

HANDELSBANKEN ALTERNATIVES FUND LIMITED

**Annual Report and Audited Financial Statements
For the year ended 31 December 2021**

HANDELSBANKEN ALTERNATIVES FUND LIMITED

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HANDELSBANKEN ALTERNATIVES FUND LIMITED

Company Information

Non-executive Directors

William Simpson (Independent)
Peter Griffin (Independent)
Marc Wood

Registered Office

Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Investment Manager

Handelsbanken Asset Management, a trading name of
Handelsbanken Wealth & Asset Management Limited
No.1 Kingsway
London, WC2B 6AN
United Kingdom

Administrator and Secretary

Sanne Fund Services (Guernsey) Limited
(formerly Praxis Fund Services Limited)
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Custodian

Butterfield Bank (Guernsey) Limited
Regency Court
Gategny Esplanade
St Peter Port
Guernsey, GY1 3AP

Listing Sponsor

Sanne Fund Services (Guernsey) Limited
formerly Praxis Fund Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Independent Auditor

BDO Limited
PO Box 180
Place Du Pre
St Peter Port
Guernsey, GY1 3LL

Legal Advisers to the Fund (as to Guernsey law)

Ogier
Redwood House
St Julian's Avenue
St Peter Port
Guernsey, GY1 1WA

Legal Advisers to the Fund (as to English law)

Schulte Roth & Zabel International LLP
One Eagle Place
London, SW1Y 6AF
United Kingdom

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Report of the Directors

For the year ended 31 December 2021

The Directors of Handelsbanken Alternatives Fund Limited (the “Company”) are pleased to submit their Annual Report and the Audited Financial Statements (the “Financial Statements”) for the year ended 31 December 2021.

The Company

The Company was incorporated in Guernsey on 1 July 2016 and is registered as a closed-ended investment company with limited liability and authorised under Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 2020. The Company commenced trading on 22 July 2016. On 22 July 2016, the Company was admitted to The International Stock Exchange (‘TISE’).

Investment Objective and Policy

The Company aims to provide long-term growth through a diversified, global, multi-strategy portfolio which, amongst other things, provides access to specialist and/or alternative funds and vehicles.

The Company’s portfolio is expected to be mainly comprised of investments that are deemed to be specialist and/or alternative strategies and which are considered to have an attractive medium to long term return potential through capital return and/or income. These specialist and/or alternative investments may target specific sectors, themes or geographies and may include private equity, hedge funds, property, alternative credit and infrastructure linked investments.

Results and Dividends

The Statement of Comprehensive Income for the year is set out on page 16. The total comprehensive income for the year amounted to £3,190,357 (31 December 2020: £5,769,297 profit). The Directors do not propose a dividend to be paid for the year (31 December 2020: £nil).

Directors

The Directors of the Company are listed on page 3.

Directors’ Interests

Peter Griffin (and parties associated with him such as close family members) have holdings in the Handelsbanken Multi Assets Funds. For each Director, the total value of their holding (including that of associated persons) is below 1% (31 December 2020: below 1%) of the total asset value of the Handelsbanken Multi Asset Funds. The Handelsbanken Multi Asset Funds have holdings in the Company.

Shareholders’ significant interests

At the date of this report and as per the year end 31 December 2021 Shareholding report, Handelsbanken Nominees Limited and the Bank of New York (Nominees) Limited each hold more than 10% of the Share capital of the Company.

Going concern

The Directors have made an assessment of the Company’s financial position as at 31 December 2021 and of its ability to continue as a going concern for a period of at least 12 months following the approval of these Financial Statements. The Directors are satisfied that the Company has considerable financial resources, combined with a relatively low level of expenses which are able to be covered for the foreseeable future, no external debt and the fact that shareholder redemptions are restricted to quarterly redemptions and only with Company approval.

The Directors also note that overall, due to the nature of the Company’s portfolio, which – as discussed in more detail in the Investment Manager’s report – comprises a diversified mix of defensive strategies generally with low correlations to broader financial markets and asset classes, it has not been affected significantly in terms of value or cashflows by the factors that may impact its performance (including the potential impact on markets and supply chains of geo-political risks such as the current crisis in Ukraine, the risk of further COVID-19 uncertainty and continuing macro-economic factors and inflation). Furthermore, the Directors are not aware of any other material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern and accordingly, the Directors have adopted the going concern basis in preparing these Financial Statements.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Report of the Directors (continued) For the year ended 31 December 2021

Directors' Responsibilities Statement

The Companies (Guernsey) Law, 2008 requires Directors to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for the keeping of sufficient accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Company and which enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008 and The Registered Collective Investment Schemes Rules 2018 made under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 and the principal documents. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors make the following statement:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that all steps have been taken by the Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Corporate Governance

The Directors have considered the effectiveness of their corporate governance practices with regard to the principles set out in the Finance Sector Code of Corporate Governance (the "Code") issued by the Guernsey Financial Services Commission. The Directors are satisfied with their degree of compliance with the principles set out in the Code in the context of the nature, scale and complexity of the business.

Anti-bribery and Corruption

The Company adheres to the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2008. In consideration of the UK Bribery Act 2010 which came into force on 1 July 2011, the Directors abhor bribery and corruption of any form and expect all the Company's business activities, whether undertaken directly by the Directors themselves or by third parties on the Company's behalf, to be transparent, ethical and beyond reproach.

On discovery of any activity or transaction that breaches the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2008 or the UK Bribery Act 2010, such discovery will be reported to the relevant authorities in accordance with prescribed procedures. The Company is committed to regularly reviewing its policies and procedures to uphold good business practice.

Anti-tax evasion

The Company has a zero tolerance policy to tax evasion and the facilitation of tax evasion. The Directors are fully committed to complying with all legislation and appropriate guidelines designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Company, its service providers and business partners operate.

The Company is subject to the UK Criminal Finances Act 2017 and has adopted a policy, endorsed by the Directors, designed to prevent tax evasion and the facilitation of tax evasion.

Our policy establishes a culture across the Company and in relation to its service providers and other counterparties, in which tax evasion and the facilitation of tax evasion is unacceptable. The policy is based on a detailed risk assessment undertaken by the Directors annually.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Report of the Directors (continued)

For the year ended 31 December 2021

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US tax compliance with respect to those assets. On 13 December 2013, the States of Guernsey entered into an intergovernmental agreement ("IGA") with US Treasury, in order to facilitate the requirements under FATCA. During 2016 the Company registered with the Internal Revenue Service ("IRS") in the US as a reporting foreign financial institution and received a Global Intermediary Identification Number.

Common Reporting Standard

The Common Reporting Standard ("CRS"), formerly the Standard for Automatic Exchange of Financial Account Information, became effective on 1 January 2016, and is an information standard for the automatic exchange of information developed by the Organisation for Economic Co-operation and Development ("OECD"). CRS is a measure to counter tax evasion and it builds upon other information sharing legislation, such as FATCA, and the European Union Savings Directive. The first reporting under CRS for Guernsey was made during 2017.

Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive ("AIFMD") is a European Union ("EU") legislation aimed at increasing investor protection and reducing systematic risk by creating a harmonised EU framework for managers of alternative investment funds in the EU. The Company is categorised as a non-EU Alternative Investment Fund (as defined in the AIFMD) ("AIF") and the Board of the Company is a non-EU Alternative Investment Fund Manager ("AIFM") for the purposes of AIFMD and as such is not required to seek authorisation under the AIFMD.

Investment Manager

The Company has, pursuant to its powers under the Investment Management Agreement dated 12 July 2016 (the "Investment Management Agreement"), appointed the Investment Manager to be responsible for managing the assets of the Company. Under the Investment Management Agreement, the Investment Manager is responsible for, inter alia, making decisions in relation to the acquisition, holding and disposal of investments for the Company and reviewing the portfolio of the Company periodically.

The Investment Manager's appointment may be terminated at any time by the Company if there is a material breach of the Investment Management Agreement, upon the insolvency, liquidation (save for the purpose of a previously approved winding up) or receivership of the Investment Manager or if the Investment Manager ceases to be qualified to act as such. The Company is also entitled to remove the Investment Manager on 12 months' prior notice in writing.

Under the terms of the Investment Management Agreement the Investment Manager is not liable for any acts or omissions in the performance of its services under the Investment Management Agreement in the absence of wilful misconduct, gross negligence, bad faith or fraud and subject thereto the Investment Manager is entitled to be indemnified to the extent permitted by law, against all actions, proceedings, claims and demands arising in connection with the performance of its services. See note 5 for further details.

Administrator

Sanne Fund Services (Guernsey) Limited (*formerly Praxis Fund Services Limited*) was appointed pursuant to an Administration and Secretarial Agreement dated 30 November 2018 (the "Administration Agreement"). The Administration Agreement is terminable by either side on 90 days' written notice. See note 5 for further details.

Custodian

On 30 November 2018, Butterfield Bank (Guernsey) Limited (the "Custodian") was appointed to act as Custodian to the listed section of the Company portfolio only. See note 5 for further details.

Status of Taxation

The Income Tax Authority of Guernsey has granted the Company exemption from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended and the income of the Company may be distributed or accumulated without deduction of Guernsey income tax. Exemption under the above mentioned Ordinance entails payment by the Company of an annual fee of £1,200 (31 December 2020: £1,200) for each year in which the exemption is claimed.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Report of the Directors (continued)
For the year ended 31 December 2021

Status of Taxation, continued

It should be noted, however, that interest and dividend income accruing from the Company's Investments may be subject to withholding tax in the country of origin.

The Company has incurred £7,874 (31 December 2020: £27,529) of irrecoverable withholding tax.

Independent Auditor

A resolution to re-appoint BDO Limited as auditor will be proposed at the next Annual General Meeting.

