



Annual report

Lupus alpha CLO High Quality Invest

as of 30 November 2021

THIS TRANSLATION IS INTENDED FOR CONVENIENCE PURPOSES ONLY AND
SOLELY THE GERMAN VERSION IS BINDING

Lupus alpha

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Activity report for the period: 1 December 2020 - 30 November 2021

Investment objectives and investment policy to achieve the objectives:

The fund aims to generate a positive investment result over the long term. To this end, investments are primarily made in tranches of collateralised loan obligations (CLOs) with good ratings (investment grade). In addition, investments may also be made in fixed and floating-rate securities and money market instruments and, to a lesser extent, in instruments used to hedge currency risks.

CLOs are structured financial transactions in which a package of corporate loans (senior secured loans) serve as collateral for several rated or unrated securities that differ in terms of their credit risk.

The loan market continued to recover this year. However, the price distribution of loans improved again in the last quarter. The percentage trading above par increased from 29 per cent to 38 per cent. This reduces the likelihood of further price rallies in loans. Should they rise above a value of 102-103 per cent, the likelihood of company layoffs will increase. The percentage of CCC loans across all European CLOs has fallen from 5.86 per cent (12 months ago) to 4.7 per cent. The average trigger quality test (measure of portfolio quality) increased from 7.43 per cent to 13 per cent. The OC test for the junior tranche increased from 3.34 per cent to 3.81 per cent. The expansion of this buffer attests to market recovery and the protection provided by the waterfall structure has continued to increase.

During the summer, there were signs of significant easing in the markets and in Covid infection rates. However, as winter approached, the number of infections began to rise more sharply. With the spread of the Omicron variant, uncertainty returned to the markets.

AAA-rated tranches were still trading at liquidity premiums of 135 basis points at the beginning of the year and fell to 95-100 basis points over the course of the year. Liquidity premiums for AA-rated and A-rated tranches also decreased over the course of the year and are currently at 175 and 225 basis points, respectively. The premium for BBB ratings, which was 340 basis points at the beginning of the year, fell to almost 300 over the course of the year and rose in autumn/winter to 350-360 basis points.

At the beginning of the year, the percentage of AA-rated tranches was 0 per cent. This was increased in March to 11 per cent. The fund's NAV was around EUR 30 million at the start of the year and has now increased to just over EUR 50 million. These cash inflows could be used for reallocations. The percentage of AA-rated tranches rose from 14 per cent originally to 20 per cent, while that of A-rated tranches remained largely unchanged at 50 per cent. The percentage of BBB-rated tranches was not raised again to 15 per cent until the end of the year, as spreads were close to 300 basis points during the year and the premium for the rating was too low. The cash ratio increased from 5 per cent to 13 per cent. Due to the volatile markets and increasing spreads, market opportunities could be used to acquire first-class CLO managers under attractive conditions. The average price of the 34 CLO tranches is close to par at 99.7 per cent. The average coupon is 2.21 per cent and the yield is 2.36 per cent. CLOs with a nominal volume of EUR 34 million were acquired during the year. This was offset by only EUR 2.2 million in sales and EUR 11 million in redemptions.

Portfolio structure and significant changes during the reporting period:

Fund structure:

	30 November 2021	% share	30 November 2020	% share
Fixed interest securities	47,727,410.59	94.35	25,389,638.26	88.53
Cash at banks, money market instruments and money market funds	5,744,134.42	11.34	3,213,813.37	11.19
Other assets	149,397.78	0.30	101,022.20	0.35
Other liabilities	-3,031,473.02	-5.99	-19,396.16	-0.07
Fund assets	50,589,469.77	100.00	28,685,077.67	100.00

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Fund earnings:

The fund achieved a performance of +2.09 per cent during the reporting period.

The main sources of income from disposals were gains on interest-bearing securities.

Covid-19 pandemic

2021 was a year of economic recovery from the consequences of the coronavirus pandemic and its aftermath. Rising vaccination rates and improved treatment options confronted new variants of the SARS COV 2 virus and appeared to be an effective way of fighting the pandemic as the year progressed. However, the slowly recovering global economy was quickly faced with new challenges, as global supply chains were much more severely affected by the pandemic and its consequences than initially expected: Higher freight rates, supply bottlenecks in various sectors (e.g. in semiconductors or for various raw materials) and recurring lockdowns in response to local coronavirus outbreaks have thrown global flows of goods out of balance.

