861,601</b>	<b>99.99</b>
OTHER ASSETS/LIABILITIES, NET				121	0.01
<b>TOTAL NET ASSET VALUE</b>				<b>1,861,722</b>	<b>100.00</b>

Categories	Market value (SEK '000)	Per cent of net asset value
1. Transferable securities which are traded in a regulated market or equivalent market outside the EEA	–	–
2. Other financial instruments which are traded in a regulated market or equivalent market outside the EEA	–	–
3. Transferable securities which are traded regularly in another market that is regulated and open to the public	–	–
4. Other financial instruments which are traded regularly in another market that is regulated and open to the public	–	–
5. Transferable securities which within one year of issuance are intended to be traded in a regulated market or equivalent market outside the EEA	–	–
6. Transferable securities which within one year of issuance are intended to be traded regularly in another market that is regulated and open to the public	–	–
7. Other financial instruments	1,861,601	99.99

1) The fund's country of domicile. Abbreviations of country codes are according to ISO 3166 standards.

**ACCOUNTING PRINCIPLES**

This annual report has been drawn up in accordance with the Swedish Investment Funds Act (2013:561) and Finansinspektionen's rules and recommendations (FFFS 2013:10) and complies with the Swedish Investment Fund Association's recommendations where applicable.

**Valuation of financial instruments**

Financial instruments are valued in accordance with the fund rules (Section 8): *“Financial instruments in the Fund shall be valued at market value. For fund units, the latest unit value stated by the investment manager is used. For listed instruments the last price paid is normally used to determine the*

*value. For non-listed instruments the value is normally determined as the average of the last bid and offer prices. If the above-mentioned valuation methods, in the opinion of the investment manager, are incorrect, the value is determined on some other objective basis, meaning the use of another generally accepted valuation (i.e. Black & Scholes for regular options) or valuation provided by a third party.”*

Valuations are made in accordance with a valuation policy adopted by the Board of Directors of the investment manager. The investment manager has engaged B & P Fund Services AB to manage the day-to-day valuation of the fund. The valuation is made at 31 December 2020 at closing prices.

## OTHER INFORMATION

### Change in net asset value

Amounts in SEK '000	Opening net asset value	Issue of units	Dividend reinvested	Redemption of units	Dividend	Net profit for the period	Total net asset value
31 Dec. 2013	0	855,839	–	–4,104	–27,645	49,633	873,723
31 Dec. 2014	873,723	441,000	–	–114,826	–38,507	26,002	1,187,392
31 Dec. 2015	1,187,392	193,420	–	–182,246	–38,725	25,129	1,184,970
31 Dec. 2016	1,184,970	65,135	–	–228,023	–31,072	–15,567	975,443
31 Dec. 2017	975,443	122,542	–	–208,592	–43,694	56,077	901,776
31 Dec. 2018	901,776	480,330	–	–68,838	–38,299	–33,384	1,241,585
31 Dec. 2019	1,241,585	237,021	–	–65,341	–42,101	34,213	1,405,377
31 Dec. 2020	1,405,377	439,434	8,948	–111,251	–82,573	201,787	1,861,722

### Value of units

	Net asset value (SEK '000)	No. of units in issue	Value per unit (SEK)	Dividend per unit (SEK)	Return (%)
31 Dec. 2013	873,723	846,776.47	1,031.82	33.89	6.68 <sup>1)</sup>
31 Dec. 2014	1,187,392	1,160,416.24	1,023.25	33.33	2.47
31 Dec. 2015	1,184,970	1,169,608.57	1,013.13	33.33	2.31
31 Dec. 2016	975,443	1,005,043.68	970.55	30.00	–1.29
31 Dec. 2017	901,776	917,044.23	983.35	49.25	6.35
31 Dec. 2018	1,241,585	1,328,361.48	934.67	29.78	–1.96
31 Dec. 2019	1,405,377	1,501,826.25	935.78	28.40	3.17
31 Dec. 2020	1,861,722	1,853,644.32	1,004.36	45.10	12.52

1) Refers to the period 1 May to 31 December 2013.

# Report on the activities of the period BMS 2xL

## RETURN FOR THE PERIOD

Brummer Multi-Strategy 2xL reports a return of 24.05 per cent for 2020. Over the same period the Hedge Fund Research (HFR) fund of funds index returned 10.27 per cent, a global equity index (MSCI World) returned 13.48 per cent<sup>1)</sup> and a Swedish equity index (SIX return index) returned 14.83 per cent.

A more detailed explanation of factors that have affected the result for the period can be found in the section "Comments by the portfolio managers".

## DEVELOPMENT OF NET ASSET VALUE

At 31 December 2020 Brummer Multi-Strategy 2xL had a net asset value of SEK 9,483 million. This is an increase of SEK 491 million since 31 December 2019.