By Order of the Board

Peter Griffin
Director
Date: 14 June 2022

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Investment Manager's Report

For the year ended 31 December 2021

The Handelsbanken Alternatives Fund Limited (the "HAF") generated positive, uncorrelated returns for the year ending 31st December 2021, producing a total return of +2.90% (share class A) (31 December 2020: +5.54%). 2021 was again dominated by Coronavirus, with global economies and financial markets scrambling to recover from the challenges caused by the pandemic. Risk assets responded well to ongoing monetary and fiscal support but higher inflation and the prospect of future monetary tightening caused losses for many traditional fixed income assets. Global hedge funds generated positive returns of +3.65% for the year.

Whilst we are disappointed that the HAF fell slightly short of its 4-6% per annum return objective, we are pleased with the continued lack of fund volatility and the HAF's continued defensive profile. The HAF's largest drawdown for the period was just -1.15% and this was fully recovered in three months. Given the ongoing levels of elevated volatility in equity and fixed income markets, we are pleased with the relative defensiveness displayed by the HAF.

All but one of the HAF's strategy buckets contributed positively to performance during the year. The 'convexity' bucket within the portfolio detracted from performance as markets returned to a state of relative calm for much of the year. Implied equity volatility (using the VIX index as proxy) compressed to pre-Coronavirus levels and negatively impacted some of the HAF's more defensive positions, such as IAM True Partner Volatility Fund and Universa Black Swan Protection Protocol. We continue to think this allocation is prudent within the portfolio and will act as an important portfolio hedge during future bouts of market stress and volatility.

The largest contributor to performance was the HAF's 'special situations' bucket, with many of the dislocated trades that we initiated during the depths of the Covid-19 crisis benefitting from a normalisation of market conditions. One illustration of how the pandemic continues to influence financial markets is global supply chains. We allocated to Tufton Oceanic Assets (a listed investment company which owns a diversified fleet of shipping assets) at an attractive valuation and generated performance of +25% over a short period of time, as supply chain constraints saw shipping charter rates spike to levels not seen in over a decade. We continue to hold this position in the portfolio, as we believe there is further potential for NAV accretion which is not fully reflected in the company's share price.

The 'Niche arbitrage' bucket also contributed positively in aggregate but saw mixed performance at an instrument level. The HAF's top contributor for the year was Lodbrok European Credit Opportunities Fund which returned +26% for the year, as it benefitted from several complex activist positions in high yield credit concluding successfully within its long book. On the other hand, the largest detractor for the year was Hunting Hill ETF & Index Arbitrage which returned -17% after being buffeted by deratings in a number of its long positions in dislocated cryptocurrency ETFs. We have been increasing allocation to the niche arbitrage segment of the portfolio as we think these types of arbitrage strategies are well suited to volatile periods within financial markets.

Our 'private debt' bucket also provided positive performance during the period. While underlying fundamentals for specialist, short-duration private debt strategies such as invoice factoring and commodity trade finance have generally recovered, there have been some incidents of ongoing challenges from the pandemic. For example, TransAsia (Asian structured trade finance) has a number of positions which were impacted by further episodic pandemic-induced lockdowns in Asia. While we expect these positions to be concluded positively, it will take some time for the manager to work with lenders in order to achieve a satisfactory outcome.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Investment Manager's Report (continued)

For the year ended 31 December 2021

Post period-end, it is worth noting that financial markets have experienced a turbulent first half of 2022. A number of geopolitical and macroeconomic factors have driven this volatility, including the Russian-Ukrainian conflict, higher than expected inflation in many countries and monetary policy tightening across most developed markets as central banks seek to curb inflationary pressures. All these factors have dented market sentiment over the first half of 2022 and led to significant moves across traditional asset classes, with many areas of both the bond and equity market deeply in negative territory YTD (at the time of writing this report, 8th June 2022). Given this backdrop, we are pleased with the HAF's positive performance thus far in 2022, demonstrating once again the portfolio's ability to navigate volatile periods well (March 2020 being an extreme example). We remain confident that our focus on uncorrelated strategies, as well as a number of explicit "long volatility" positions, will allow the HAF to do so again, should we see further periods of market volatility.

Investment Manager

Handelsbanken Wealth & Asset Management

14 June 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANDELSBANKEN ALTERNATIVES FUND LIMITED

Opinion on the financial statements

In our opinion, the financial statements of Handelsbanken Alternatives Fund Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Company for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes In Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and IFRS as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining those charged with governance and management's paper in respect of going concern and challenging this, based on our knowledge of the Company, with both those charged with governance and management;
- Consideration of the cash available, the liquidity of the portfolio held, together with the expected annual running expenses of the Company, and determining whether these assumptions were reasonable based on our knowledge of the Company.
- Reviewing the minutes of the directors' meetings, the RNS announcements and the compliance reports for any indicators of concerns in respect of going concern

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANDELSBANKEN ALTERNATIVES FUND LIMITED (continued)

Conclusions relating to going concern (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters (2021 and 2020)	Investment valuation and ownership
Materiality	£1.97m (2020: £2.18m) based on 1.75% (2020: 1.75%) of total assets

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We carried out a full scope audit of the Company which was tailored to take into account the nature of the Company's investments, involvement of the Investment Manager, the Company's administrator and the custodian, the accounting and reporting environment and the industry in which the Company operates.

In designing our overall audit approach, we determined materiality and assessed the risk of material misstatement in the financial statements.

This assessment took into account the likelihood, nature and potential magnitude of any misstatement. As part of this risk assessment, we considered the Company's interaction with the Manager and the company administrator. We considered the control environment in place at the Manager and the company administrator to the extent that it was relevant to our audit. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANDELSBANKEN ALTERNATIVES FUND LIMITED (continued)

An overview of the scope of our audit (continued)

Key audit matters (continued)

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Investment valuation and ownership (notes 2, 7 and 8)</p> <p>The investment portfolio at 31 December 2021 comprised either listed investments, investments in funds whose price is notified on an exchange, or unlisted investment funds.</p> <p>Some of the unlisted investment funds did not have valuations available at the year end and as a result fair value estimates were made by the Directors. Such estimates are judgemental in nature and may differ from the final net asset valuation received by the Company.</p> <p>We regarded the valuation and ownership of all investments as a key area of focus because investments represent the principal element of the net asset value, as disclosed in the Statement of Financial Position in the financial statements, and due to the estimates involved in the valuations.</p>	<p>Where investments were held by the custodian, we agreed the ownership of all investment portfolio holdings to the independently obtained custodian confirmation. For investments not held by the custodian, we agreed all holdings to the underlying net asset value statements issued by the respective fund managers.</p> <p>We tested the valuation of all investments held by agreeing the prices used in the valuation to independent third-party sources. Where estimations had been utilised by the Directors in valuing the investments at the year end, we compared the results of the Directors' estimation to the subsequently received finalised net asset value for those investments, to consider whether the estimations made by the Directors were materially correct.</p> <p>For a sample of unlisted investments, we obtained direct confirmation from the underlying investment administrator to confirm the investment holding and investment valuation.</p> <p>We also, on a sample basis, obtained the latest audited financial statements of the underlying investment to check that the audited net asset value was not significantly different from the net asset valuation statement issued by the underlying investment manager.</p> <p>Key observations Based on the procedures performed, we did not identify any indications to suggest that the valuation of the investment portfolio was materially misstated, or that the Company did not have title to the investments</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANDELSBANKEN ALTERNATIVES FUND LIMITED (continued)

Our application of materiality (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2021 £	2020 £
Materiality	1,975,750	2,185,000
Basis for determining materiality	1.75% of total assets	1.75% of total assets
Rationale for the benchmark applied	Due to it being an investment fund with the objective of long-term capital growth, with investment values being a key focus of users of the financial statements.	
Performance materiality	1,580,600	1,748,000
Basis for determining performance materiality	80% (2020: 80%) of materiality This was determined using our professional judgement and taking into account the complexity and our knowledge of the engagement, together with a history of minimal historical errors and adjustments.	

Specific materiality

We also determined that for investment income and sensitive expenses including management fees, administration fees, directors fees, audit fees and custodian fees, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on 10% of materiality being 197,575 (2020: £218,500). We further applied a performance materiality level of 80% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £59,270 (2020: £65,000) and for items audited to our specific materiality above £5,927 (2020: £6,500). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANDELSBANKEN ALTERNATIVES FUND LIMITED (continued)

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement within the Report of the Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to its investment activities, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and have a direct impact on the preparation of the financial statements. We determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework such as IFRS and the Companies (Guernsey) Law, 2008.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws or regulations throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANDELSBANKEN ALTERNATIVES FUND LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to revenue recognition in relation to the investment income from the investments held and management bias and judgment involved in accounting estimates, specifically in relation to the valuation of investments (the response to which is detailed in our key audit matter above).

Audit procedures performed by the engagement team to respond to the risks identified included:

- Discussion with and enquiry of management and those charged with governance concerning known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meetings of those charged with governance, correspondence with the Guernsey Financial Services Commission, internal compliance reports, complaint registers and breach registers to identify and consider any known or suspected instances of non-compliance with laws and regulations or fraud;
- Recalculating investment income and realised and unrealised gains and losses in full for listed investments based on external source information; and
- For unlisted investments, recalculating realised and unrealised gains and losses in full based on external valuation statements obtained.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

The engagement director on the audit resulting in this independent auditor's opinion is Simon Hodgson.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

Date 14 June 2022.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	For the year ended 31 December 2021 £	For the year ended 31 December 2020 £
Net gains on investments at fair value through profit or loss	7	4,123,715	5,451,066
Net foreign exchange (losses)/gains on derivatives through profit or loss	10	(564,825)	866,361
Net other foreign exchange losses		(13,571)	(269,248)
		<u>3,545,319</u>	<u>6,048,179</u>
Other income			
Management fee rebates		31,196	44,040
Equalisation		-	43,126
Bank interest income		433	641
		<u>31,629</u>	<u>87,807</u>
Expenses			
Bank interest		(321)	(1,897)
Management fees	5 & 13	(51,395)	(16,155)
Administration fees	5	(94,079)	(98,027)
Directors' fees	5 & 13	(50,000)	(50,000)
Custodian fees	5	(5,097)	(5,034)
Secretarial fees	5	(41,465)	(40,667)
Legal fees		(4,042)	(1,549)
Audit fees		(23,000)	(23,000)
Investment services management fee	5	(46,061)	(40,304)
Investment services administration fee	5	(20,000)	(25,361)
Other expenses	6	(43,257)	(37,166)
Total operational expenses		<u>(378,717)</u>	<u>(339,160)</u>
Profit before taxation		3,198,231	5,796,826
Withholding taxes	3	(7,874)	(27,529)
Profit for the financial year and total comprehensive income for the year		<u>3,190,357</u>	<u>5,769,297</u>
Earnings per Class A Share (basic and diluted)	14	£0.0323	£0.0578
Earnings per Class B Share (basic and diluted)	14	-	£0.0462
Earnings per Class C Share (basic and diluted)	14	£0.0243	£0.1371
Earnings per Class D Share (basic and diluted)	14	£0.0269	£0.0507
Total earnings per share		£0.0318	£0.0591

All items in the above statement are derived from continuing operations.