In the third quarter of the year in particular, these effects were felt in the form of sharp increases in energy and materials charges and associated higher inflation expectations. This was partly reinforced by rising interest rates, which caused global stock markets to fluctuate sideways following an initial recovery in the autumn. Problems with global supply chains continued in the fourth quarter. Infection rates began to climb again, particularly in Europe, coupled with a newly discovered mutation of the SARS COV 2 virus, driving up market volatility.

On a political level, current tensions between Russia and Ukraine and between China and Taiwan in particular create further potential for market uncertainty. On a positive note, US domestic and foreign policy calmed down over the course of the year following a rather bumpy start to 2021 (including the storming of the Capitol), when concerns about a peaceful transfer of power between Trump and Biden dominated daily events. The arrival of the new federal government in December did not seem to have any significant impact on the markets.

The management company will continue to take all measures deemed appropriate to protect investor interests as best possible.

Significant risks:

The main types of risk assumed by the fund during the reporting period were as follows:

- Market price risk: The volatility of the fund's unit values during the fiscal year was 0.83 per cent. In general, CLOs are less liquid than corporate bonds with comparable ratings. During periods of stress, the volatility of tranche valuations increases accordingly.
- Default risk: The fund invests in CLO tranches with a good rating (investment grade). If defaults occur within the CLO loan portfolios, the rated tranches may be affected by interest or capital losses if defaults remain high.
- Liquidity risk: The fund invests primarily in European CLO tranches. Sales through the market are usually possible at any time by means of an auction process. During periods of financial market stress, the CLO market is characterised by high bid/ask spreads and liquidity may be restricted.
- Currency risk: The fund only held bonds denominated in euros during the reporting period.
- Operational risk: In principle, the fund is exposed to operational risk in the management company's processes, but did not report any increased operational risk during the reporting period.
- Interest rate risk: The fund invests predominantly in variable-rate European CLOs. The fund's duration and thus the interest rate risk are therefore relatively low.

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Statement of assets as of 30 November 2021

Investment focus	Current value in	% of fund assets ¹⁾
Assets		
Asset-backed securities		
Ireland	47,727,410.59	94.35
The Netherlands	45,724,447.89	90.39
	2,002,962.70	3.96
Cash at banks, money market instruments and money market funds	5,744,134.42	11.34
Other assets	149,397.78	0.30
Other liabilities	-3,031,473.02	-5.99
	50,589,469.77	100.00

¹⁾ Minor rounding differences may arise as a result of rounding percentages in the calculation.

Lupus alpha CLO High Quality Invest annual report Statement of net assets as of 30 November 2021