New subscriptions during 2020 totalled SEK 341 million, while units worth SEK 1,731 million were redeemed. The net profit for the year was SEK 1,881 million.

## UNIT-HOLDERS' COSTS 2020

The example to the left illustrates the costs incurred by Brummer Multi-Strategy 2xL in 2020. The calculation relates to a unit-holder who has owned units in the fund since inception for the equivalent of SEK 10,000 at 31 December 2019 and who has retained these units throughout 2020.

	Amounts in SEK
Investment at 31 December 2019	10,000
Change in value, before costs 2020	2,528
Costs	
Management fees*	0
Performance fees*	0
Other costs**	-123
Change in value, after costs	2,405
Market value at 31 December 2020	12,405

\* No management or performance fees are paid to the fund management company for the management of Brummer Multi-Strategy 2xL. More information about the fund's costs can be found under the heading "Costs".

\*\* Other costs refer to transaction-related bank charges and interest costs.

## COSTS

The investment manager does not charge any management or performance fees for its management of the fund. Instead, Brummer Multi-Strategy Master pays management and performance fees on its investee funds.

The annual fee<sup>2)</sup> for 2020 is 2.56 per cent calculated on fixed fees and costs charged to Brummer Multi-Strategy

Master's fund investments in relation to the average net asset value of the year. The corresponding performance fee for 2020 is 4.77 per cent.

In order to create leverage the fund has used loans during the year. The interest costs for the loans are SEK 101 million.

## MATERIAL RISKS ASSOCIATED WITH THE FUND'S HOLDINGS

Through the investment in the Brummer Multi-Strategy fund, Brummer Multi-Strategy 2xL offers a leveraged investment in hedge funds managed by fund management companies within Brummer & Partners. The leverage ratio of Brummer Multi-Strategy 2xL is approximately 2. For each krona invested in the fund, an exposure to the underlying fund of approximately 2 kronor or, in other words, an exposure of 200 per cent will be created.

The exposure of 200 per cent is achieved by Brummer Multi-Strategy 2xL obtaining bank loans. At each month end rebalancing is done aiming to restore the target exposure to Brummer Multi-Strategy.

Most of the risks in the fund relate to holdings in the different hedge funds in which the fund is invested. These holdings are exposed to market, credit and liquidity as well as operational risks which are managed by the individual funds' investment managers and which Brummer Multi-Strategy Master's portfolio managers unable to influence. Market risks in these funds derive, for instance, from exposures to the equity, commodity, fixed income or currency markets.

For its loans Brummer Multi-Strategy 2xL has pledged a large part of its assets as collateral to the lenders. Credit and liquidity risks at the balance sheet date were deemed to be small.

## LEVERAGE

The fund may use derivatives as part of the fund's investment strategy as well as loans, which both may have an effect on the fund's leverage. The fund has only used bank loans during the period in order to maintain the fund's target exposure.

The fund's total leverage, measured using the gross as well as the commitment methods, varied between 187 and 211 per cent with an average leverage of 197 per cent of net asset value. As of the balance sheet date it was 192 per cent.

1) HFR, [www.hedgefundresearch.com](http://www.hedgefundresearch.com) © 2020 Hedge Fund Research, Inc. and MSCI, [www.msci.com](http://www.msci.com) © 2020 MSCI Inc. All rights reserved.

2) Annual fee is fixed fee and costs that may be charged to the funds according to law, regulations, fund rules, or other statutes for the funds as well as information memorandums.

## EXTERNAL FUNDING

The fund currently has two financing providers. We believe that they will meet the fund's financing needs for the foreseeable future. We continuously review any need of change in terms of capacity, price and overall quality of existing and potential financiers, but currently see no reason for further change.

## FUND RULES

There have been no changes to the fund rules during the period.

## SIGNIFICANT EVENTS DURING THE PERIOD

On 30 January 2020, Brummer Multi-Strategy AB received a licence for discretionary management of investment portfolios under Ch. 3 § 2 of the Swedish Alternative Investment Fund Managers Act (2013:561).

The Covid-19 pandemic has been a significant event during the period. The investment manager has taken measures to ensure continuity in the business under the prevailing pandemic, both in terms of organisation and the funds that the company manages. The investment manager has also had ongoing contact with contractors to get updates about their continuity management and ensure continuous delivery. The investment manager intends to maintain the measures it has taken for as long as it is deemed necessary.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred after the end of the period.

## ORGANISATIONAL CHANGES

Bengt Pettersson, former Head of Operations at the Nektar Fund, was hired by Brummer Multi-Strategy AB in autumn 2019 and was appointed Chief Operating Officer in January 2020.

## INFORMATION ON REMUNERATION

For information on remuneration that the investment manager has paid, see Brummer Multi-Strategy Master's report on the activities of the period, page 16.