The accompanying notes on pages 20 to 41 form an integral part of these Financial Statements.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Statement of Changes in Equity For the year ended 31 December 2021

	Notes	Share Capital £	Share Premium £	Retained Earnings £	Total Equity £
For the year ended 31 December 2021					
Balance as at 1 January 2021		-	102,253,673	9,777,755	112,031,428
Transactions with Shareholders:					
Shares issued	11	-	8,948,000	-	8,948,000
Shares redeemed	11	-	(14,336,580)	-	(14,336,580)
Total transactions with Shareholders		-	(5,388,580)	-	(5,388,580)
Total comprehensive income for the year		-	-	3,190,357	3,190,357
Transfer to retained earnings on closure of Class shares	11		12,011	(12,011)	-
Balance as at 31 December 2021		-	96,877,104	12,956,101	109,833,205
	Notes	Share Capital £	Share Premium £	Retained Earnings £	Total Equity £
For the year ended 31 December 2020					
Balance as at 1 January 2020		-	91,488,917	4,008,458	95,497,375
Transactions with Shareholders:					
Shares issued	11	-	13,775,353	-	13,775,353
Shares redeemed	11	-	(3,010,597)	-	(3,010,597)
Total transactions with Shareholders		-	10,764,756	-	10,764,756
Total comprehensive income for the year		-	-	5,769,297	5,769,297
Balance as at 31 December 2020		-	102,253,673	9,777,755	112,031,428

The accompanying notes on pages 20 to 41 form an integral part of these Financial Statements.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Statement of Financial Position

As at 31 December 2021

	Notes	31 December 2021 £	31 December 2020 £
Assets			
Investments as at fair value through profit or loss	7	104,454,701	109,115,909
Investments paid for in advance	7	-	2,800,000
Derivative collateral paid in advance	10	1,720,000	-
Derivatives at fair value through profit or loss	10	-	1,177,133
Investment sale proceeds receivable		2,009,375	24,212
Other receivables and prepayments		74,520	52,028
Cash and cash equivalents		4,370,760	7,504,778
Total current assets		112,629,356	120,674,060
Liabilities			
Redemptions payable		2,590,464	739,042
Derivatives at fair value through profit or loss	10	130,128	-
Derivative collateral received in advance	10	-	2,390,000
Share subscriptions received in advance		-	5,448,000
Other payables	9	75,559	65,590
Total liabilities		2,796,151	8,642,632
Net assets		109,833,205	112,031,428
Equity			
Share capital	11	-	-
Share premium	11	96,877,104	102,253,673
Retained earnings		12,956,101	9,777,755
Total equity		109,833,205	112,031,428
Number of Class A Shares in issue	11	89,220,076	94,602,329
Net Asset Value per Class A Share	12	£1.14	£1.11
Number of Class B Shares in issue	11	-	243,466
Net Asset Value per Class B Share	12	-	£1.08
Number of Class C Shares in issue	11	6,918,890	5,983,207
Net Asset Value per Class C Share	12	£1.08	£1.06
Number of Class D Shares in issue	11	250,000	250,000
Net Asset Value per Class D Share	12	£1.09	£1.06

The Financial Statements on pages 16 to 41 were approved by the Board of Directors and authorised for issue on 14 June 2022 and signed on its behalf by:-

Peter Griffin
Director

The accompanying notes on pages 20 to 41 form an integral part of these Financial Statements.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Statement of Cash Flows

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Cash inflows/(outflows) from operating activities			
Operating profit for the year		3,190,357	5,769,297
Adjustment for:			
Increase in other receivables and prepayments		(22,492)	(16,212)
Unrealised foreign exchange loss on derivatives at fair value through profit or loss		1,307,261	692,936
Increase in derivative collateral paid in advance	10	(1,720,000)	-
Decrease)/increase in derivative collateral received in advance	10	(2,390,000)	910,000
Increase in other payables		9,969	7,720
Purchase of investments		(37,120,432)	(45,972,310)
Proceeds from sale of investments		46,327,411	33,464,914
Realised gains on investments at fair value through profit or loss	7	(3,849,852)	(2,203,791)
Unrealised (losses)/gains on investments at fair value through profit or loss	7	118,918	(2,955,508)
Net cash inflows/(outflows) from operating activities		5,851,140	(10,302,954)
Cash (outflows)/inflows from financing activities			
Proceeds from issue of Shares		3,500,000	14,223,353
Payments on redemption of Shares		(12,485,158)	(2,398,930)
Net cash (outflows)/inflows from financing activities		(8,985,158)	11,824,423
Net (decrease)/increase in cash and cash equivalents		(3,134,018)	1,521,469
Cash and cash equivalents at beginning of year		7,504,778	5,983,309
Cash and cash equivalents at end of year		4,370,760	7,504,778
Net cash used in operating activities include:			
Interest received on cash balances		433	641
Interest paid on cash balances		321	1,897

The accompanying notes on pages 20 to 41 form an integral part of these Financial Statements.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements

For the year ended 31 December 2021

1. General Information

Handelsbanken Alternatives Fund Limited (“HAF” or the “Company”) is a closed-ended investment company registered with limited liability in Guernsey on 1 July 2016 and is authorised under Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended. On 22 July 2016, the Company was admitted to The International Stock Exchange (“TISE”).

The Company initially issued Sterling Shares, designated as Class A Shares, Class B Shares, Class C Shares and Class D Shares. Class A Shares have been active from inception to date and are only available for issue to the Investment Manager and certain accounts, funds or other vehicles controlled or managed by the Investment Manager, and such other persons as the Directors may determine in their absolute discretion. Class B Shares were listed on 2 January 2018, Class D Shares were listed on 3 April 2018 and Class C Shares were listed on 2 July 2018.

On 1 July 2020, the Company obtained approval from TISE for a further Extended Offer Facility in respect of the Class A and Class C Shares to allow issues and redemptions to 23 July 2021. On 24 June 2021, TISE approved an extension of the Extended Offer Facility for the period to 20 July 2022 in respect of Class A Shares and for the period to 1 July 2022 in respect of Class C Shares. The Company intends to apply for an extension of the Extended Offer Facility for the period to 20 July 2023 in respect of Class A Shares and for the period to 1 July 2023 in respect of Class C Shares.

On 15 April 2020, an additional Extended Offer Facility in respect of the Class B and Class D Shares was approved by TISE to allow issues and redemptions to 15 April 2021. All shares in relation to Class B were redeemed on 4 January 2021 and with effect from 26 March 2021 the Class B shares were cancelled from the Official List of TISE. On 15 April 2021 and 6 April 2022, TISE approved extensions of the Extended Offer Facility in respect of Class D Shares for the period to 14 April 2022 and for the period to 14 April 2023 respectively.

The Company aims to provide long-term growth through a diversified, global, multi-strategy portfolio which, amongst other things, provides access to specialist and/or alternative funds and vehicles.

The Company’s portfolio is expected to be mainly comprised of investments that are deemed to be specialist and/or alternative strategies, and which are considered to have an attractive medium to long-term return potential through capital return and/or income. These specialist and/or alternative investments may target specific sectors, themes or geographies and may include private equity, hedge funds, property, alternative credit and infrastructure linked investments.

2. Significant Accounting Policies

The following principal accounting policies have been applied consistently in the preparation of the Financial Statements:

Statement of compliance and basis of preparation

These Financial Statements (“Financial Statements”), which give a true and fair view, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) which comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”), together with applicable legal and regulatory requirements of Guernsey law and the Listing Rules of The International Stock Exchange.

Accounting Convention

The preparation of financial statements in conformity with IFRS requires directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates. More detail is given in note 4.

The Directors believe that the Financial Statements contain all of the information required to enable shareholders and potential investors to make an informed appraisal of the investment activities and profits and losses of the Company for the period to which they relate and do not omit any matter or development of significance.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

2. Significant Accounting Policies (continued)

Going concern

The Company's Directors have made an assessment of the Company's financial position as at 31 December 2021 and of its ability to continue as a going concern for a period of at least 12 months following the approval of these Financial Statements. The Directors are satisfied that the Company has considerable financial resources, combined with a relatively low level of expenses, which are able to be covered for the foreseeable future, no external debt and the fact that shareholder redemptions are restricted to quarterly redemptions and only with Company approval. The Directors also note that overall, due to the nature of the Company's portfolio, which – as discussed in more detail in the Investment Manager's report – comprises a diversified mix of defensive strategies generally with low correlations to broader financial markets and asset classes, it has not been affected significantly in terms of value or cashflows by the factors that may impact its performance (including the potential impact on markets and supply chains of geo-political risks such as the current crisis in Ukraine, the risk of further COVID-19 uncertainty and continuing macro-economic factors and inflation).

Furthermore, the Directors are not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and accordingly, the Directors have adopted the going concern basis in preparing these Financial Statements.

