

# **HANDELSBANKEN ALTERNATIVES FUND LIMITED**

**Interim Report and Unaudited Condensed Financial Statements  
For the six month period ended 30 June 2023**

# 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  
1 Royal Plaza  
Royal Avenue  
St Peter Port  
Guernsey, GY1 2HL

### 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  
1 Royal Plaza  
Royal Avenue  
St Peter Port  
Guernsey, GY1 2HL

### Custodian

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

### Listing Sponsor

Sanne Fund Services (Guernsey) Limited  
1 Royal Plaza  
Royal Avenue  
St Peter Port  
Guernsey, GY1 2HL

### 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

## Investment Manager's Report

For the six month period ended 30 June 2023

The Handelsbanken Alternatives Fund Limited (the "HAF" or the "Company") generated net returns of -0.42% for the six months ending 30 June 2023 (share class A). This incrementally negative performance was generated against a macroeconomic backdrop that remained highly uncertain, with inflationary concerns continuing to put pressure on fixed income markets, an unexpected banking crisis in March which resulted in the second and third largest bank failures in American history, and an equity rally driven to a large part by just a handful of stocks. Despite these economic and market challenges, equity market volatility has consistently remained at low levels through the first half of this year.

This lack of market volatility impacted the HAF portfolio in the first six months of the year, which suffered primarily as a result of negative performance from investments that were positioned to benefit from increased market volatility and stress. Our "Convexity" bucket, which is comprised of strategies that aim to generate strong positive performance during periods of market stress, suffered as equity market volatility collapsed over the six months to 30 June 2023, contributing negatively to overall portfolio performance. Similarly, one of our credit long/short managers who was running a large short book to hedge against their concerns about downside market risks had a very challenging first half as those short positions lost significant value. Despite this difficult period for these types of strategies, we continue to believe that they deserve a place in the portfolio to provide important performance cushion as and when markets do come under pressure.

Outside of these more defensively positioned strategies, the bulk of the HAF portfolio actually held up relatively well over H1 2023. Most of our arbitrage managers contributed positively to overall portfolio performance, taking advantage of trading opportunities in each of their respective market specialisms. It is worth noting that the best performing managers over the period were a niche volatility manager and a copper arbitrage manager, who were able to generate strong returns despite the general lack of broad-based volatility in markets. This speaks to our long-standing view that having exposure to experienced managers with a focus on uncorrelated, niche return streams is value additive for a mandate like the HAF's.

In terms of portfolio activity, we have been busy with a number of portfolio actions. Firstly, we have added two new positions into the portfolio, namely an insurance bond fund and a short-term UK inflation-linked bond. The insurance bond strategy, which invests in bonds linked to the natural catastrophe market, presents a particularly compelling opportunity at the moment due to significant yield increases in the space, offering an attractive entry point into an uncorrelated market. The UK linker trade had a similar thesis – the significant sell-off in UK government bonds presented an attractive entry point for new investors, and by purchasing a short duration bond we have been able to lock in an attractive, positive real yield on a government bond which matures in less than a year. Secondly, we have been focused on reorienting the portfolio in favour of high conviction positions and exiting those strategies that don't present as attractive a tactical opportunity. Going forward, investors should expect to see a more concentrated portfolio, which we believe will help meaningfully in achieving the HAF's risk/return mandate.

### Investment Manager

Handelsbanken Wealth & Asset Management

12 September 2023

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Statement of Comprehensive Income