Name	ISIN	Market	Qty, units or currency in 1,000	Holdings 30 November 2021	Purchases/ Acquisitions	Sales/ Disposals	Price	Value in EUR	% of fund assets ¹⁾	
					during the reporting period					
Securities traded on an exchange										
Interest-bearing securities										
2.4000% ARMALO I 21/34 FLR C	XS2333785850	7)	EUR	1,325	1,325	0	%	100.231	1,328,054.79	2.63
2.3000% AURILO I 19/32 CRR	XS2041077939	7)	EUR	1,000	0	0	%	100.121	1,001,212.10	1.98
3.2000% BABSON EU.CLO14-2 17/29 DR	XS1613072112	7)	EUR	1,000	0	0	%	100.068	1,000,682.00	1.98
2.4000% BAIN C. 19-1 19/32 FLR C	XS2075848601	7)	EUR	1,500	0	0	%	100.082	1,501,222.80	2.97
2.4000% BAR.EO 21-2 21/34 FLR C	XS2369919209	7)	EUR	2,000	2,000	0	%	100.093	2,001,866.30	3.95
0.0000% BAR.EO 21-3 22/34 FLR D	XS2409287443	7)	EUR	1,000	1,000	0	%	100.050	1,000,500.00	1.98
1.5000% BBAM E.CLO I 21/34 FLR B1R	XS2344625558	7)	EUR	1,000	1,000	0	%	99.951	999,505.50	1.98
1.9500% BLACK DIAM.17-2 17/32 C	XS1713075627	7)	EUR	1,000	0	0	%	99.082	990,824.45	1.96
1.6500% BRIDGEPOINT2 21/35 FLR	XS2352782432	7)	EUR	1,000	1,000	0	%	99.589	995,891.00	1.97
0.0000% BRIDGEPOINT3 21/36 FLR B	XS2395173748	7)	EUR	2,000	2,000	0	%	100.010	2,000,200.00	3.95
1.7000% CARL.GL.15-1 20/33 A-2A-R	XS2109446133	7)	EUR	1,000	0	0	%	100.229	1,002,291.55	1.98
2.4000% CARLYLE 16-2 21/34FLR BRR	XS2305604550	7)	EUR	1,000	1,000	0	%	100.198	1,001,981.65	1.98
1.6000% CARLYLE G.M.14-3 18/32 BR	XS1751481752	7)	EUR	500	0	0	%	99.517	497,587.30	0.98
3.9500% CONT.CLO VII 19/32 FLR D	XS2053879354	7)	EUR	1,000	0	0	%	99.977	999,765.00	1.98
3.0000% CVCVIII 21/34 FLR REGS DR	XS2337070234	7)	EUR	1,000	1,000	0	%	98.718	987,182.00	1.95
3.0000% DRYDEN 32 14 18/31 C2R	XS1864912461	7)	EUR	1,000	0	0	%	100.228	1,002,280.70	1.98
2.8000% DRYDEN 48-16 19/32 FLR C1R	XS2044128473	7)	EUR	1,500	0	0	%	99.821	1,497,308.25	2.96
2.3500% EURO-GALAXY VI 18/31D FLR	XS1766837592	7)	EUR	1,000	0	0	%	97.500	974,998.40	1.93
1.5000% F.OAKS FD.II 21/34 FLR B1R	XS2346331122	7)	EUR	2,000	2,000	0	%	99.907	1,998,133.00	3.95
1.2000 % GR.HARB.19-1 19/32 A	XS2020626953	7)	EUR	1,500	1,500	0	%	100.013	1,500,197.25	2.97
1.9000% HA.L.AEF18-1 18/31 C	XS1840845462	7)	EUR	2,000	1,000	0	%	99.121	1,982,419.30	3.92
0.9500% HENLEY V 21/34 FLR A	XS2366718364	7)	EUR	2,000	2,000	0	%	100.337	2,006,731.80	3.96
2.4000% ICGEOCLO21-1 21/34 C FLR	XS2369927566	7)	EUR	2,000	2,000	0	%	99.301	1,986,016.00	3.93
2.6000% INVES.E.III 19/32 FLR C	XS2072092013	7)	EUR	1,000	0	0	%	100.101	1,001,007.20	1.98
2.4500% JUBI.CLO 13-X 21/34 FLR C	XS2332243166	7)	EUR	2,000	2,000	0	%	100.237	2,004,738.60	3.95
1.7500% JUBILEE 17-XIX 17/30 C	XS1706233555	7)	EUR	1,000	0	0	%	97.952	979,515.00	1.94
2.2000% MADIS.PK IX 21/35 FLR C-R	XS2346594307	7)	EUR	1,000	1,000	0	%	100.077	1,000,773.05	1.98
2.0000% NW7 ESG C.D. 21/34 FLR C	XS2338111144	7)	EUR	1,000	1,000	0	%	99.526	995,257.00	1.97
2.9500% NW7 ESG C.D. 21/34 FLR D	XS2338111490	7)	EUR	1,000	1,000	0	%	98.068	980,682.00	1.94
0.8400% OAK HIL.VIII 21/35 A REGS	XS2296336279	7)	EUR	2,000	2,000	0	%	99.944	1,998,884.00	3.95
1.8000% PENTA C.21-2 21/34 FLR B1	XS2393698043	7)	EUR	2,000	2,000	0	%	99.917	1,998,343.00	3.95
4.1000% PURPLE FIN.2 19/32 FLR D	XS2052406084	7)	EUR	1,500	1,500	0	%	100.099	1,501,488.90	2.97
2.5500% ST. PAUL'S X 21/35 FLR CR	XS2319912049	7)	EUR	1,000	1,000	0	%	100.284	1,002,843.90	1.98
2.4000% ST.PAULS VII 21/34 FLR CRR	XS2345329440	7)	EUR	1,000	1,000	0	%	100.286	1,002,863.65	1.98
3.5000% ST.PAULS VII 21/34 FLR DRR	XS2345330299	7)	EUR	1,000	1,000	0	%	100.206	1,002,058.35	1.98
1.7500% TIKEHAU II 21/35 FLR B-1	XS2393254755	7)	EUR	1,000	1,000	0	%	100.082	1,000,821.60	1.98