New Accounting Standards and interpretations adopted in the reporting period

The following standards and interpretations have been applied in these Financial Statements:

- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform Phase 2 (effective for periods commencing on or after 1 January 2021) – The amendments in *Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7)* amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

The adoption of these amendments has not had a material impact on these Financial Statements of the Company.

New Accounting Standards and interpretations applicable to future reporting periods

At the date of approval of these Financial Statements, the following standards and interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective:

- IAS 1 (amended), "Presentation of Financial Statements" (amendments regarding the classification of liabilities, effective for periods commencing on or after 1 January 2024).
- Annual Improvements to IFRS Standards 2018-2020 (effective for periods commencing on or after 1 January 2022). In regard to IFRS 9, the amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability.
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current (effective for periods commencing on or after 1 January 2023) - The amendments in Classification of Liabilities as Current or Non-current clarify how to classify debt and other liabilities as current or non-current.
- Amendments to IAS 1 Disclosure of Accounting Policies (effective for periods commencing on or after 1 January 2023) - The amendments in Disclosure of Accounting Policies require companies to disclose their material accounting policy information rather than their significant accounting policies.
- Amendments to IAS 8 Definition of Accounting Estimates (effective for periods commencing on or after 1 January 2023) - The amendments in Definition of Accounting Estimates clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition.

Any standards that are deemed not relevant to the operations of the Company have been excluded. The Directors expect that the adoption of these amended standards in a future period will not have a material impact on the Financial Statements of the Company.

Financial Instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

2. Significant Accounting Policies (continued)

Financial Assets

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics.

The Company's financial assets comprise:

- Investments at fair value through profit or loss
- Derivative collateral paid in advance
- Investment sale proceeds receivable
- Other receivables
- Cash and cash equivalents

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI") – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss ("FVTPL").

Fair Value through Profit or Loss

a) Investments

The Company's investments are classified by the Directors as at fair value through profit or loss. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed income securities are designated as at fair value through profit or loss on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the Company is provided internally on this basis to the Company's key management personnel.

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned and are initially measured at fair value.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The Directors value all investments in funds at the net asset values of those funds as at the relevant valuation date, as determined in accordance with the terms of the funds and as notified to the Company by the relevant fund manager or the relevant administrator, as the net asset values best represent fair value. The valuation date of each fund may not always be coterminous with the valuation date of the Company and in such cases the valuation of the fund at the last valuation date prior to the reporting date is used with an estimation of movement since that date.

The net asset values reported by the relevant fund managers and/or fund administrators and used by the Directors as at 31 December 2021 may be unaudited as at that date and may differ from the amounts which would have been realised from a redemption of the investment in the relevant fund as at 31 December 2021.

Gains and losses arising from changes in the fair value of investments classified as at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

b) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at the end of each reporting period. The Company does not apply hedge accounting to its derivatives and so fair value changes are included in net gains/(losses) within the Statement of Comprehensive Income.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

2. Significant Accounting Policies (continued)

Financial assets held at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributed to their acquisition, unless it is a trade receivable without a significant financing component which is initially measured at its transaction price.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses as detailed below.

Receivables and cash and cash equivalents are classified as financial assets at amortised cost.

Impairment of financial assets

IFRS 9 introduced the expected credit loss (“ECL”) model which potentially brings forward the timing of impairments. Under IFRS 9 for receivables the Company has elected to apply the simplified approach. Under the simplified approach the requirement is to always recognise lifetime ECLs. Under the simplified approach practical expedients are available to measure lifetime ECLs but forward-looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times.

As at 31 December 2021, the Directors have concluded that any ECL on receivables would be highly immaterial to these Financial Statements due to the low credit risk of the relevant counterparties and the historic payment history.

Derecognition of financial assets

A financial asset (in whole or in part) is derecognised:

- when the Company has transferred substantially all the risk and rewards of ownership; or
- when it has not retained substantially all the risk and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Fair Value Measurement Hierarchy

IFRS requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 8). The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement as a whole. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash includes amounts held in interest bearing overnight accounts. Cash and cash equivalents comprise bank balances held by the Company including short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities. The cash flows arising from these activities are shown in the Statement of Cash Flows as arising from operating activities.

Derivative collateral

Under the terms of its currency forward contract with Record Currency Management Limited, the Company may be required in certain circumstances to retain balances in collateral accounts representing the applicable margin on each facility.

However, when the currency forward contracts are in a positive position, Record Currency Management Limited may deposit funds with the Company against the positive value of the currency forward contract.

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

All financial liabilities are initially recognised at fair value net of transaction costs incurred. All purchases of financial liabilities are recorded on the trade date, being the date on which the Company becomes party to the contractual requirements of the financial liability. Unless otherwise indicated, the carrying amounts of the Company's financial liabilities approximate to their fair values.

The Company's financial liabilities comprise redemptions payable, derivatives at fair value through profit or loss and other payables and have been recognised at amortised cost.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

Other Payables

Other payables are not interest-bearing and are stated per note 9. The carrying value of these payables approximates their fair value.

Income

Dividend income from investments is recognised when the Company's right to receive payment has been established, normally the ex-dividend date.

Management fee rebates and Performance fee rebates, recognised as 'Equalisation' on the Statement of Comprehensive Income, are offered by the respective investment manager as discounts to the management and/or performance fees in the forms of refunds on quarterly and bi-annual bases respectively. Management and Performance fee rebates are recognised when the Company's right to receive payment has been established as advised by the respective investment manager.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Expenses

All expenses are accounted for on an accruals basis and are presented as revenue items except for expenses that are incidental to the disposal of an investment which are deducted from the disposal proceeds and are consequently recognised within 'Net gains on investments at fair value through profit or loss'.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

2. Significant Accounting Policies (continued)

Share Capital

The Company's legal documents do not provide Shareholders with any entitlement to require the Company to redeem Shares for cash or otherwise. The Directors do however retain the discretion to allow redemptions by Shareholders of their Shares and, in normal market circumstances and subject to available liquidity in the Company's portfolio, the Directors intend to exercise their discretion to allow redemptions on the following periodic basis:

Redemption days will be fixed quarterly dates, being the first business day of each of January, April, July and October, and Shareholders will be required to give at least 90 calendar days' notice to the Administrator in respect of a redemption day.

Foreign Currency Translation

The Company's Shares are denominated in Sterling and the majority of its expenses are incurred in Sterling. Accordingly, the Directors have determined that the functional currency is Sterling. Sterling is also the presentation currency of the Financial Statements.

Monetary foreign currency assets and liabilities are translated into Sterling at the rate of exchange ruling at the Statement of Financial Position date. Investment transactions and income and expenditure items are translated at the rate of exchange ruling at the date of the transactions. Gains and losses on foreign exchange are included in the Statement of Comprehensive Income.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

For management purposes, the Company is organised into one main operating segment, which focuses on long-term growth from investments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the Financial Statements of the Company as a whole.

3. Taxation

The Income Tax Authority of Guernsey has granted the Company exemption from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended and the income of the Company may be distributed or accumulated without deduction of Guernsey income tax. Exemption under the above-mentioned Ordinance entails payment by the Company of an annual fee of £1,200 (31 December 2020: £1,200) for each year in which the exemption is claimed.

The taxation charge of £7,874 (31 December 2020: £27,529) included in the Statement of Comprehensive Income represents irrecoverable withholding taxes incurred on investment income received in the year.

4. Critical accounting judgements and estimates

In the application of the Company's accounting policies, which are described in note 2 to the Financial Statements, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

4. Critical accounting judgements and estimates (continued)

Fair value of Investments at fair value through profit or loss

The Company invests in a diversified range of hedge fund strategies and other alternative assets. The investments are valued at the net asset value of that fund as at the relevant valuation date in accordance with the terms of the fund and as notified by the relevant fund manager/administrator. The Directors consider these net asset values reported to best represent the fair value of investments as the underlying fund managers/administrators adopt fair value accounting for their underlying investments when generating their net asset values. However, the valuation date prior to the reporting date may be non-coterminous with the valuation date of the Company and hence in such cases the latest valuation as adjusted for estimates provided by the manager or administrator is used. Any estimates made are cross checked against the subsequently received net asset value statement and the differences at 31 December 2021 and 31 December 2020 are insignificant. The net asset value reported by the fund manager or administrator may be unaudited and may differ from the amounts which would have been realised from a redemption of the investment in the relevant fund.

5. Material Agreements

The Company is responsible for the continuing fees of the Administrator, the Investment Manager, the Custodian, the Secretary, the Investment Services provider and the Directors in accordance with the Administration Agreement dated 30 November 2018, the Investment Management Agreement dated 12 July 2016, the Custodian Agreement dated 30 November 2018 and the Investment Services Agreement dated 13 December 2018.

Administration, Secretarial and Risk Management Reporting fees

Sanne Fund Services (Guernsey) Limited (formerly Praxis Fund Services Limited) (the "Administrator") was appointed pursuant to an Administration and Secretarial Agreement dated 30 November 2018 (the "Administration Agreement").

Under the terms of the Administration Agreement, the Administrator is entitled to receive:

- an annual administration fee of 0.06% per annum of the net asset value of the Company subject to a minimum of £60,000 plus disbursements;
- a Risk Management Reporting fee at a rate of £25,625 per annum, and;
- a secretarial fee of £41,465 per annum for provision of company secretarial services

During the year, an amount of £94,079 (31 December 2020: £98,027) was payable in administration fees to the Administrator. Included in this amount was £30,015 (31 December 2020: £27,500) in respect of the Risk Management Reporting fee. In addition, an amount of £41,465 (31 December 2020: £40,667) was payable in secretarial fees, all of which was payable to the Administrator.

Management fees

The Investment Manager was paid a monthly management fee by the Company of (i) 1/12 of 1% in respect of Class B Shares; (ii) 1/12 of 0.75% in respect of Class C Shares; and (iii) 1/12 of 0.5% in respect of Class D Shares, in each case, of the month-end Net Asset Value of such Class of Shares (before deducting the amount of that month's investment management fee). There are no management fees payable in respect of Class A Shares.