## ADDITIONAL INFORMATION

As at 31 December 2020 Brummer Multi-Strategy 2xL had provided collateral in the amount of SEK 18,192 million, which represents 191.83 per cent of the net asset value.

The fund's turnover rate is 0.09 times for 2020 and has been calculated by dividing the sum of bought financial instruments during the period by average net asset value during the period.

Brummer Multi-Strategy 2xL invests exclusively in units of Brummer Multi-Strategy, which in turn invests in Brummer Multi-Strategy Master. Brummer Multi-Strategy Master invests exclusively in units of Brummer & Partners' funds and in currency hedges for these holdings. There are no hard-to-value assets in Brummer Multi-Strategy 2xL. Any assets in the constituent funds that are hard to value are accounted for in their annual reports in accordance with SBAI-standards.

The investment manager has made changes in Brummer Multi-Strategy Master's financial instruments, read more on page 16.

Breaking down net asset value by the fair value hierarchy defined in IFRS 7<sup>3)</sup>, we deem that levels 1, 2 and 3 account for 33 per cent, 67 per cent and 0 per cent, respectively, of gross asset value.

After the end of the year, on 1 January 2021, the investment manager has employed Alexander Nyblom. He will strengthen the investment manager's operational organisation and will be managing fund transactions and currency hedges as well as performing administrative and other duties. Before joining Brummer Multi-Strategy, Alexander worked at B & P Fund Services AB as a member of the Accounting and Valuation team with responsibilities relating to the investment manager's funds.

3) IFRS 7 requires, inter alia, that the valuation of a financial instrument should be classified based on the source of inputs used in the valuation. The classification only refers to the holdings of financial instruments, such as e.g. fund units and currency related instruments. Other assets and liabilities, such as cash and other receivables and liabilities, are not financial instruments and are not normally included in the classification. In order to include all parts of the gross asset value of the fund, we have above chosen to classify these as level 1. The classification uses the following three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs used in the valuation of the asset or liability that are not based on observable market data (unobservable inputs).

# Accounts

## INCOME STATEMENT

Amounts in SEK '000	Note	1 January– 31 December 2020	1 January– 31 December 2019
<i>Income and change in value</i>			
Change in value of fund units		1,983,023	598,639
Currency rate gains and losses, net		–22	91
Other income		–488	7,076
<b>TOTAL INCOME AND CHANGE IN VALUE</b>		<b>1,982,513</b>	<b>605,806</b>
<i>Costs</i>			
Interest costs		–101,196	–125,388
Other costs	1	–10	–19
<b>TOTAL COSTS</b>		<b>–101,206</b>	<b>–125,407</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>1,881,307</b>	<b>480,399</b>
NOTE 1 OTHER COSTS			
Bank charges		–3	–10
Transaction fees		–7	–9
Other costs		0	0
<b>Total other costs</b>		<b>–10</b>	<b>–19</b>

## BALANCE SHEET

Amounts in SEK '000	Note	31 December 2020	31 December 2019
<b>Assets</b>			
Fund units		18,187,339	17,896,130
Total financial instruments with a positive market value		18,187,339	17,896,130
Bank deposits and other liquid assets		55,401	293
Prepaid expenses and accrued income	2	386	1,473
Other assets	3	1	618,477
<b>TOTAL ASSETS</b>		<b>18,243,127</b>	<b>18,516,373</b>
 <i>Liabilities</i>			
Accrued expenses and deferred income	4	3,500	3,629
Other liabilities	5	8,756,285	9,520,851
<b>TOTAL LIABILITIES</b>		<b>8,759,785</b>	<b>9,524,480</b>
<b>TOTAL NET ASSET VALUE</b>		<b>9,483,342</b>	<b>8,991,893</b>
 MEMORANDUM ITEMS			
<i>Other pledged assets</i>			
Bank deposits		4,683	0
Per cent of net asset value		0.05	0.00
Fund units		18,187,339	17,896,130
Per cent of net asset value		191.78	199.03
 NOTE 2 PREPAID EXPENSES AND ACCRUED INCOME			
Other		386	1,473
Total prepaid expenses and accrued income		386	1,473
 NOTE 3 OTHER ASSETS			
Claims in course of settlement		–	618,476
Other assets		1	1
Total other assets		1	618,477
 NOTE 4 ACCRUED EXPENSES AND PREPAID INCOME			
Interests		3,500	3,629
Total accrued expenses and prepaid income		3,500	3,629
 NOTE 5 OTHER LIABILITIES			
Liability relating to redemptions		46,012	326,869
Liability credit institution		8,710,273	9,193,982
Total other liabilities		8,756,285	9,520,851