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3.2000% TORO EURO.CLO 4 17/30 DR	XS1639911012	7)	EUR	1,000	0	0	%	100.128	1,001,283.20	1.98
Total interest-bearing securities								EUR	47,727,410.59	94.35
Total securities traded on an exchange								EUR	47,727,410.59	94.35
Total securities holdings								EUR	47,727,410.59	94.35
Cash at banks, money market instruments and money market funds										
EUR-Balances with the custodian										
The Bank of New York Mellon SA/NV			EUR	3,744,134.42			%	100.000	3,744,134.42	7.39
Time deposits redeemable early										
Norddeutsche Landesbank -Girozentrale-			EUR	2,000,000.00			%	100.000	2,000,000.00	3.95
Total time deposits redeemable early								EUR	2,000,000.00	3.95
Total cash at banks								EUR	5,744,134.42	11.34
Total cash at banks, money market instruments and money market funds								EUR	5,744,134.42	11.34
Other assets										
Interest claims			EUR	149,397.78					149,397.78	0.30
Total other assets								EUR	149,397.78	0.30
Other liabilities										
Payables from pending transactions			EUR	-3,000,017.84					-3,000,017.84	-5.93
Accrued expenses			EUR	-31,455.18					-31,455.18	-0.06
Total other liabilities								EUR	-3,031,473.02	-5.99
Fund assets								EUR	50,589,469.77	100.00
Outstanding units								QTY	489,589	
Unit value								EUR	103.33	
Securities holdings as a percentage of fund assets									94.35	

7) These are bonds with a pool factor, where the market value is also affected by partial redemption or partly capitalised interest.

Securities prices/market rates

The investment fund assets are valued based on the following list/market prices:

All assets: Prices/market rates as of 30 November 2021 or last known

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Transactions completed during the reporting period, not included in the statement of net assets:

- Purchases and sales of securities, investment fund units and bonded loans (market allocation as of the reporting date):

Name	ISIN	Qty, units, nominal value or currency in 1000	Purchases/ Acquisition	Sales/ Disposals
Securities traded on an exchange				
Interest-bearing securities				
1.7000% ADAGIO VI CLO 17/31 FLR C	XS1710466530	EUR	0	1,000
2.0000% CAIRN CLO 2015-5X C-R	XS1641644627	EUR	0	1,000
1.7500% CAIRN CLO X 18/31 FLR B-1	XS1880990418	EUR	0	500
2.1300% CORDATUS L.F.VII 18/31 B2	XS1865597972	EUR	0	1,000
1.5000% DRYDEN 52 EO CLO 17/31 B1	XS1625022980	EUR	0	500
2.4900% HALCD 16 18/31 FLR C REGS	XS1886372215	EUR	1,500	1,500
1.9000% HALCYON LAE FD.16 18/31 B1R	XS1886370946	EUR	0	500
4.4700% HENLEY II 20/32 D FLR	XS2178946039	EUR	0	1,000
2.8000% SEG.EUR 6-19 19/32 FLR C1	XS1975727956	EUR	0	2,000
1.8000% WILLOW PARK CLO 17/31 B	XS1699703358	EUR	0	1,200
4.3100% AURIUM CLO V 20/33 FLR D	XS2133075338	EUR	0	1,000
2.5000% CARL.EO 19-2 19/32 FLR B	XS2022421460	EUR	0	1,000
1.7400% CARLYLE G.M.14-2 18/31FLR A2RA	XS1898112252	EUR	0	500

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**Profit and loss account (including income equalisation)
for the period from 1 December 2020 to 30 November 2021**

I. Income

1. Interest on investments in liquid assets, domestic	EUR	-8,805.20
of which negative credit interest	EUR	-8,805.20
2. Interest from securities of foreign issuers without deduction of withholding	EUR	1,023,078.38
3. Other income	EUR	1,020.94
Total income	EUR	1,015,294.12