Performance fees

The Company will not be subject to any performance fee.

Custodian fees

Butterfield Bank (Guernsey) Limited (the "Custodian") was appointed to act as Custodian pursuant to an agreement dated 30 November 2018 (the "Custodian Agreement") to provide custody services to the listed section of the Company portfolio only.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

5. Material Agreements (continued)

Custodian fees (continued)

Butterfield Bank (Guernsey) Limited, as Custodian, will be paid a custody fee of up to 0.06% of the Company's Net Asset Value subject to a minimum of £5,000 per annum or such other amount as may be agreed between the Company and the Custodian in accordance with the Custodian Agreement. The custodian fee shall accrue and be calculated as at the last Business Day of each month and be paid monthly in arrears.

The Custodian will also be paid transaction fees by the Company as agreed in writing from time to time between the Company and the Custodian. The Custodian will also be reimbursed by the Company for reasonable out-of-pocket expenses.

During the year, the amount of custodian fees payable was £5,097 (31 December 2020: £5,034).

Investment Services Agreement

On 13 December 2018, Record Currency Management Limited ("Record") was appointed, pursuant to an Investment Services Agreement dated 13 December 2018, to provide Investment Services in advising and managing part or all of the Company's foreign currency exposures using Record's currency hedging program.

For the services described above, Record is entitled to receive a management fee based on the fee mandate size of 0.10% of mandates of less than €100 million, 0.05% of mandates from €100 million to €1 billion and 0.03% of mandates over €1 billion. A minimum fee of £7,500 is payable per quarter.

In addition, Record established a panel of banks with which to trade as agent for the Company to provide its Investment Services. Record selects and maintains the banks on the panel in accordance with its credit risk policy as determined from time to time and as a result, Record is entitled to receive a Collateral Administration service fee of £10,000 per annum per bank on the panel.

During the year, management fees of £46,061 (31 December 2020: £40,304) and administration fees of £20,000 (31 December 2020: £25,361) were payable to Record.

Directors' fees

The Company, as a self-managed Alternative Investment Fund ("AIF"), is subject to a remuneration policy which is consistent with the principles defined in the European Securities and Markets Authority guidelines on sound remuneration policies under the AIFM Directive as per the remuneration policy. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of the Company's directors and senior management is in line with the risk policies and objectives of the Company.

William Simpson and Peter Griffin are entitled to an annual fee of £25,000 each, increased from £22,000 with effect from 1 January 2020. Marc Wood, who is an employee of the Investment Manager, has waived his entitlement to an annual fee of £25,000.

	Charge for the year £	Amounts outstanding at 31 December 2021 £
Year ended 31 December 2021		
Directors' fees	50,000	-
Management fees	51,395	9,925
Administration, Secretarial and Risk Management fees	135,544	21,806
Custodian fees	5,097	1,261
Investment services management fee	46,061	11,130
Investment services administration fee	20,000	5,000
	308,097	49,122

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

5. Material Agreements (continued)

Year ended 31 December 2020	Charge for the year £	Amounts outstanding at 31 December 2020 £
Directors' fees	50,000	-
Management fees	16,155	4,349
Administration, Secretarial and Risk Management fees	138,694	21,442
Custodian fees	5,034	1,260
Investment services management fee	40,304	7,541
Investment services administration fee	25,361	5,027
	275,548	39,619

6. Other Expenses

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Listing agent fee	10,852	10,980
Annual and regulatory fees	16,213	13,479
Commission & other charges	10,206	4,823
Other expenses	5,986	7,884
	43,257	37,166

7. Investments at Fair Value Through Profit or Loss

	31 December 2021 £	31 December 2020 £
Opening fair value as at beginning of year	109,115,909	84,687,970
Purchases at cost	47,856,934	48,646,476
Sales proceeds	(56,249,076)	(29,377,836)
Net gains on investments at fair value through profit or loss	3,730,934	5,159,299
Closing fair value at end of year	104,454,701	109,115,909
Represented by		
Closing book cost	97,491,151	102,033,441
Closing revaluation of investments	6,963,550	7,082,468
	104,454,701	109,115,909
Realised gains on sales	3,849,852	2,203,791
Movement in unrealised gains on investments	(118,918)	2,955,508
	3,730,934	5,159,299
Investment income	392,781	291,767
Net gains on investments at fair value through profit or loss	4,123,715	5,451,066

As at 31 December 2021, £2,009,375 investment sales proceeds were receivable (31 December 2020: £24,212) and £nil (31 December 2020: £2,800,000) investment purchases were paid in advance

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

8. Fair Value of Financial Instruments

IFRS has a hierarchical disclosure framework which prioritises and ranks the level of market price observability used in measuring investments at fair value.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement as a whole. For this purpose, the significance of an input is assessed against the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Company's significant financial assets and liabilities measured at fair value at 31 December 2021 and 31 December 2020:

31 December 2021	Level 1	Level 2	Level 3	Total
	£	£	£	£
Investments at fair value				
Listed funds	7,295,346	-	-	7,295,346
Unlisted funds	-	97,159,355	-	97,159,355
Derivative financial instruments				
Forward foreign exchange contracts	-	(130,128)	-	(130,128)
	7,295,346	97,029,227	-	104,324,573
31 December 2020				
	£	£	£	£
Investments at fair value				
Listed funds	6,736,083	-	-	6,736,083
Unlisted funds	-	102,379,826	-	102,379,826
Derivative financial instruments				
Forward foreign exchange contracts	-	1,177,133	-	1,177,133
	6,736,083	103,556,959	-	110,293,042

When fair values of listed equities and collectibles at the reporting date are based on quoted market prices or binding dealer price quotations and are actively traded, the instruments are included within level 1 of the hierarchy. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. These include traded listed equities.

Investments in quoted investment funds in a non-active market of unlisted investment funds are valued based on the reported net asset values per share as provided by the investee fund's administrator or investment manager and are included in level 2.

Forward foreign exchange contracts are valued using the prevailing exchange rate at reporting date, which is then adjusted using forward points, sourced from Bloomberg, which are themselves based on the currency forward foreign exchange contract maturity date.

The valuation and classification of the investments are reviewed on a regular basis. The Directors determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period and, unless caused by a specific event, the Company recognises transfers between levels of fair value hierarchy as at the end of the reporting period during which the change has occurred.

There were no transfers between levels during the accounting year (31 December 2020: None).

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

9. Other Payables

	31 December 2021	31 December 2020
	£	£
Management fee (Note 5)	9,925	4,349
Administration fees (Note 5)	14,857	14,609
Secretarial fees (Note 5)	6,949	6,833
Custodian fees (Note 5)	1,261	1,260
Audit fee	25,000	24,000
Reporting fund status fees	1,437	1,890
Other payables	16,130	12,649
Total	75,559	65,590

The Directors consider that the carrying amount of other payables approximates fair value.

10. Financial Risk Management and Financial Instruments

Strategy in using financial instruments

The Company's portfolio comprised of a diverse range of investments including private equity, hedge funds, property, alternative credit and infrastructure linked investments. The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Categories of financial instruments

31 December 2021	Financial assets at	Financial assets at	Total
Financial assets	FVTPL	amortised cost	Total
	£	£	£
Investments at fair value through profit or loss	104,454,701	-	104,454,701
Derivative collateral paid in advance	-	1,720,000	1,720,000
Investment sales proceeds receivable	-	2,009,375	2,009,375
Other receivables (excluding prepayments)	-	70,968	70,968
Cash and cash equivalents	-	4,370,760	4,370,760
Total financial assets	104,454,701	8,171,103	112,625,804

31 December 2021	Financial liabilities	Financial liabilities	Total
Financial liabilities	FVTPL	at amortised cost	Total
	£	£	£
Redemptions payable	-	2,590,464	2,590,464
Derivatives at fair value through profit or loss	130,128	-	130,128
Other payables	-	75,559	75,559
Total financial liabilities	130,128	2,666,023	2,796,151

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

10. Financial Risk Management and Financial Instruments (continued)

31 December 2020	Financial assets at FVTPL	Financial assets at amortised cost	Total
Financial assets	£	£	£
Investments at fair value through profit or loss	109,115,909	-	109,115,909
Derivatives at fair value through profit or loss	1,177,133	-	1,177,133
Investment sales proceeds receivable	-	24,212	24,212
Other receivables (excluding prepayments)	-	46,307	46,307
Cash and cash equivalents	-	7,504,778	7,504,778
Total financial assets	110,293,042	7,575,297	117,868,339

31 December 2020	Financial liabilities FVTPL	Financial liabilities at amortised cost	Total
Financial liabilities	£	£	£
Redemptions payable	-	739,042	739,042
Derivative collateral received in advance	-	2,390,000	2,390,000
Share subscriptions received in advance	-	5,448,000	5,448,000
Other payables	-	65,590	65,590
Total financial liabilities	-	8,642,632	8,642,632

The carrying amounts of financial assets and liabilities not at FVTPL are considered to be a reasonable approximation of fair value.

Risk management

The Company uses different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below.

Market risk

Market risk is the risk of changes in market prices, such as equity prices, interest rates and foreign exchange rates, affecting the Company's income and/or the value of its holdings in financial instruments.

Price risk

Price risk represents the potential loss the Company may suffer through holding market positions in the face of price movements. The Company is exposed to securities price risk arising from investments held by the Company for which future prices are uncertain. The Investment Manager seeks to moderate this risk through careful selection of illiquid investments in the form of hedge funds and liquid investments in the form of equities.

All securities investments present a risk of loss of capital. As at 31 December 2021, the total exposure to market risk was £104,454,701 (31 December 2020: £109,115,909), which was 100% (31 December 2020: 100%) of the value of the Company's investments at fair value through profit or loss. The Investment Manager moderates this risk through a careful selection of fund investments within specified limits in line with the Company's stated investment policy as disclosed elsewhere within this note.