**NET ASSET VALUE AT 31 DECEMBER 2020**  
**FINANCIAL INSTRUMENTS**

<i>Financial instruments</i>	<i>Category</i>	<i>Country</i> <sup>1)</sup>	<i>Number</i>	<i>Market value</i> (SEK '000)	<i>Per cent of</i> <i>net asset value</i>
<i>Fund units</i>					
Brummer Multi-Strategy	7	SE	6,571,670	18,187,339	191.78
<b>TOTAL FINANCIAL INSTRUMENTS</b>				<b>18,187,339</b>	<b>191.78</b>
OTHER ASSETS/LIABILITIES, NET				-8,703,997	-91.78
<b>TOTAL NET ASSET VALUE</b>				<b>9,483,342</b>	<b>100.00</b>
<i>Categories</i>					
1. Transferable securities which are traded in a regulated market or equivalent market outside the EEA				-	-
2. Other financial instruments which are traded in a regulated market or equivalent market outside the EEA				-	-
3. Transferable securities which are traded regularly in another market that is regulated and open to the public				-	-
4. Other financial instruments which are traded regularly in another market that is regulated and open to the public				-	-
5. Transferable securities which within one year of issuance are intended to be traded in a regulated market or equivalent market outside the EEA				-	-
6. Transferable securities which within one year of issuance are intended to be traded regularly in another market that is regulated and open to the public				-	-
7. Other financial instruments				18,187,339	191.78

1) The fund's country of domicile. Abbreviations of country codes are according to ISO 3166 standards.

**ACCOUNTING PRINCIPLES**

This annual report has been drawn up in accordance with the Swedish Investment Funds Act (2013:561) and Finansinspektionen's rules and recommendations (FFFS 2013:10) and complies with the Swedish Investment Fund Association's recommendations where applicable.

**Valuation of financial instruments**

Financial instruments are valued in accordance with the fund rules (Section 8): *"Financial instruments in the Fund shall be valued at market value. For fund units, the latest unit value stated by the investment manager is used. For listed instruments the last price paid is normally used to determine the value. For non-listed instruments the value is normally determined as the*

*average of the last bid and offer prices. If the above-mentioned valuation methods, in the opinion of the investment manager, are incorrect, the value is determined on some other objective basis, meaning the use of another generally accepted valuation (i.e. Black & Scholes for regular options) or valuation provided by a third party."*

Valuations are made in accordance with a valuation policy adopted by the Board of Directors of the investment manager. Non-standardised instruments are valued on the basis of established valuation models and price quotes from external parties. The investment manager has engaged B & P Fund Services AB to manage the day-to-day valuation of the fund. The valuation is made at 31 December 2020 at closing prices.

## OTHER INFORMATION

### Change in net asset value

Amounts in SEK '000	Opening net asset value	Issue of units	Dividend reinvested	Redemption of units	Dividend <sup>1)</sup>	Net profit for period	Total net asset value
31 Dec. 2008	0	264,714	–	-4,050	–	2,906	263,570
31 Dec. 2009	263,570	2,048,735	2,869	-27,295	-4,000	160,007	2,443,886
31 Dec. 2010	2,443,886	2,522,065	3,057	-746,880	-4,000	187,408	4,405,536
31 Dec. 2011	4,405,536	1,164,660	16,328	-895,770	-21,000	107,812	4,777,566
31 Dec. 2012	4,777,566	871,173	81,894	-918,324	-102,000	242,929	4,953,238
31 Dec. 2013	4,953,238	2,802,348	–	-600,732	–	943,817	8,098,671
31 Dec. 2014	8,098,671	6,682,330	–	-2,139,616	–	261,732	12,903,117
31 Dec. 2015	12,903,117	3,507,626	–	-2,859,618	–	297,364	13,848,489
31 Dec. 2016	13,848,489	2,260,512	–	-4,823,109	–	-494,616	10,791,276
31 Dec. 2017	10,791,276	946,032	–	-1,841,307	–	1,181,399	11,077,400
31 Dec. 2018	11,077,400	1,089,895	–	-1,224,861	–	-609,436	10,332,998
31 Dec. 2019	10,332,998	467,604	–	-2,289,108	–	480,399	8,991,893
31 Dec. 2020	8,991,893	341,392	–	-1,731,250	–	1,881,307	9,483,342

1) Since the financial year 2012 Brummer Multi-Strategy 2xL no longer pays any dividend.