For the six month period ended 30 June 2023

	Notes	For the period 1 January 2023 to 30 June 2023 (unaudited) £	For the period 1 January 2022 to 30 June 2022 (unaudited) £
Net (losses)/gains on investments at fair value through profit or loss	7	(1,767,496)	5,611,076
Net foreign exchange gains/(losses) on derivatives through profit or loss		1,518,896	(4,475,984)
Net foreign exchange gains		4,185	154,048
		<u>(244,415)</u>	<u>1,289,140</u>
<b>Other Income</b>			
Management fee rebates		12,300	11,576
Bank interest income		46,590	6,629
		<u>58,890</u>	<u>18,205</u>
<b>Expenses</b>			
Bank interest paid		-	(132)
Collateral interest paid		(20,555)	-
Management fees	5 & 13	(22,282)	(28,682)
Administration fees	5	(49,310)	(47,745)
Directors' fees	5 & 13	(25,000)	(25,000)
Custodian fees	5	(2,493)	(2,579)
Secretarial fees	5	(22,078)	(20,848)
Audit fees		(18,921)	(11,405)
Investment services management fee	5	(22,200)	(22,078)
Investment services administration fee	5	(10,000)	(10,000)
Other expenses	6	(29,980)	(19,800)
<b>Total operational expenses</b>		<u>(222,819)</u>	<u>(188,269)</u>
<b>(Loss)/profit before taxation</b>		<b>(408,344)</b>	<b>1,119,076</b>
Withholding taxes	4	-	-
<b>(Loss)/profit for the financial period and total comprehensive (loss)/income for the period</b>		<u><b>(408,344)</b></u>	<u><b>1,119,076</b></u>
(Loss)/earnings per Class A Share (basic and diluted)	14	<b>(£0.0049)</b>	<b>£0.0128</b>
(Loss)/earnings per Class C Share (basic and diluted)	14	<b>(£0.0088)</b>	<b>£0.0088</b>
(Loss)/earnings per Class D Share (basic and diluted)	14	<b>(£0.0075)</b>	<b>£0.0101</b>
Total (loss)/earnings per share		<b>(£0.0051)</b>	<b>£0.0125</b>

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

The accompanying notes on pages 9 to 19 form an integral part of these Financial Statements.

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Statement of Changes in Equity

For the six month period ended 30 June 2023

	Notes	Share Capital (unaudited) £	Share Premium (unaudited) £	Retained Earnings (unaudited) £	Total Equity (unaudited) £
<b>For the six month period ended 30 June 2023</b>					
Balance as at 1 January 2023		-	79,113,509	12,534,819	91,648,328
<b>Transactions with Shareholders:</b>					
Shares redeemed	10	-	(3,140,126)	-	(3,140,126)
Total transactions with Shareholders		-	(3,140,126)	-	(3,140,126)
Total comprehensive loss for the period		-	-	(408,344)	(408,344)
<b>Balance as at 30 June 2023</b>		<b>-</b>	<b>75,973,383</b>	<b>12,126,475</b>	<b>88,099,858</b>

	Notes	Share Capital (unaudited) £	Share Premium (unaudited) £	Retained Earnings (unaudited) £	Total Equity (unaudited) £
<b>For the six month period ended 30 June 2022</b>					
Balance as at 1 January 2022		-	96,877,104	12,956,101	109,833,205
<b>Transactions with Shareholders:</b>					
Shares redeemed	10	-	(10,859,993)	-	(10,859,993)
Total transactions with Shareholders		-	(10,859,993)	-	(10,859,993)
Total comprehensive income for the period		-	-	1,119,876	1,119,876
<b>Balance as at 30 June 2022</b>		<b>-</b>	<b>86,017,111</b>	<b>14,075,177</b>	<b>100,092,288</b>

The accompanying notes on pages 9 to 19 form an integral part of these Financial Statements.

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023 (unaudited) £	31 December 2022 (audited) £
<b>Assets</b>			
Investments as at fair value through profit or loss	7	86,900,926	88,879,665
Derivatives at fair value through profit or loss		1,191,595	792,937
Derivative collateral paid in advance		-	550,000
Investment sale proceeds receivable		112,149	1,084,935
Other receivables and prepayments		112,676	109,610
Cash and cash equivalents		4,694,129	7,233,929
<b>Total current assets</b>		<b>93,011,475</b>	<b>98,651,076</b>
<b>Liabilities</b>			
Redemptions payable		3,133,130	6,893,676
Derivative collateral received in advance		1,680,000	-
Other payables	9	98,487	109,072
<b>Total liabilities</b>		<b>4,911,617</b>	<b>7,002,748</b>
<b>Net assets</b>		<b>88,099,858</b>	<b>91,648,328</b>
<b>Equity</b>			
Share capital	11	-	-
Share premium	11	75,973,382	79,113,509
Retained earnings		12,126,476	12,534,819
<b>Total equity</b>		<b>88,099,858</b>	<b>91,648,328</b>
Number of Class A Shares in issue	10	73,740,559	73,764,740
Net Asset Value per Class A Share	11	£1.13	£1.14
Number of Class C Shares in issue	10	3,977,286	6,918,890
Net Asset Value per Class C Share	11	£1.06	£1.06
Number of Class D Shares in issue	10	250,000	250,000
Net Asset Value per Class D Share	11	£1.07	£1.08