The Company invests in a portfolio consisting primarily of equities and hedge funds, which are held to obtain long term gains. Due to the inherent nature of investing in such funds, the Company does not seek to manage the risks that it is indirectly exposed to in the underlying hedge funds or investments, such as equity price risk, stock specific risk or the credit risk of the ultimate underlying debt instruments in which those funds invest and which, in aggregate, contribute to the net asset value of the Company, other than by the continual re-evaluation of whether and to what extent the Company should remain invested in each such fund.

The Company's overall market positions are monitored on a monthly basis by the Company's Investment Manager and are reviewed on a quarterly basis by the Board of Directors.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

10. Financial Risk Management and Financial Instruments (continued)

Market risk (continued)

Price risk (continued)

The maximum exposure to price risk is the carrying amount of investments at fair value through profit or loss.

The following details the Company's sensitivity to a 10% (31 December 2020: 15%) increase and decrease in the market prices of the equity securities and underlying hedge fund prices, with 10% (31 December 2020: 15%) being the sensitivity rate used when reporting equity price risk to the Directors and represents the Directors' assessment of a reasonably possible change in market prices given the market price volatility experienced on the Company's investment portfolio during the year. The sensitivity analysis decreased from 15% in 2020 to 10% in 2021 due to a 5%, on average, decrease in market price volatility experienced in 2021.

If the market prices at 31 December 2021 had increased/decreased by 10% (31 December 2020: 15%), with all other variables held constant, this would have increased/decreased net assets attributable to equity shareholders by approximately £10,445,470 (31 December 2020: £16,367,386).

Foreign currency risk

The Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the Company's financial assets or liabilities denominated in currencies other than Sterling.

Currency risk is monitored by the Investment Manager of the Company on a regular basis. Derivatives are used to manage exposure to foreign currency risk. In order to mitigate currency risk, the Company uses a leading currency management firm to manage the currency forwards. The management firm provides long standing experience in currency trades and, in addition, through the currency management firm, the Company is able to utilise various underlying providers of currency forwards in order to further mitigate any risk.

As part of these services, from time to time, margin calls will be made for which the Company will either be required to pay down collateral in advance or will receive collateral in advance to cover the position depending on the latest valuation of the currency forward. As at 31 December 2021, £1,720,000 (31 December 2020: £2,390,000 received in advance) of derivative collateral had been paid in advance by the Company.

As at 31 December 2021, the balance of derivatives at fair value through profit or loss was £130,128 liability (31 December 2020: £1,177,133 asset).

As at 31 December 2021, the total net foreign currency exposure was as follows:

	31 December 2021	31 December 2020
	£	£
USD exposure		
Financial assets at fair value through profit or loss	42,384,247	42,312,847
Derivatives at fair value through profit or loss	(44,610,288)	(43,023,799)
Other assets/(payables)	2,382,865	70,786
Net USD exposure	156,824	(640,166)

If the USD exchange rate increased/decreased by 10% (31 December 2020: 20%) relative to Sterling, with all other variables held constant, the increase/decrease in the net assets attributable to equity shareholders would have been £+/-15,682 (31 December 2020: £+/-128,033). A 10% sensitivity has been used as a reasonably possible change in the foreign exchange rate given the foreign currency volatility of USD against Sterling during the year.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

10. Financial Risk Management and Financial Instruments (continued)

Market risk (continued)

Foreign currency risk (continued)

During the year the following amounts of unrealised and realised foreign exchange gains/(losses) were recognised on the derivatives in the Statement of Comprehensive Income:

	31 December 2021	31 December 2020
	£	£
Realised gains on derivatives through profit or loss	742,436	1,559,297
Unrealised loss on derivatives through profit or loss	(1,307,261)	(692,936)
Net foreign exchange (loss)/gain on derivatives through profit or loss	(564,825)	866,361

Interest rate risk

Other than its cash and cash equivalents, the Company's financial assets and liabilities are non-interest bearing. As a result, the Company is not directly subject to significant risk on these due to fluctuations in the prevailing levels of market interest rates. Any excess of cash or cash equivalents is invested at short-term interest rates.

The Company's cash and cash equivalents expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The tables below summarise the Company's direct exposure to interest rate risks:

31 December 2021	Floating rate £	Non-interest bearing £	Total £
Financial assets			
Investments at fair value through profit or loss	-	104,454,701	104,454,701
Derivatives collateral paid in advance	-	1,720,000	1,720,000
Investment sales proceeds receivable	-	2,009,375	2,009,375
Other receivables (excluding prepayments)	-	70,968	70,968
Cash and cash equivalents	4,370,760	-	4,370,760
Total financial assets	4,370,760	108,255,044	112,625,804
Financial liabilities			
Redemptions payable	-	2,590,464	2,590,464
Derivatives at fair value through profit or loss	-	130,128	130,128
Other payables	-	75,559	75,559
Total financial liabilities	-	2,796,151	2,796,151
Total interest sensitivity gap	4,370,760	105,458,893	109,829,653

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

10. Financial Risk Management and Financial Instruments (continued)

Market risk (continued)

Interest rate risk (continued)

31 December 2020	Floating rate £	Non-interest bearing £	Total £
Financial assets			
Investments at fair value through profit or loss	-	109,115,909	109,115,909
Derivatives at fair value through profit or loss	-	1,177,133	1,177,133
Investment sales proceeds receivable	-	24,212	24,212
Other receivables (excluding prepayments)	-	46,307	46,307
Cash and cash equivalents	7,504,778	-	7,504,778
Total financial assets	7,504,778	110,363,561	117,868,339
Financial liabilities			
Redemptions payable		(739,042)	(739,042)
Derivative collateral received in advance	-	(2,390,000)	(2,390,000)
Share subscription received in advance	-	(5,448,000)	(5,448,000)
Other payables	-	(65,590)	(65,590)
Total financial liabilities	-	(8,642,632)	(8,642,632)
Total interest sensitivity gap	7,504,778	101,720,929	109,225,707

At 31 December 2021, the Company's cash and cash equivalents were held in bank accounts with interest rates at 0%. As a result, the Company did not have any exposure to a negative interest rate movement on its cash and cash equivalents. The following details the Company's sensitivity to a 0.5% increase (31 December 2020: 0.5% increase/decrease) in interest rates on interest bearing assets, with a 0.5% increase being the Investment Manager's assessment of a reasonably possible change in interest rates during the year.

At 31 December 2021, should interest rates have increased by 0.5% (31 December 2020: 0.5% lower/higher) with all other variables remaining constant, the increase in net assets attributable to equity shareholders for the year would amount to approximately £21,854 (31 December 2020: increase/decrease of £37,524).

The Investment Manager monitors the Company's overall interest sensitivity on a regular basis by reference to prevailing interest rates and the level of the Company's cash balances and any debt.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The investments of the Company are determined by the Investment Manager in accordance with the criteria set out in the Company's scheme particulars. Impairment provisions are provided for losses that have been incurred by the reporting date, if any.

At 31 December 2021, the Company's maximum exposure to credit risk on cash and cash equivalents, investment sales proceeds receivable, derivatives at fair value through profit and loss and trade and other receivables amounted to £8,171,103 (31 December 2020: £8,752,430).

All investments are made through funds, fund-of-funds and liquid investments. Any underlying credit risk exposures in those funds' investments are reflected within the fair value of those funds or fund-of-funds investments held by the Company. See equity price risk disclosures within these Financial Statements for further details on the Company's exposure to equity price risk.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

10. Financial Risk Management and Financial Instruments (continued)

Credit risk (continued)

The credit risk of the Company's cash and cash equivalents is mitigated as all cash is placed with reputable banking institutions with a sound credit rating. RBSI has a Standard & Poor's rating of A (31 December 2020: A-). Butterfield Bank has a Standard & Poor's rating of BBB+ (31 December 2020: BBB+). Currency forward collateral may be held with these institutions if required.

The Company is also exposed to credit risk in relation to investment sales proceeds receivable. In some cases, investments may have long redemption periods and in such cases, the redemption date for any investment sale proceeds is monitored to ensure receipt of sale proceeds when due. To further mitigate this risk, the Company seeks to achieve a level of diversification in relation to its underlying investment portfolio.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. The Company is closed-ended and Shares are redeemable at the Directors' discretion. Therefore, the Company is not exposed to the risk of Shareholder redemptions. In order to mitigate liquidity risk, borrowings may not exceed 20% of the last announced net asset value at the time of drawdown of any such borrowings. The Company's main assets are investments in hedge funds which are traded in an environment where deal timescales can take place over months. As a result, the Company may not be able to liquidate quickly some of its investments at an amount close to its fair value in order to meet liquidity requirements. Cash flows are forecast by the Investment Manager in order to ensure timely deployment of capital following subscriptions. The Investment Manager also maintains a schedule of redemptions to ensure that sufficient cash is held in order to meet redemption payments as they fall due.

The financial liabilities in the tables below are the contractual undiscounted cash flows. The investments have been included on the earliest possible redemption dates available as per the investment documentation. The financial assets have been included for added information.