### Value of units

	Net asset value (SEK '000)	No. of units in issue	Value per unit (SEK) <sup>2)</sup>	Dividend per unit (SEK)	Return (%)
31 Dec. 2008	263,570	264,354.07	997.04	–	-0.30 <sup>3)</sup>
31 Dec. 2009	2,443,886	2,054,233.70	1,189.68	15.13	21.15
31 Dec. 2010	4,405,536	3,531,741.32	1,247.41	1.95	5.02
31 Dec. 2011	4,777,566	3,749,305.37	1,274.25	5.95	2.63
31 Dec. 2012	4,953,238	3,780,970.48	1,310.04	27.21	5.02
31 Dec. 2013	8,098,671	5,334,838.28	1,518.07	–	15.88
31 Dec. 2014	12,903,117	8,303,819.63	1,553.88	–	2.36
31 Dec. 2015	13,848,489	8,666,116.89	1,598.00	–	2.84
31 Dec. 2016	10,791,276	7,030,151.66	1,535.00	–	-3.94
31 Dec. 2017	11,077,400	6,463,170.60	1,713.93	–	11.66
31 Dec. 2018	10,332,998	6,371,414.01	1,621.77	–	-5.38
31 Dec. 2019	8,991,893	5,289,688.49	1,699.89	–	4.82
31 Dec. 2020	9,483,342	4,497,106.07	2,108.77	–	24.05

2) When dividends are reinvested, the number of units in issue increases. Consequently, a comparison between the change in the net asset value as above and reported return is not relevant.

3) Refers to the period 1 September to 31 December 2008.

Stockholm, 25 February 2021  
Brummer Multi-Strategy AB

Patrik Brummer  
*Chairman*

Svante Elfving

Per Josefsson

Mikael Spångberg  
*CEO*

Peter Thelin

# Auditor's report

To the unit-holders of Brummer Multi-Strategy Master org.nr 515602-6162, Brummer Multi-Strategy org.nr 504400-8521, Brummer Multi-Strategy Euro org.nr 504400-8760, Brummer Multi-Strategy NOK org.nr 515602-6154, Brummer Multi-Strategy Utdelande org.nr 515602-6147 and Brummer Multi-Strategy 2xL org.nr 515602-2831.

## REPORT ON THE ANNUAL REPORTS

### Opinion

As auditors of Brummer Multi-Strategy AB, corporate identity number 556704-9167, we have audited the annual reports of Brummer Multi-Strategy Master, Brummer Multi-Strategy, Brummer Multi-Strategy Euro, Brummer Multi-Strategy NOK, Brummer Multi-Strategy Utdelande and Brummer Multi-Strategy 2xL for the year 2020, except the sustainability information on page 12 ("Sustainability information"). The alternative investment funds' annual accounts are included on pages 15-52 in this document.

In our opinion, the annual accounts have been prepared in accordance with The Alternative Investment Fund Managers Act and Finansinspektionen's regulations regarding alternative investment fund managers, and presents fairly, in all material respects, the financial positions of Brummer Multi-Strategy Master, Brummer Multi-Strategy, Brummer Multi-Strategy Euro, Brummer Multi-Strategy NOK, Brummer Multi-Strategy Utdelande and Brummer Multi-Strategy 2xL as of 31 December 2020 and their financial performance for the year then ended in accordance with The Alternative Investment Fund Managers Act and Finansinspektionen's regulations regarding alternative investment fund managers. Our opinion do not include the sustainability information on page 12.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Fund Manager in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information than the annual accounts

The Fund Manager is responsible for the other information. The other information comprises pages 1-14 and 53-56, but does not include the annual accounts and our auditor's report thereon.

Our opinion of the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Fund Manager

The Fund Manager is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Alternative Investment Fund Managers Act and Finansinspektionen's regulations regarding alternative investment fund managers. The Fund Manager is also responsible for such internal control as the Fund Manager determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 this annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 the Fund Manager's internal control relevant to our 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 Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures, and whether the annual accounts represents the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Fund Manager of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

**The auditor's opinion regarding the statutory sustainability information**

The Fund Manager is responsible for the sustainability information on page 12, and that it is prepared in accordance with the Alternative Investment Fund Managers Act. Our examination has been conducted in accordance with FAR:s auditing standard RevR 12. The auditor's opinion regarding the statutory sustainability report. This means that our examination of the sustainability information is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Sustainability information has been prepared.

Stockholm, 25 February 2021

KPMG AB

Anders Bäckström  
*Authorised Public Accountant*

# Asset management organisation

*Patrik Brummer (Portfolio Manager and Chairman)* – Patrik Brummer joined Alfred Berg Fondkommission in 1973. By the time he left in 1995, he had become group chief executive of Alfred Berg with responsibility for the group's strategic development. Patrik Brummer left Alfred Berg in April 1995 to set up Brummer & Partners. Between 1996 and 2005 he was one of the fund managers of the Zenit fund.

*Jakob Bengtsson, Analyst* – Jakob Bengtsson Ekström was recruited as an analyst to Brummer Multi-Strategy AB in September 2017. He completed an M.Sc. in Finance from the Stockholm School of Economics in spring 2017, prior to which he studied Economics and Mathematics at Lund University.