The Financial Statements on pages 5 to 19 were approved by the Board of Directors and authorised for issue on 12 September 2023 and signed on its behalf by:-

Peter Griffin  
Director

The accompanying notes on pages 9 to 19 form an integral part of these Financial Statements.

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Statement of Cash Flows

For the six month period ended 30 June 2023

	Notes	For the period 1 January 2023 to 30 June 2023 (unaudited) £	For the period 1 January 2022 to 30 June 2022 (unaudited) £
<b>Cash inflows/(outflows) from operating activities</b>			
Operating (loss)/profit for the period		(408,344)	1,119,076
Adjustment for:			
Increase in other receivables and prepayments		(3,066)	(22,012)
Foreign exchange (gain)/loss on derivatives at fair value through profit or loss		(398,658)	2,643,107
Net decrease/(increase) in derivative collateral received in advance		1,680,000	(2,150,000)
Net decrease in derivative collateral paid in advance		550,000	-
(Decrease)/increase in other payables		(10,585)	869
Purchase of financial instruments		(14,446,031)	(3,297,058)
Proceeds from sale of financial instruments		15,509,108	17,556,868
Net losses/(gains) on financial instruments at fair value through profit or loss	7	1,888,448	(5,440,578)
<b>Net cash inflows from operating activities</b>		<b>4,360,872</b>	<b>10,410,272</b>
<b>Cash outflows from financing activities</b>			
Payments on redemption of Shares		(6,900,672)	(5,344,623)
<b>Net cash outflows from financing activities</b>		<b>(6,900,672)</b>	<b>(5,344,623)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,539,800)</b>	<b>5,065,649</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>7,233,929</b>	<b>4,370,760</b>
<b>Cash and cash equivalents at end of period</b>		<b>4,694,129</b>	<b>9,436,409</b>
<b>Net cash from operating activities include:</b>			
Interest received on cash balances		46,590	6,629
Interest paid on cash balances		-	132

The accompanying notes on pages 9 to 19 form an integral part of these Financial Statements.



# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Notes to the Financial Statements

For the six month period ended 30 June 2023

### 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 C Shares were listed on 2 July 2018 and Class D Shares were listed on 3 April 2018. Class B Shares were listed on 2 January 2018 and following redemption of all Class B Shares on 4 January 2021 they were cancelled from the Official List of TISE with effect from 26 March 2021.

On 4 August 2023, TISE approved an extension of the Extended Offer Facility for the period from 21 July 2023 to 21 July 2024 in respect of Class A Shares and for the period from 2 July 2023 to 2 July 2024 in respect of Class C Shares. On 21 March 2023, TISE approved an extension of the Extended Offer Facility in respect of Class D Shares for the period from 14 April 2023 to 13 April 2024.

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

#### Statement of compliance and basis of preparation

These Unaudited Financial Statements (“Financial Statements”) have been prepared in accordance with International Accounting Standard (IAS) 34 ‘Interim Financial Reporting’ and with applicable legal and regulatory requirements. They do not include all the information and disclosures required in Annual Financial Statements and should be read in conjunction with the Company’s last Annual Audited Financial Statements for the year ended 31 December 2022.

There have been no changes to the significant accounting judgements, estimates and assumptions from those applied in the Company’s Audited Annual Financial Statements for the year ended 31 December 2022, which were prepared in accordance with International Financial Reporting Standards (“IFRS”). Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements.

#### Going concern

The Company’s Directors have made an assessment of the Company’s financial position as at 30 June 2023 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.