II. Expenses

1. Interest from borrowings	EUR	0.00
2. Auditing and publication charges	EUR	-15,932.38
3. Custodian fee	EUR	-38,918.82
4. Management fee	EUR	-309,717.87
5. Other expenses	EUR	-7,069.81
Total expenses	EUR	-371,638.88

III. Ordinary net income

EUR 643,655.24

IV. Disposals

1. Realised gains	EUR	130,117.81
2. Realised losses	EUR	-11,005.91
Income from disposals	EUR	119,111.90

V. Realised earnings for the fiscal year

EUR 762,767.14

1. Net change in unrealised gains	EUR	54,518.19
2. Net change in unrealised losses	EUR	67,367.40

VI. Unrealised earnings for the fiscal year

EUR 121,885.59

VII. Earnings for the fiscal year

EUR 884,652.73

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Development of fund assets

		2020-2021
I. Value of the investment fund at the beginning of the fiscal year	EUR	28,685,077.67
1. Distribution for the previous year/tax allowance for the previous year	EUR	-393,621.00
2. Interim dividends	EUR	0.00
3. Inflow/outflow of funds (net)	EUR	21,573,624.64
a) Cash inflow from sale of units	EUR	27,641,959.12
b) Cash outflow from redemption of units	EUR	-6,068,334.48
4. Income/expense equalisation	EUR	-160,264.27
5. Earnings for the fiscal year	EUR	884,652.73
of which unrealised gains	EUR	54,518.19
of which unrealised losses	EUR	67,367.40
II. Value of the investment fund at the end of the fiscal year	EUR	50,589,469.77

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Appropriation of net income

Calculation of distribution (overall and per unit)

		overall	per unit
I. Available for distribution	EUR	2,586,407.72	5.28
1. Carried forward from the previous year	EUR	1,823,640.58	3.72
2. Realised earnings for the fiscal year	EUR	762,767.14	1.56
3. Addition from the investment fund	EUR	0.00	0.00
II. Not appropriated for distribution	EUR	1,940,150.24	3.96
1. Allocated to reinvestment	EUR	0.00	0.00
2. Amount carried forward	EUR	1,940,150.24	3.96
III. Total distribution	EUR	646,257.48	1.32

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Pursuant to § 7 (9) KARBV

Information pursuant to the German Derivatives Regulation (Derivateverordnung)

underlying exposure through derivatives	0.00	EUR
counterparty to derivatives transactions		
none		
Total amount of securities pledged by third parties under derivatives transactions:	0.00	EUR
Securities holdings as a percentage of fund assets	94.35	%
Derivatives holdings as a percentage of fund assets	0.00	%

The use of the market risk limit for this investment fund was determined using the qualified approach in accordance with the Derivatives Regulation based on a benchmark asset.

Information according to the qualified approach

Potential risk exposure for market risk

lowest potential risk exposure	1.220	%
highest potential risk exposure	3.522	%
average potential risk exposure	2.341	%

Risk model used in accordance with § 10 of the Derivatives Regulation
Monte Carlo simulation

Parameters used in accordance with § 11 of the Derivatives Regulation
Confidence level = 99 per cent, holding period 10 days

Average amount of leverage achieved during the fiscal year through derivative transactions	0.00
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Composition of benchmark assets

Composition of the benchmark assets (§ 37 (5) of the Derivatives Regulation): iBoxx Euro Corporates Non-Financial Performance Index 10+ Years (CWSY Index)

Other information

Unit value EUR:	103.33
Outstanding units QTY:	489,589

Information on the asset valuation method

Additional information pursuant to § 16 (1) (2) KARBV - information about the valuation method

Valuation is done by the management company. The management company generally relies on external sources for this purpose.

If no trading prices are available, valuation models are used to determine prices (derived fair values) that are agreed between the custodian and the management company and are based as far as possible on market parameters. This procedure is subject to a permanent control process. Price information from third parties is checked for plausibility by other price sources, model invoices or by other appropriate procedures.