*Kerim Celebi (Head of Research)* – After completing an M.Sc. in Finance from the Stockholm School of Economics in spring 2014 Kerim Celebi was recruited for the position as analyst at Brummer Multi-Strategy AB. He has mainly focused on further development of Brummer Multi-Strategy AB's research methods and allocation process, both quantitatively and qualitatively, while also helping to develop tools for monitoring the risk in the funds. Kerim has also spent a lot of time studying the funds in which BMS invests in order to understand and help to develop the investment processes. Since June 2017 he is Head of Research at Brummer Multi-Strategy AB.

*Alexander Nyblom (Operations Specialist)* – Alexander Nyblom was recruited by Brummer Multi-Strategy AB in January 2021. Alexander joined Brummer & Partners in 2011 and was employed in B & P Fund Services AB's Accounting and Valuation Team. From 2016 to 2018, he performed similar duties for Brummer & Partners UK in London. Alexander has an M.Sc. in Finance from the School of Business, Economics and Law at the University of Gothenburg.

*Bengt Pettersson (Chief Operating Officer)* – Bengt Pettersson joined Brummer Multi-Strategy AB in October 2019 and was appointed as COO in January 2020. Bengt was before that, from December 2016, Head of Operations at the Nektar fund and lead the fund's insourcing of Operations from B & P Fund Services AB. Bengt first joined Brummer & Partners in November 2013 where he was responsible for Back Office at B & P Fund Services AB. From 2000 to 2006 he worked in various roles within Operations at Nordea Bank and from 2006 to 2013 with responsibility for Equity, Fixed Income and Equity Finance Operations. Bengt Pettersson has studied Economics at Stockholm University.

*Mikael Spångberg (Managing Director and Portfolio Manager)*

– Mikael Spångberg was appointed Managing Director and Portfolio Manager for Brummer Multi-Strategy in September 2017. He first joined Brummer & Partners as COO of Nektar Asset Management in September 2012 and has been Deputy CEO since August 2013. Before that he was Managing Director and in charge of SEB's Alternative Investment team, including the wholly owned SEB subsidiary Key Asset Management in London. From the second half of 2007 he was put in charge of a team at SEB Merchant Banking that managed several portfolios in alternative strategies. He was a portfolio manager for SEB Merchant Banking's hedge fund investment portfolio from 2003 and a credit analyst for hedge funds at SEB from 2000. Mikael Spångberg holds an M.Sc. degree in Financial Economics.

*Markus Wiklund (Deputy Managing Director)* – Markus Wiklund joined Brummer & Partners in 1997 and has held various senior positions in the group over the past few years, most recently as Head of Research for Brummer Multi-Strategy AB. Before that, he headed the risk and valuation team at B & P Fund Services AB. Markus's main focus in these positions has been in the areas of portfolio risks, portfolio composition and analysis of portfolio manager performance. After graduating with an M.Sc. in Engineering Physics from the Royal Institute of Technology and an M.Sc. in Economics and Business from the Stockholm School of Economics, Markus started working as a quantitative analyst at the Nektar fund in 1997, one of Brummer & Partners' hedge funds.

*Johan Öst (Operations Manager)* – After completing M.Sc. in Finance and Economics from Stockholm University in 2005, Johan Öst joined the Accounting and Valuation group of B & P Fund Services AB. Since January 2014, he has been the Operations Manager at Brummer Multi-Strategy AB.

# Brummer & Partners

We are one of Europe's leading hedge fund managers with just over SEK 100 billion<sup>1)</sup> in assets under management on behalf of private individuals, businesses and institutional investors. By bringing together investment strategies which are not expected to correlate over time, and which are all aimed at generating competitive risk-adjusted returns, we can offer well diversified asset management services whose return over time is expected to be independent of the performance of capital markets. In addition to direct investments in our funds, we also offer savings through fund accounts, investment savings accounts, endowment policies and occupational pension plans.

## OUR BUSINESS MODEL

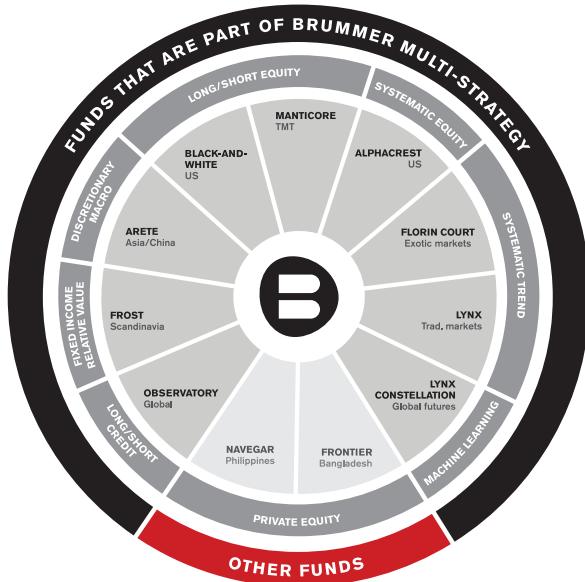
Our business model is based on independent investment management firms that are managed and evolve independently of each other. We put a premium on preserving our innovative company culture, while our portfolio management teams benefit from the pool of knowledge and experience that exists in the group. That way, we achieve a sound expansion that is driven by the investment managers, allowing us to offer well diversified asset management services. Our model has proved attractive to skilled portfolio management teams who value their independence coupled with our experience and expertise.