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Notes to the Financial Statements (continued)

For the six month period ended 30 June 2023

### 2. Significant Accounting Policies (continued)

#### Going concern (continued)

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 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.

### 3. 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.

### 4. 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 2022: £1,200) for each year in which the exemption is claimed.

The taxation charge of £Nil (30 June 2022: £Nil) included in the Statement of Comprehensive Income represents irrecoverable withholding taxes incurred on investment income received in the period.

### 5. Material Agreements

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 (the "Administrator" and "Secretary") 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 cent per annum of the net asset value of the Company subject to a minimum of £63,805 plus disbursements;
- a Risk Management Reporting fee at a rate of £15,908 (30 June 2022: £27,598) per annum, and;
- a secretarial fee of £22,078 (30 June 2022: £44,157) per annum for provision of company secretarial services

The above fees were increased by inflation with effect from 1 May 2023.

During the period, an amount of £49,310 (30 June 2022: £47,745) was payable in administration fees to Sanne Fund Services (Guernsey) Limited. Included in this amount was £4,600 in respect of the Risk Management Reporting fee.

During the period, the Administrator was also due a fee of £10,834 in secretarial fees.

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Notes to the Financial Statements (continued)

For the six month period ended 30 June 2023

### 5. Material Agreements (continued)

#### Management fees

The Investment Manager was paid a monthly management fee by the Company of (i) 1/12 of 0.75% in respect of Class C Shares; and (ii) 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.

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.

#### 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 period, management fees of £22,200 (30 June 2022: £22,078) and administration fees of £10,000 (30 June 2022: £10,000) 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. Marc Wood, who is an employee of the Investment Manager, has waived his entitlement to an annual fee of £25,000.

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Notes to the Financial Statements (continued)

For the six month period ended 30 June 2023

### 5. Material Agreements (continued)

	Charge for the period 1 January 2023 to 30 June 2023 (unaudited) £	Amounts outstanding at 30 June 2023 (unaudited) £
Directors' fees	25,000	-
Management fees	22,282	5,674
Administration, Secretarial and Risk Management fees	71,388	34,825
Custodian fees	2,493	2,140
Investment services management fee	22,200	13,672
Investment services administration fee	10,000	4,918
	<b>153,363</b>	<b>61,229</b>

	Charge for the period 1 January 2022 to 30 June 2022 (unaudited) £	Amounts outstanding at 31 December 2022 (unaudited) £
Directors' fees	25,000	-
Management fees	28,682	19,261
Administration, Secretarial and Risk Management fees	68,593	37,125
Custodian fees	2,579	1,247
Investment services management fee	22,078	12,016
Investment services administration fee	10,000	4,945
	<b>156,932</b>	<b>74,594</b>

### 6. Other Expenses

	For the period 1 January 2023 to 30 June 2023 (unaudited) £	For the period 1 January 2022 to 30 June 2022 (unaudited) £
Listing agent fee	6,298	7,868
Annual and regulatory fees	22,619	9,906
Commission & other charges	254	1,240
Other expenses	809	786
	<b>29,980</b>	<b>19,800</b>

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Notes to the Financial Statements (continued)

For the six month period ended 30 June 2023

### 7. Investments at Fair Value Through Profit or Loss

	30 June 2023 (unaudited) £	31 December 2022 (audited) £
<b>Opening fair value as at beginning of period/year</b>	<b>88,879,665</b>	<b>104,454,701</b>
Purchases at cost	14,446,031	23,734,853
Sales proceeds	(14,536,322)	(44,057,757)
Net (losses)/gains on financial instruments at fair value through profit or loss	(1,888,448)	4,747,868
<b>Closing fair value at end of period/year</b>	<b>86,900,926</b>	<b>88,879,665</b>
<b>Represented by</b>		
Closing book cost	81,065,348	80,956,055
Closing revaluation of investments	5,835,578	7,923,610
	<b>86,900,926</b>	<b>88,879,665</b>
Realised gains on sales	199,584	3,787,808
Movement in unrealised (losses)/gains on investments	(2,088,032)	960,060
	<b>(1,888,448)</b>	<b>4,747,868</b>
Investment income	120,952	186,782
<b>Net (losses)/gains on investments at fair value through profit or loss</b>	<b>(1,767,496)</b>	<b>4,934,650</b>

As at 30 June 2022, £112,149 investment sales proceeds were receivable (31 December 2022: £1,084,935) and £nil investment costs were payable (31 December 2022: £nil) and £nil (31 December 2022: £nil) investment purchases were paid in advance.