For assets admitted to trading on an exchange or admitted to or included in another organised market,

pursuant to § 27 KARBV, the last available tradable price that ensures a reliable valuation is used as a basis. For assets that are neither admitted to trading on exchanges nor admitted to or included in another organised market, or for which no trading price is available, pursuant to § 28 KARBV in connection with § 108 (3) KAGB, fair values are based on careful assessment using suitable valuation models, taking current market circumstances into account. The underlying fair value may also be determined and communicated by an issuer, counterparty or other third party. In this case, this value is checked for plausibility by the management company or the custodian and this plausibility check is documented. Units in domestic investment funds, EC investment units and foreign investment fund units are valued at their last determined redemption price or at a current price in accordance with § 27 (1) KARBV. If current values are not available, the value of the units is determined in accordance with § 28 KARBV; reference is made to this in the annual report. Bank deposits are valued at their nominal value plus accrued interest. Fixed-term deposits are measured at fair value. Liabilities are recognised at their repayment amount.

Investments stated in this report are valued at tradable exchange or market prices for 94.35 per cent of the fund's assets and at derived fair values for 0.00 per cent of the fund's assets. The remaining 5.65 per cent of fund assets consist of other assets, other liabilities and cash.

Information on transparency and the total expense ratio

The total expense ratio expresses all charges and payments borne by the fund during the year, (excluding transaction charges) in relation to the average net asset value of the fund; it must be shown as a percentage. 0.73

The management company does not receive any rebates on fees and expense reimbursements paid from the fund to the custodian or any third parties.

The management company does not grant any broker trail commissions to intermediaries to a significant extent

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from the fees paid to it by the fund.

Significant other income and other expenditure

Other income	0.00
<small>none</small>	
Other expenses	0.00
<small>none</small>	
Transaction charges (total of incidental acquisition charges plus selling charges)	EUR 249.76

Information pursuant to Regulation (EU) 2015/2365 on securities financing transactions

During the reporting period, the fund was not invested in any securities financing transactions pursuant to Regulation (EU) 2015/2365, which is why no disclosure is made below regarding this type of transaction.

Other information required for understanding the report
Explanation of net change in unrealised gains and losses

The net change in unrealised gains and losses is determined by comparing the values of the assets included in the unit price with their respective historical cost in each financial year, the amount of positive differences is included in total unrealised gains, the amount of negative differences is included in total unrealised losses, and net changes are determined by comparing the totals at the end of the fiscal year with the totals at the beginning of the fiscal year.

Covid-19 pandemic

2021 was a year of economic recovery from the consequences of the coronavirus pandemic and its aftermath. Rising vaccination rates and improved treatment options confronted new variants of the SARS COV 2 virus and appeared to be an effective way of fighting the pandemic as the year progressed. However, the slowly recovering global economy was quickly faced with new challenges, as global supply chains were much more severely affected by the pandemic and its consequences than initially expected: Higher freight rates, supply bottlenecks in various sectors (e.g. in semiconductors or for various raw materials) and recurring lockdowns in response to local coronavirus outbreaks have thrown global flows of goods out of balance.

In the third quarter of the year in particular, these effects were felt in the form of sharp increases in energy and materials charges and associated higher inflation expectations. This was partly reinforced by rising interest rates, which caused global stock markets to fluctuate sideways following an initial recovery in the autumn.

Problems with global supply chains continued in the fourth quarter. Infection rates began to climb again, particularly in Europe, coupled with a newly discovered mutation of the SARS COV 2 virus, driving up market volatility. On a political level, current tensions between Russia and Ukraine and between China and Taiwan in particular create further potential for market uncertainty. On a positive note, US domestic and foreign policy calmed down over the course of the year following a rather bumpy start to 2021 (including the storming of the Capitol), when concerns about a peaceful transfer of power between Trump and Biden dominated daily events. The arrival of the new federal government in December did not seem to have any significant impact on the markets.

The management company will continue to take all measures deemed appropriate to protect investor interests as best possible.

Information on staff remuneration

Lupus alpha Group remuneration policy

Management company's remuneration system

Lupus alpha Investment GmbH is a subsidiary of Lupus alpha Asset Management AG. Lupus alpha (which means "the leader of the pack") is an owner-managed, independent asset management group that offers specialist investment products to institutional and private investors. We focus on a small number of attractive asset classes for which special expertise is required and in which we may realise sustainable added value for our customers. Our focus is on European second-tier stocks as well as alternative solutions. As a specialist provider, we systematically open up new sources of alpha for institutional investors through specialist, innovative strategies and open up avenues for broader and deeper diversification of their overall portfolios.