## ASSET MANAGEMENT

Our hedge funds, which pursue different investment strategies, together form a diversified portfolio: Brummer Multi-Strategy. The Brummer Multi-Strategy funds constitute the core of our asset management activities. In addition to the Brummer Multi-Strategy funds, the group currently manages nine hedge funds and two private equity funds.

When we add new asset management teams to the group we do not look at how quickly the new funds will attract capital from investors. Our interest is in ensuring that our overall asset management activities, in the form of the Brummer Multi-Strategy funds, will generate a competitive return. What is important to us is therefore to identify new asset management teams that we believe will strengthen the Brummer Multi-Strategy funds over time either by raising its expected return and/or lowering its risk. Our goal is to find high-quality asset management teams that we believe will be able to deliver competitive risk-adjusted returns.

As we hold stakes in the investment management firms and Brummer Multi-Strategy Master is an important investor in our funds, and because Brummer & Partners AB as well as the portfolio managers themselves invest in the funds, we have a shared interest with the portfolio managers and our investors. Our fee structure is based on performance and the funds' objective is to deliver competitive risk-adjusted return with low correlation to general market moves. Our portfolio managers always have to recover any losses incurred and exceed their funds' hurdles before performance fees can be charged.



## SBAI-STANDARD

As one of the founders and initiators of the Standards Board for Alternative Investments (SBAI) we demand that our investment management firms adhere to SBAI's guidelines on issues such as disclosure requirements, valuation, risk management and corporate governance. SBAI brings together investors, hedge fund managers and regulators around a common framework that is aimed at improving transparency and promoting best practice in the industry.

## UN PRINCIPLES FOR RESPONSIBLE INVESTMENT

Brummer & Partners became a signatory to the UN Principles for Responsible Investment (UN PRI) in July 2016 as it signals the importance that both Brummer & Partners and our funds' investors place on the issue.

1) 31 December 2020.

# Glossary

**ABSOLUTE RETURN** Positive return. The fund has an absolute return target, which means that the managers aim to earn a profit in the long term, regardless of market fluctuations. This may be contrasted with traditional funds, which have a relative return target, i.e. their aim is to outperform a specific benchmark index.

**ALPHA** Return that is independent of risk premiums in the financial markets.

**ARBITRAGE** A position on the securities market that has a given probability of generating a profit without any risk exposure.

**BETA** A measure of the asset's tendency to move with the market. The beta value is defined as the ratio of the asset's volatility to market volatility multiplied by the correlation between the two.

**CORRELATION** A statistical concept that describes the extent of a linear relationship between two time series. By definition, a correlation has a value between +1 (perfect positive correlation) and -1 (perfect negative correlation). A value of 0 means that there is no correlation between the time series. Traditional funds have a correlation with their benchmark that is close to +1.

**DERIVATIVE** A financial instrument where the price change is derived from an underlying asset and the holder has the right or obligation to buy or sell the asset in question (see Option and Future).

**DOWNSIDE RISK** A measure of the distribution of an asset's negative return. The calculation of downside risk for a time-series  $x_1, \dots, x_n$  is similar to the calculation of the standard deviation, but with two differences: firstly, average return in the formula for the standard deviation is replaced by the return on the fund's referens rate ( $r_f$ ); and secondly, only negative deviations are taken into account. See the formula below.

$$\sqrt{\frac{12}{n-1} \sum_{i=1}^n \min\{x_i - r_f, 0\}^2}$$

**FUND OF FUNDS** A fund that invests in units in other funds with one or several investment strategies.

**FUTURE** An obligation to buy or sell a given asset at a given time at a given price.

**GROSS EXPOSURE** The sum of the market value of the fund's long and short positions in equities and its exposure via derivatives in relation to the net asset value of the fund. Positions in the same underlying securities only contribute with their net exposure. Expressed as a percentage.

**HFRI FUND OF FUNDS INDEX** Hedge Fund Research Inc. (HFR) produces and distributes indices for different hedge fund strategies. HFRI Fund of Funds Index reflects change in value of fund of funds. The trailing 4-month numbers are left as estimates and are subject to change. All performance prior to that is locked and is no longer subject to change. Source: [www.hedgefundresearch.com](http://www.hedgefundresearch.com) © 2020 Hedge Fund Research, Inc. All rights reserved.