### 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 30 June 2023 and 31 December 2022:

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Notes to the Financial Statements (continued)

For the six month period ended 30 June 2023

### 8. Fair Value of Financial Instruments (continued)

30 June 2023	Level 1	Level 2	Level 3	Total
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	£	£	£	£
<b>Investments at fair value</b>				
Listed funds	5,349,855	245,334		5,595,189
Unlisted funds		81,305,737		81,305,737
<b>Derivative financial instruments</b>				
Forward foreign exchange contracts	-	1,191,595	-	1,191,595
	<b>5,349,855</b>	<b>82,742,666</b>	<b>-</b>	<b>88,092,521</b>
<b>31 December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Investments at fair value</b>				
Listed funds	2,010,313	11,807,430	-	13,817,743
Unlisted funds	-	75,061,922	-	75,061,922
<b>Derivative financial instruments</b>				
Forward foreign exchange contracts	-	792,937	-	792,937
	<b>2,010,313</b>	<b>87,662,289</b>	<b>-</b>	<b>89,672,602</b>

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 that trade in non-active markets 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 period (31 December 2022: Transfers between levels 1 and 2 totalled £29,287).

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Notes to the Financial Statements (continued)

For the six month period ended 30 June 2023

### 9. Other Payables

	30 June 2023 (unaudited)	31 December 2022 (audited)
	£	£
Management fee (Note 5)	5,674	19,261
Administration fees, Secretarial and Risk Management fees (Note 5)	34,825	37,125
Custodian fees (Note 5)	2,140	1,247
Audit fee	25,844	27,923
Reporting fund status fees	6,420	4,279
Other payables	23,584	19,237
<b>Total</b>	<b>98,487</b>	<b>109,072</b>

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

### 10. 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 per cent of Class C Shares and 0.5 per cent of Class D Shares respectively. No performance fees are due.

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.

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Notes to the Financial Statements (continued)

For the six month period ended 30 June 2023

### 10. Share Capital (continued)

#### Issued Share capital

As at 30 June 2023, 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 C Number of Shares £	Class D Number of Shares £	Total Number of Shares £
Opening balance at 1 January 2023	73,764,740	6,918,890	250,000	80,933,630
Shares redeemed	(24,181)	(2,941,604)	-	(2,965,785)
<b>At 30 June 2023</b>	<b>73,740,559</b>	<b>3,977,286</b>	<b>250,000</b>	<b>77,967,845</b>

Issued and fully paid Shares	Class A Share Premium £	Class C Share Premium £	Class D Share Premium £	Total Share Premium £
Opening balance at 1 January 2023	71,763,509	7,100,000	250,000	79,113,509
Shares redeemed	(27,481)	(3,112,646)	-	(3,140,127)
<b>At 30 June 2023</b>	<b>71,736,028</b>	<b>3,987,354</b>	<b>250,000</b>	<b>75,973,382</b>



# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Notes to the Financial Statements (continued)

For the six month period ended 30 June 2023

### 10. Share Capital (continued)

#### Issued Share capital (continued)

As at 31 December 2022, the Company had 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 C Number of Shares	Class D Number of Shares	Total Number of Shares
Opening balance at 1 January 2022	89,220,076	6,918,890	250,000	96,388,966
Shares redeemed	(15,455,336)	-	-	(15,455,336)
<b>Closing balance at 31 December 2022</b>	<b>73,764,740</b>	<b>6,918,890</b>	<b>250,000</b>	<b>80,933,630</b>

Issued and fully paid Shares	Class A Share Premium £	Class C Share Premium £	Class D Share Premium £	Total Share Premium £
Opening balance at 1 January 2022	89,527,104	7,100,000	250,000	96,877,104
Shares redeemed	(17,763,595)	-	-	(17,763,595)
<b>At 31 December 2022</b>	<b>71,763,509</b>	<b>7,100,000</b>	<b>250,000</b>	<b>79,113,509</b>

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/(deficit) arising from total comprehensive income.