Lupus alpha's partnership-based corporate structure creates the conditions for the highest possible level of staff continuity at management level. Together with its role as a specialist provider and the focus of its own investments on liquidity investments, limitation to the usual risks of a medium-sized asset manager is guaranteed.

Performance-related and entrepreneurial-oriented remuneration for employees is a central component for the design of Lupus alpha's remuneration system. By adopting a holistic remuneration concept, management intends to support the medium to long-term corporate goals defined as part of the strategy development process and to avoid incentives to take disproportionately high risks. All requirements arising from the decree concerning the Supervisory Requirements for Institutions' Remuneration Systems (InstitutsVergV), § 13 and 22 of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (AIFM Directive), the guidelines for sound remuneration policies taking account of the AIFMD (German translation of the ESMA Guidelines) and Annex II Remuneration Policy of the AIFM Directive, are complied with in this regard.

Total amount of employee compensation paid to the management company in 2020 in EUR million 6.6

of which fixed remuneration 47.60 per cent

of which variable remuneration 52.40 per cent

Remuneration paid directly out of the fund in EUR million 0.00

Total employees incl. management 88

Total amount of remuneration paid to risk takers in the past financial year at the management company in EUR million

4.21

of which indirectly via cost allocation by the parent company to the shareholders in EUR million 4.21

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Lupus alpha CLO High Quality Invest annual report
Comparative table covering the last three fiscal years

Fiscal year		Fund assets at the end of the fiscal year	Unit value
2021	EUR	50,589,469.77	103.33
2020	EUR	28,685,077.67	102.71
2019	EUR	30,939,364.79	100.46

Frankfurt, 22 December 2021,

Lupus alpha Investment GmbH

Michael Frick
Managing Director

Dr. Götz Albert
Managing Director

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Report of the independent auditor

To Lupus alpha Investment GmbH, Frankfurt am Main

Audit opinion

We have audited the dissolution report of the Lupus alpha CLO High Quality Invest fund – consisting of the activity report for the fiscal year from 1 December 2020 to 30 November 2021, the statement of assets and the statement of net assets as of 30 November 2021, the profit and loss account, the statement of appropriation of income, the statement of changes in fund assets for the fiscal year from 1 December 2020 to 30 November 2021, as well as the comparative three-year overview, the statement of transactions completed during the reporting period not included in the statement of net assets, and the notes.

In our opinion, based on our audit, the accompanying annual report complies, in all material respects, with the provisions of the German Investment Code (Kapitalanlagegesetzbuch – KAGB) and the relevant European regulations, and presents a comprehensive and true picture of the position and developments of the investment fund in compliance with these provisions.

Basis for the audit opinion

We conducted our audit of the dissolution report in accordance with § 102 KAGB and the IDW Auditing Standards (German auditing standards promulgated by the Institute of Public Auditors in Germany) (Institut der Wirtschaftsprüfer – IDW). Our responsibility under these provisions and standards is described in more detail in the section “Responsibility of the auditor for the audit of the dissolution report” of our report. We are independent of Lupus alpha Investment GmbH in accordance with German commercial law and the professional rules and regulations, and have fulfilled our other German professional duties in accordance with these requirements. We believe that the audit evidence we have obtained is suitable and sufficient to serve as a basis for our audit opinion of the dissolution report.

Responsibility of the legal representatives for the annual report

The legal representatives of Lupus alpha Investment GmbH are responsible for preparing the annual report, which, in all respects, complies with the provisions of the KAGB and the relevant European regulations, as well as ensuring that the annual report presents a comprehensive and true picture of the position and developments of the investment fund in compliance with these provisions. Furthermore, the legal representatives are responsible for the internal controls they have deemed necessary under these provisions in order to ensure that the annual report is free of material misstatement, whether due to fraud or error.

In preparing the annual report, the legal representatives are responsible for including in the report such events, decisions and factors that may materially affect the future growth of the investment fund. One thing this means is that, in preparing the annual report, the legal representatives must assess Lupus alpha Investment GmbH’s operation of the investment fund as a going concern and are responsible for disclosing facts concerning the continuation of the investment fund, if applicable.