**INDEX** Describes the change in the value of a particular type of asset. Indices are traditionally used for evaluating changes in the value of funds.

**JP MORGAN GLOBAL GOVERNMENT BOND INDEX (LOCAL CURRENCY)** Calculated on the basis of change in value plus accrued interest. Currency fluctuations do not affect the index. Source: Bloomberg/EcoWin.

**LONG POSITION** Holding of securities (see Position).

**LONGEST TIME TO SET NEW ALL TIME HIGH** The length of the longest time needed to reach above the previous All Time High. Stated in number of months.

**MAXIMUM DRAWDOWN** The largest possible drop in value during the period. The measure is based on monthly data.

**MSCI EUROPE NDTR INDEX (LOCAL CURRENCY)** A capital weighted index including European equities in what MSCI defines as industrialised countries. The index takes into account the return shareholders receive in the form of dividend after the deduction of withholding tax. Currency changes do not affect the index. Source: MSCI, [www.msci.com](http://www.msci.com) © 2020 MSCI Inc. All rights reserved.

**MSCI WORLD NDTR INDEX (LOCAL CURRENCY)** A capital weighted index including equities in what MSCI defines as industrialised countries. The index takes into account the return shareholders receive in the form of dividend after the deduction of withholding tax. Currency changes do not affect the index. Source: MSCI, [www.msci.com](http://www.msci.com) © 2020 MSCI Inc. All rights reserved.

**MULTI-STRATEGY FUND** A fund that combines several different investment strategies and investment teams.

**NET ASSET VALUE (NAV)** The market value of all the fund's assets less the market value of all the fund's liabilities.

**OMRX-TBOND INDEX (SEK)** An index for Swedish government bonds with benchmark status issued by the Swedish National Debt Office. The index is calculated by Stockholmsbörsen. Source: Bloomberg.

**OPTION** An option gives the right but does not impose an obligation to buy or sell a given asset at a given time or during a given period at a given price.

**POSITION** A generally accepted term on financial markets that refers to a holding or a short position (see Selling short) of any given financial instrument or combination of financial instruments.

**RISK** Traditionally measured in terms of the standard deviation, which indicates by how much the change in the fund's value has fluctuated. The standard deviation is normally used to reflect the investment's level of risk. A fund's risk level is often classified on the basis of the variation or expected variation in the value of the fund's units over time. A high standard deviation means wide variations and thus high risk, a low standard deviation means narrow variations and thus low risk.

**RISK-ADJUSTED RETURN** The return over and above the risk-free return in relation to the investment's risk defined as the standard deviation (see Risk and Sharpe ratio).

**SELLING SHORT** The sale of securities that the seller does not own at the time of sale. The seller borrows securities in order to be able to deliver them on the transaction's settlement date.

**SHARPE RATIO** A measure of a portfolio's risk-adjusted return (see above). It is defined as the return over and above the risk-free return in relation to the risk (standard deviation) to which the portfolio is exposed. A high Sharpe ratio is an indicator of a sound balance between return and risk.

**SHORT POSITION** Securities that have been sold short (see Position and Selling Short).

**SIX RETURN INDEX (SEK)** A market index that reflects changes in the prices of shares in companies on Stockholmsbörsen's "A" and "O" lists. The index takes into account the return shareholders receive in the form of dividend. Source: Bloomberg.

**SPECIAL FUND** A fund that is licensed by Finansinspektionen to invest on the basis of a strategy that deviates from what is normally permitted by the Investment Funds Act. The Brummer Multi-Strategy funds are special funds within the meaning of Chapter 1, Section 11 p. 23 of the Act on Managers of Alternative Investment Funds (2013:561).

**STANDARD DEVIATION** A statistical concept that indicates the distribution of a quantity of data. In this report the standard deviation is based on monthly prices adjusted to an annual basis. Stated as a percentage.

**TIME TO RECOVERY** The period of time needed to recover the maximum drawdown (see above). Stated in number of months.

**VALUE-AT-RISK (VaR)** A probability-based statistical measure of the risks to which a portfolio is exposed. It is defined as the loss the portfolio can be expected to exceed over a given period (normally one day or one week) to a given level of statistical certainty (normally a 95 or 99 per cent confidence interval). In this report VaR refers to 1 day with 95 per cent confidence. VaR is expressed as a percentage of net asset value.

**VOLATILITY** A measure of variations in the return over time. Normally the volatility of a financial asset is expressed as the standard deviation of the return on the asset. Often, volatility is used as a measure of the risk in a portfolio of financial assets.

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*Signatory of:*