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Notes to the Financial Statements (continued)

For the six month period ended 30 June 2023

### 11. Net Asset Value per Ordinary Share

The net asset value per Class A, Class C and Class D Shares is calculated based on the net assets attributable to Class A, Class C and Class D Shareholders on the number of Class A, Class C and Class D Shares in issue at 30 June 2023, as detailed below.

	30 June 2023	31 December 2022
<i>Financial Statements NAV:</i>		
Class A Shares	£83,630,829	£84,011,678
Class C Shares	£4,201,497	£7,367,317
Class D Shares	£267,532	£269,333
No. of Class A Shares in issue	73,740,559	73,764,740
No. of Class C Shares in issue	3,977,286	6,918,890
No. of Class D Shares in issue	250,000	250,000
NAV per Class A Share	£1.13	£1.14
NAV per Class C Share	£1.06	£1.06
NAV per Class D Share	£1.07	£1.08

### 12. 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 Head of Fund Governance & Oversight with the Company, Marc Wood, and the remaining Directors. In addition, during the period 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).

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

	Charge for the period £	Amounts Outstanding at 30 June 2023 £
<b>Period from 1 January 2023 to 30 June 2023</b>		
Class A	-	-
Class C	21,613	5,443
Class D	669	231
<b>Total</b>	<b>22,282</b>	<b>5,674</b>

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Notes to the Financial Statements (continued)

For the six month period ended 30 June 2023

### 12. Related Party Transactions (continued)

Period from 1 January 2022 to 30 June 2022	Charge for the period £	Amounts Outstanding at 30 June 2022 £
Class A	-	-
Class C	28,001	9,595
Class D	681	234
<b>Total</b>	<b>28,682</b>	<b>9,829</b>

During the period, Directors' fees of £25,000 (30 June 2022: £25,000) were incurred and as at 30 June 2023, £nil was payable (31 December 2022: £nil).

### 13. 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.

	For the period 1 January 2023 to 30 June 2023	For the period 1 January 2022 to 30 June 2022
(Loss)/profit attributable to Class A Shares	(£358,189)	£1,055,716
Weighted average number of shares in issue – Class A	73,746,874	82,226,482
(Loss)/earnings per share for Class A Shares – basic and diluted	(£0.00049)	£0.0128
(Loss)/profit attributable to Class C Shares	(£48,272)	£60,831
Weighted average number of shares in issue – Class C	5,488,718	6,918,890
(Loss)/earnings per share for Class C Shares – basic and diluted	(£0.0088)	£0.0088
(Loss)/profit attributable to Class D Shares	(£1,883)	£2,529
Weighted average number of shares in issue – Class D	250,000	250,000
(Loss)/earnings per share for Class D Shares – basic and diluted	(£0.0075)	£0.0101

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

### 14. 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.

### 15. Commitments and Contingencies

There are no commitments or contingencies to report at the reporting date (31 December 2022: None).