31 December 2021	Less than 1 month £	1 – 3 months £	3 – 12 months £	1 – 2 years £	Total £
Financial assets					
Investments at fair value through profit or loss	33,613,584	25,848,919	41,304,453	3,687,745	104,454,701
Derivative collateral paid in advance	-	-	1,720,000	-	1,720,000
Investment sales proceeds receivable	2,009,375	-	-	-	2,009,375
Other receivables (excluding prepayments)	-	70,968	-	-	70,968
Cash and cash equivalents	4,370,760	-	-	-	4,370,760
Total financial assets	39,993,719	25,919,887	43,024,453	3,687,745	112,625,804
Financial liabilities					
Redemptions payable	-	2,590,464	-	-	2,590,464
Derivatives at fair value through profit and loss	-	412,410	(282,282)	-	130,128
Other payables	47,861	27,698	-	-	75,559
Total financial liabilities	47,861	3,030,572	(282,282)	-	2,796,151
Liquidity gap	39,945,858	22,889,315	43,306,735	3,687,745	109,829,653

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

10. Financial Risk Management and Financial Instruments (continued)

Liquidity risk (continued)

31 December 2020	Less than 1 month £	1-3 months £	3 - 12 months £	1 – 2 years £	Total £
Financial assets					
Investments at fair value through profit or loss	31,628,414	35,306,810	37,642,247	4,538,438	109,115,909
Investment sale proceeds receivable	-	-	1,177,133	-	1,177,133
Derivatives at fair value through profit or loss	24,212	-	-	-	24,212
Other receivables	-	46,307	-	-	46,307
Cash and cash equivalents	7,504,778	-	-	-	7,504,778
Total financial assets	39,157,404	35,353,117	38,819,380	4,538,438	117,868,339
Financial liabilities					
Redemptions payable	-	739,042	-	-	739,042
Derivative collateral received in advance	-	-	2,390,000	-	2,390,000
Share application funds received in advance	5,448,000	-	-	-	5,448,000
Other payables	38,440	27,150	-	-	65,590
Total financial liabilities	5,486,440	766,192	2,390,000	-	8,642,632
Liquidity gap	33,670,964	34,586,925	36,429,380	4,538,438	109,225,707

Capital Risk Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns to Shareholders and to maintain a strong capital base to support the development of the investment activities of the Company. The Company's legal documents do not provide Shareholders with any entitlement to require the Company to redeem their Shares for cash or otherwise. The Directors do, however, retain the discretion to allow redemptions by Shareholders of their Shares and, in normal market circumstances and subject to available liquidity in the Company's portfolio, the Directors intend to exercise their discretion to allow redemptions on the following periodic basis: Redemptions days will be fixed quarterly dates, being the first Business Day of each of January, April, July and October, and Shareholders will be required to give at least 90 calendar days' prior written notice to the Administrator in respect of a Redemption Day.

11. Share Capital

Authorised share capital

The Company's authorised Share capital consists of an unlimited number of ordinary Shares of no par value and 1 management Share of no par value.

The Company will initially issue Sterling denominated Shares, designated as either Class A Shares, Class C Shares or Class D Shares.

Class A Shares are only available for issue to the Investment Manager and certain accounts, funds or other vehicles controlled or managed by the Investment Manager, and such other persons as the Directors may determine in their absolute discretion.

As per note 5, there are no management fees accrued on Class A Shares. However, there are annual management fees accrued of 0.75% of Class C Shares and 0.5% of Class D Shares respectively. Annual management fees of 1% of the net asset value of Class B Shares were accrued up until 4 January 2021 when the shares were fully redeemed. The Company has no performance fee agreements in place with the Investment Manager.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

11. Share Capital (continued)

Authorised share capital (continued)

In the event of the winding up of the Company, all Share classes are equally eligible to receive dividends and the repayment of capital remaining after the payment of creditors. Each Share represents one vote at the Shareholders' meeting.

Issued Share capital

As at 31 December 2021, the Company has issued Class A Shares, Class C Shares, Class D Shares and 1 management share.

Issued and fully paid Shares	Class A Number of Shares	Class B Number of Shares	Class C Number of Shares	Class D Number of Shares	Total Number of Shares
Opening balance at 1 January 2021	94,602,329	243,466	5,983,207	250,000	101,079,002
Shares issued	7,093,054	-	935,683	-	8,028,737
Shares redeemed	(12,475,307)	(243,466)	-	-	(12,718,773)
Closing balance at 31 December 2021	89,220,076	-	6,918,890	250,000	96,388,966

Issued and fully paid Shares	Class A Share Premium £	Class B Share Premium £	Class C Share Premium £	Class D Share Premium £	Total Share Premium £
Opening balance at 1 January 2021	95,653,673	250,000	6,100,000	250,000	102,253,673
Shares issued	7,948,000	-	1,000,000	-	8,948,000
Shares redeemed	(14,074,569)	(262,011)	-	-	(14,336,580)
Transfer to retained earnings on closure of Class shares	-	12,011	-	-	12,011
At 31 December 2021	89,527,104	-	7,100,000	250,000	96,877,104

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

11. Share Capital (continued)

Issued Share capital (continued)

Issued and fully paid Shares	Class A Number of Shares	Class B Number of Shares	Class C Number of Shares	Class D Number of Shares	Total Number of Shares
Opening balance at 1 January 2020	90,071,533	243,466	100,000	250,000	90,664,999
Shares issued	7,364,442	-	5,883,207	-	13,247,649
Shares redeemed	(2,833,646)	-	-	-	(2,833,646)
Closing balance at 31 December 2020	94,602,329	243,466	5,983,207	250,000	101,079,002

Issued and fully paid Shares	Class A Share Premium £	Class B Share Premium £	Class C Share Premium £	Class D Share Premium £	Total Share Premium £
Opening balance at 1 January 2020	90,888,917	250,000	100,000	250,000	91,488,917
Shares issued	7,775,353	-	6,000,000	-	13,775,353
Shares redeemed	(3,010,597)	-	-	-	(3,010,597)
At 31 December 2020	95,653,673	250,000	6,100,000	250,000	102,253,673

The Share premium account comprises all amounts received from the subscription of Shares.

The Company has not taken, and does not propose to take, authority to purchase in the market any of its own issued Shares.

The retained earnings account is any surplus arising from total comprehensive income.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

12. Net Asset Value per Ordinary Share

The net asset value per Class A, Class B, Class C and Class D Shares is calculated based on the net assets attributable to Class A, Class B, Class C and Class D Shareholders on the number of Class A, Class B, Class C and Class D Shares in issue at 31 December 2021, as detailed below.

For the purposes of calculating the Company's TISE dealing price up until July 2021, the Company's formation expenses were being written off on a monthly basis over a five year period, commencing on the launch of the Company. However, in compliance with IFRS, set up expenses were fully expensed in the Statement of Comprehensive Income, as incurred.

The table below shows the NAV per Share, by Share Class at 31 December 2021, and reconciles the difference between the accounting NAV per Share Class per these financial statements to the NAV per Share Class released on TISE.

	Class A	Class B	Class C	Class D
NAV (£)	102,102,866	-	7,458,357	271,982
Number of shares	89,220,076	-	6,918,890	250,000
Accounting NAV per share	£1.144393	-	£1.077970	£1.087928
Add back:				
Non-amortised formation expenses per share	-	-	-	-
Dealing NAV per share	£1.144393	-	£1.077970	£1.087929

	31 December 2021	31 December 2020
<i>Financial Statements NAV:</i>		
Class A Shares	£102,102,866	£105,190,000
Class B Shares	-	£261,959
Class C Shares	£7,458,357	£6,313,880
Class D Shares	£271,982	£265,589
No. of Class A Shares in issue	89,220,076	94,602,329
No. of Class B Shares in issue	-	243,466
No. of Class C Shares in issue	6,918,890	5,983,207
No. of Class D Shares in issue	250,000	250,000
NAV per Class A Share	£1.14	£1.11
NAV per Class B Share	-	£1.08
NAV per Class C Share	£1.08	£1.06
NAV per Class D Share	£1.09	£1.06

13. Related Party Transactions

The Investment Manager and the Directors are regarded as related parties as shown in note 5. The only material related party transactions are described below:

The Company was launched primarily as a means for the Investment Manager's discretionary multi asset investment portfolios to access a wider range of alternative assets, through the Investment Manager purchasing A Shares on behalf of these portfolios. No management fee is incurred on A Shares. The Company is monitored by the Investment Manager's common director with the Company, Marc Wood, and the remaining Directors. In addition, investors may also invest in the Company on a standalone basis (i.e. outside of a discretionary multi-asset investment portfolio) via C and D Shares which incur a management fee (as described in note 5).

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

13. Related Party Transactions (continued)

During the year, the investment management fees earned by the Investment Manager, for each share class were as follows:

	Charge for the year £	Amounts Outstanding at 31 December 2021 £
Year ended 31 December 2021		
Class A	-	-
Class B	-	-
Class C	50,043	9,689
Class D	1,352	236
Total	51,395	9,925

	Charge for the year £	Amounts Outstanding at 31 December 2020 £
Year ended 31 December 2020		
Class A	-	-
Class B	2,536	222
Class C	12,337	4,014
Class D	1,282	113
Total	16,155	4,349

During the year, Directors' fees of £50,000 (31 December 2020: £50,000) were incurred and as at 31 December 2021, £nil was payable (31 December 2020: £nil).

14. Earnings Per Share

Basic earnings per Share ("EPS") is calculated by dividing the profit or loss for the year by the weighted average number of ordinary Shares outstanding during the year.

	Year ended 31 December 2021	Year ended 31 December 2020
Comprehensive income attributable to Class A Shares	£3,032,767	£5,531,044
Weighted average number of shares in issue – Class A	93,840,897	95,632,826
Earnings per share for Class A Shares – basic and diluted	£0.0323	£0.0578
Comprehensive income attributable to Class B Shares	-	£11,254
Weighted average number of shares in issue – Class B	-	243,466
Earnings per share for Class B Shares – basic and diluted	-	£0.0462
Comprehensive income attributable to Class C Shares	£150,863	£214,320
Weighted average number of shares in issue – Class C	6,216,486	1,562,764
Earnings per share for Class C Shares – basic and diluted	£0.0243	£0.1371
Comprehensive income attributable to Class D Shares	£6,728	£12,679
Weighted average number of shares in issue – Class D	250,000	250,000
Earnings per share for Class D Shares – basic and diluted	£0.0269	£0.0507

The Company's diluted EPS is the same as the basic EPS, since the Company has not issued any instruments with dilutive potential.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

15. Ultimate Controlling Party

The Directors consider that the Company has no ultimate controlling party as the Shares are held by a number of parties with none of them having a controlling interest.