Responsibility of the auditor for the audit of the annual report

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Our aim is to obtain reasonable assurance that the annual report as a whole is free of material misstatement, whether due to fraud or error, and to issue a report containing our audit opinion on the annual report.

Reasonable assurance is a high degree of certainty but is no guarantee that an audit in accordance with § 102 KAGB and the IDW Auditing Standards will always uncover material misstatements. Misstatements may be due to fraud or error and are considered material when it may reasonably be expected that these, individually or as a whole, could influence economic decisions of users made on the basis of this annual report.

During the audit, we exercise professional judgement and adopt a critical stance.
In addition:

- we identify and assess the risk of material misstatements in the annual report due to fraud or error, plan and carry out audit procedures in response to these risks, and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. The risk that material misstatements may not be revealed is higher in the case of fraud than in the case of error, as fraud may entail collusion, falsification, deliberate omission, misleading statements and bypassing of internal controls.
- we obtain an understanding of the internal control system relevant to our audit of the annual report, in order to plan audit procedures that are appropriate under the given circumstances but not with the aim of expressing an opinion on the effectiveness of Lupus alpha Investment GmbH's internal control system.
- we evaluate the adequacy of the accounting methods applied by the legal representatives of Lupus alpha Investment GmbH in preparing the annual report and the validity of the estimates and related information presented by the legal representatives.
- on the basis of the audit evidence obtained, we reach a conclusion as to whether a material uncertainty exists in connection with events or circumstances that could raise serious doubt about Lupus alpha Investment GmbH's operation of the investment fund as a going concern. If we conclude that a material uncertainty exists, we are obliged to draw attention in our report to the relevant information in the annual report or, if such information is inadequate, to amend our audit opinion. We draw our conclusion on the basis of the audit evidence obtained up until the date of our report. However, future events or circumstances may result in Lupus alpha Investment GmbH's discontinuation of the investment fund.
- we assess the overall presentation, structure and content of the annual reports, including the information as well as whether the annual report presents the underlying transactions and events in such a way that it presents a comprehensive and true picture of the position and developments of the investment fund in accordance with the provisions of the KAGB and the relevant European regulations.

Among other things, we discuss the planned scope and time frame of the audit with those responsible for governance, as well as significant findings including any deficiencies in the internal control system identified during our audit.

Frankfurt am Main, 8 February 2022

KPMG AG Wirtschaftsprüfungsgesellschaft

Kuppler
Auditors

Neuf
Auditors

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Information about the management company, custodian and auditor

Lupus alpha Investment GmbH
Speicherstraße 49-51
D-60327 Frankfurt am Main

Phone: 0049 69 365058-70 00
Fax: 0049 69 365058-80 00

Supervisory Board

Chairman
Dr. Oleg De Lousanoff, lawyer and notary
Vice Chairman
Dietrich Twietmeyer, Dipl.Agr.Ing.
Dr. Helmut Wölfel, Lawyer

Mandates of the Executive Board

Michael Frick
Management Board of Directors of Lupus alpha Asset Management AG, Frankfurt am Main
Ralf Lochmüller
Spokesman of the Board of Directors of Lupus alpha Asset Management AG, Frankfurt am Main
Shareholder of Lupus alpha Holding GmbH, Frankfurt am Main
Dr. Götz Albert
Management Board of Directors of Lupus alpha Asset Management AG, Frankfurt am Main

Capital as of 31 December 2020
subscribed and paid-in: EUR 2.560 million

Shareholder
Lupus alpha Asset Management AG (100%)

Executive Board

Ralf Lochmüller
Michael Frick
Dr. Götz Albert

Information about the management company, custodian and auditor (Part II)

Custodian

The Bank of New York Mellon SA/NV Asset Servicing,
Frankfurt am Main branch
Friedrich-Ebert-Anlage 49
60327 Frankfurt am Main

Liabe equity capital as of 31 December 2020
EUR 3.543 million

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Auditor of the fund and the management company

KPMG AG Wirtschaftsprüfungsgesellschaft
THE SQUIRE
Am Flughafen
D-60549 Frankfurt am Main

The above information is updated in the annual and semi-annual reports.

Other investment funds managed by the management company:

As of 30 November 2021, 9 mutual funds and 12 special funds were managed by the management company.