### 16. Subsequent Events

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

# HANDELSBANKEN ALTERNATIVES FUND LIMITED

## Portfolio Statement (unaudited)

As at 30 June 2023

Security	Nominal	Market Value £	% of Net Assets	Listed/ Unlisted
<b>Funds – GBP</b>				
Advance Trade Growth Offshore Fund Ltd	3,556	4,276,584	4.85%	Unlisted
Blue Diamond Non Directional Fund SP GBP	32,868	5,438,307	6.17%	Unlisted
Fasanara SA SICAV-RAIF	3,043	3,799,318	4.31%	Unlisted
Fidelity Institutional Liquidity Fund Plc Sterling	49	1,064,676	1.21%	Unlisted
Goldman Sachs Sterling LR Fund Inst Acc	202	3,014,357	3.42%	Unlisted
Lazard Rathmore Alternative Fund	26,560	3,324,036	3.77%	Unlisted
Lodbrok European Credit Opportunities Fund Ltd May 18	3,300	4,292,125	4.87%	Unlisted
Man GLG UK Absolute Value Fund Prof Acc	2,361,490	3,334,424	3.79%	Unlisted
Mint Tower Arbitrage Fund GBP G-Class	47,604	4,759,425	5.40%	Unlisted
Mint Tower Arbitrage Fund GBP G-Class - May 22	8,000	766,275	0.87%	Unlisted
RV Capital Asia Opportunity UCITS Fund GBP Hedged	44,249	5,080,325	5.78%	Unlisted
Twelve Capital UCITS ICAV – Twelve Cat Bond Fund I	52,181	5,101,753	5.79%	Unlisted
UK Treasury 0.125% 2024 Index Linked Gilt	1,992,346	3,003,864	3.41%	Listed
Universa Black Swan Protection Protocol Offshore	631	8,509	0.01%	Unlisted
Victory Arcadia Class B GBP Series 1	2,871	7,408,826	8.41%	Unlisted
		<b>54,672,804</b>	<b>62.06%</b>	
<b>Funds – USD</b>				
Alphaquest Original Ltd - Class E - Series 060115	3,774	3,548,383	4.03%	Unlisted
Ancile Cayman Fund	17,147	4,117,534	4.67%	Unlisted
Ancile Cayman Fund Class UDIB	3,107	729,666	0.83%	Unlisted
Arion Copper Arbitrage Strategy SP 0722	41,689	3,693,144	4.19%	Unlisted
Asian Recovery SPV I SPV 2 - Series 054Oct21	18,010	1,012,832	1.15%	Unlisted
Asian Recovery SPV II SPV 3 - Series 054Oct21	33,258	1,982,798	2.25%	Unlisted
Catco Reinsurance Opportunities Fund Ltd	2,519	25,753	0.03%	Listed
Catco Reinsurance Opportunities Fund -New C	3,035	219,582	0.25%	Listed
F1 Asian Direct Lending SPV 1 - 1B Series 054Oct21	1,271	101,404	0.11%	Unlisted
F1 Asian Direct Lending SPV 1 - 1C Series 054Oct21	1,992	158,931	0.18%	Unlisted
F1 Asian Direct Lending SPV 1 - 1D Series 054Oct21	3,984	317,863	0.36%	Unlisted
F2 Asian Direct Lending SPV 1 - 1B Series 054Oct21	3,045	242,940	0.28%	Unlisted
F2 Asian Direct Lending SPV 1 - 1C Series 054Oct21	4,773	380,763	0.43%	Unlisted
F2 Asian Direct Lending SPV 1 - 1D Series 054Oct21	9,545	761,527	0.86%	Unlisted
Kimura Amc Side Pocket	863	165,355	0.19%	Unlisted
Kimura Kyen Side Pocket	553	151,004	0.17%	Unlisted
Kimura Rhodium Side Pocket	2,828	1,901,285	2.16%	Unlisted
Kimura Standard Accumulation Lead	1,458	1,610,043	1.83%	Unlisted
Leadenhall Val Ins LNK - A USD	808	25,670	0.03%	Unlisted
Leadenhall Val Ins LNK - A USD Side Pocket	238	22,509	0.03%	Unlisted
Polar Multi-Strategy Fund Series 1 2022 Class A2	8,012	4,395,405	4.99%	Unlisted
Riverstone Credit Opportunities Income Plc	1,721,500	1,204,888	1.37%	Listed
Ski Time Square Limited Class B Series 00 1June13	39,274	4,310,458	4.89%	Unlisted
Tufton Oceanic Assets	1,480,639	1,141,103	1.29%	Listed
Twelve Capital SICAV-SIF ILS Fund 2019-1-USD Rec	41	7,282	0.01%	Unlisted
<b>Total Funds – USD</b>		<b>32,228,122</b>	<b>36.58%</b>	
<b>Total investments at fair value through profit or loss</b>		<b>86,900,926</b>	<b>98.64%</b>	
Other net assets		1,198,932	1.36%	
<b>Total Net Assets</b>		<b>88,099,858</b>	<b>100%</b>	