16. Commitments and Contingencies

There are no commitments or contingencies to report at the reporting date (31 December 2020: None).

17. Subsequent Events

There were no other post year end events that require disclosure in these Financial Statements.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Portfolio Statement (unaudited)

As at 31 December 2021

Security	Nominal	Market Value GBP	% of Net Assets	Listed/ Unlisted
Funds – GBP				
Advance Trade Growth Offshore Fund Ltd	4,421	4,915,830	4.47%	Unlisted
Advance Trade Growth - Special Situation Investment	178	-	-%	Unlisted
Blue Diamond Non Directional Fund SP GBP	38,037	5,372,303	4.89%	Unlisted
Doric Nimrod Air Three Ord Prf NPV	2,095,000	758,390	0.69%	Listed
Fasanara SA SICAV-RAIF	4,971	5,700,616	5.19%	Unlisted
Hunting Hill & Index Arbitrage Offshore Fund SPC ETF Fund Series C1	4,086	4,262,833	3.88%	Unlisted
Hunting Hill & Index Arbitrage Offshore Fund SPC Series 3 Jan 21	900	744,807	0.68%	Unlisted
IAM True Partner Volatility UCITS Fund	6,234	5,304,098	4.83%	Unlisted
Lodbrok European Credit Opps Fund Ltd May 20	2,950	3,894,996	3.54%	Unlisted
Lodbrok European Credit Opps Fund Ltd Oct 20	480	632,276	0.58%	Unlisted
Man GLG Uk Absolute Value Fund Prof Acc	4,681,495	6,441,736	5.86%	Unlisted
Mint Tower Arbitrage Fund GBP G-Class	40,000	4,125,760	3.76%	Unlisted
Mint Tower Arbitrage Fund GBP G-Class Nov 21	17,000	1,710,824	1.56%	Unlisted
Riverstone Energy Ltd	438,310	2,024,992	1.84%	Listed
RV Capital Asia Opportunity UCITS Fund GBP Hedged	54,481	6,057,564	5.52%	Unlisted
Universa Black Swan Protection Protocol Offshore	631	491,036	0.45%	Unlisted
Victory Arcadia Class B GBP Series 1	3,897	9,632,393	8.77%	Unlisted
Total Funds – GBP		62,070,454	56.51%	
Funds – USD				
Alphaquest Original Ltd - Class E - Series 060115	3,918,597	2,786,634	2.54%	Unlisted
Alphaquest Original Ltd - Class E - Series 070120	854,331	629,408	0.57%	Unlisted
Alphaquest Original Ltd - Class E - Series 070121	468,000	342,175	0.31%	Unlisted
Ancile Cayman Fund	4,787,746	4,206,520	3.83%	Unlisted
TransAsia Asian Recovery SPV I SPV 2 - Series 054oct21	1,801,032	1,260,935	1.15%	Unlisted
TransAsia Asian Recovery SPV Ii SPV 3 - Series 054oct21	3,325,848	2,326,767	2.12%	Unlisted
Catco Reinsurance Opp Fund	521,186	706,927	0.64%	Listed
Catco Reinsurance Opp-New C	1,031,008	1,311,932	1.19%	Listed
Cosmos SICAV Plc - Commodity Arbitrage Fund - C	6,092,989	4,756,623	4.33%	Unlisted
TransAsia F1 Asian Direct Lending Spv 1 - 1a Series 054oct21	199,209	148,376	0.14%	Unlisted
TransAsia F1 Asian Direct Lending Spv 1 - 1b Series 054oct21	199,209	148,376	0.14%	Unlisted
TransAsia F1 Asian Direct Lending Spv 1 - 1c Series 054oct21	199,209	148,376	0.14%	Unlisted
TransAsia F1 Asian Direct Lending Spv 1 - 1d Series 054oct21	398,417	296,752	0.27%	Unlisted
TransAsia F2 Asian Direct Lending Spv 1 - 1a Series 054oct21	477,258	355,475	0.32%	Unlisted
TransAsia F2 Asian Direct Lending Spv 1 - 1b Series 054oct21	477,258	355,475	0.32%	Unlisted
TransAsia F2 Asian Direct Lending Spv 1 - 1c Series 054oct21	477,258	355,475	0.32%	Unlisted
TransAsia F2 Asian Direct Lending Spv 1 - 1d Series 054oct21	954,517	710,950	0.65%	Unlisted
Kimura Amc Side Pocket	863,131	572,559	0.52%	Unlisted
Kimura Kyen Side Pocket	553,340	390,046	0.36%	Unlisted
Kimura Rhodium Side Pocket	2,828,387	1,982,326	1.81%	Unlisted
Kimura Standard Accumulation Lead	1,428,235	1,385,041	1.26%	Unlisted
Leadenhall Val Ins Lnk - A USD	126,717	43,941	0.04%	Unlisted
Leadenhall Val Ins Lnk - A USD Side Pocket	77,966	52,858	0.05%	Unlisted
Lux Life Fund II FCP-RAIF - Class D1	5,182,102	3,867,046	3.52%	Unlisted
Polar Multi-Strategy Fund A2 Series 3 2022	2,187,927	1,619,370	1.47%	Unlisted
Polar Multi-Strategy Fund Series 4 2022 Class A2	4,160,000	3,052,165	2.78%	Unlisted
Ski Time Square Limited Class B Series 00 1june13	5,448,076	5,105,185	4.65%	Unlisted
Ski Time Square Limited Class B Series 12 9jul2021	1,250,000	970,185	0.88%	Unlisted
Tufton Oceanic Assets	2,866,304	2,493,105	2.27%	Listed
Twelve Capital SICAV-SIF IIs FS 2019-1-USD Rec	4,115	3,244	-%	Unlisted
Total Funds – USD		42,384,247	38.59%	
Total investments at fair value through profit or loss		104,454,701	95.10%	
Other net assets		5,378,504	4.90%	
Total Net Assets		109,833,205	100.00%	

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Remuneration Disclosure (unaudited)

For the year ended 31 December 2021

Management structure of the Handelsbanken Alternatives Fund Limited

The Handelsbanken Alternatives Fund Limited ("the Company") is deemed to be a self-managed Alternative Investment Fund ("AIF") and the Company is identified as its own Alternative Investment Fund Manager "AIFM" acting through the Board of Directors (the "Manager"). The Manager performs the risk management function and oversees the portfolio management of the Company, which the Manager has delegated to the Investment Manager.

The Investment Manager, Handelsbanken Asset Management Limited (a trading name of Handelsbanken Wealth & Asset Management), is responsible for the management of the Company's assets, subject to the ultimate supervision and control of the Manager. Handelsbanken Wealth & Asset Management is a subsidiary of Handelsbanken Plc.

The Manager has no direct employees. The Company pays an annual Directors fee to each of the Directors. One Director is also an employee of Handelsbanken Wealth & Asset Management and his Directors fee is waived. Handelsbanken Wealth & Asset Management receives an ad valorem fee for portfolio management of the Company.

Handelsbanken Wealth & Asset Management is also the appointed Investment Manager for other AIFs. Handelsbanken Wealth & Asset Management remunerates its employees for services they provide in relation to these AIFs and other factors. Remuneration paid in relation to the Company is not attributed to the Company itself.

Information on the Investment Managers' Remuneration Policy

Due to the management structure of the Company the Manager does not have a remuneration policy. The Investment Manager has implemented a remuneration policy (the "Remuneration Policy") which is compliant with the IFPRU remuneration requirements as prescribed in SYSC 19A of the FCA Handbook. The Remuneration Policy is designed to support Handelsbanken Wealth & Asset Management's business strategy, and the objectives, values and long-term interests of clients and the AIFs and other discretionary investment portfolios for which Handelsbanken Wealth & Asset Management is the appointed Investment Manager.

Handelsbanken Wealth & Asset Management compensates its employees at a level sufficient to attract and retain suitably qualified and experienced staff. All employees are remunerated with a basic salary and benefits and this is benchmarked against an industry peer group. Employees (excluding members of the Investment team) are not eligible for variable remuneration awards, with the exception of the Oktogonen profit sharing scheme, a Share Incentive Plan eligible to all employees, based on profitability metrics linked to Handelsbanken Plc's corporate goals. All participating employees are allocated an equal amount regardless of work duties or managerial status.

Members of the Investment team who are involved in conducting research and making investment decisions are eligible for a discretionary variable remuneration award which is linked to their investment research and their contribution to the investment performance of the AIFs and discretionary investment portfolios. Employee good corporate governance and compliance is also taken into consideration.

Variable remuneration awarded can be up to 100% of an employee's basic salary. At least 50% of variable remuneration awards are deferred for three to four years. The deferred variable remuneration award is vested after assessment against behavioural and performance metrics.

HANDELSBANKEN ALTERNATIVES FUND LIMITED

Remuneration Disclosure (unaudited) (continued)

For the year ended 31 December 2021

Company related remuneration disclosure

The information disclosed below reflects the aggregated total amount of remuneration paid by the Company to the Manager and the apportioned remuneration paid by the Investment Manager to its employees who are fully or partially involved in the activities of the Company. The disclosure relates to the 12 month period starting 1 January 2021 to the financial year ended 31 December 2021.

Description	Number of beneficiaries	Total remuneration
Total remuneration paid to the Manager and to Handelsbanken Wealth & Asset Management employees who are fully or partly involved in the activities of the Company (1)	38	£326,644.23
Awarded fixed remuneration	38	£264,665.99
Awarded variable remuneration	33	£61,978.24
Total remuneration paid to the Manager and to Handelsbanken Wealth & Asset Management employees who have a material impact on the risk profile of the Company	17	£305,228.53
Senior management beneficiaries	10	£79,061.51
Other 'identified staff' beneficiaries	7	£226,167.02

1: As Handelsbanken Wealth & Asset Management is the appointed Investment Manager for a number of AIFs, this figure represents an apportioned amount of the total remuneration of the beneficiaries, based on an estimated time spent by the beneficiaries working on the Company and other relevant factors.