

# **Nordea Markets ETF**

## **Investment Company under Luxembourg Law**

**R.C.S. Luxembourg B-223977**

**Unaudited semi-annual report for the period  
from April 18, 2018 (date of incorporation) to June 30, 2018**

No subscription can be accepted on the basis of the financial reports. Subscriptions are only valid if they are made on the basis of the Key Investor Information Documents, the prospectus accompanied by the latest annual report and the latest semi-annual report, if published thereafter.

# Nordea Markets ETF

## Directors and Administration

### **Registered Office**

11-13, Boulevard de la Foire  
L-1528 Luxembourg  
Grand Duchy of Luxembourg

### **Board of Directors of the Company**

#### **Peter Seippel**

Member of the Board of Directors  
Nordea Bank AB (publ)

#### **Krister Alvelius**

Member of the Board of Directors  
Nordea Bank AB (publ)

#### **Carl Christenson**

Chairman of the Board of Directors  
Nordea Bank AB (publ)

#### **Revel Wood**

Member of the Board of Directors  
FundRock Management Company S.A.

### **Management Company**

FundRock Management Company S.A.  
33, Rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

### **Investment Manager**

Assenagon Asset Management S.A.  
Aerogolf Center  
1B Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

### **Depositary and Paying Agent**

RBC Investor Services Bank S.A.  
14, Porte de France  
L-4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

### **Registrar and Transfer Agent of the Company**

RBC Investor Services Bank S.A.  
14, Porte de France  
L-4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

### **Administrator**

RBC Investor Services Bank S.A.  
14, Porte de France  
L-4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

### **Réviseur d'entreprises agréé**

PricewaterhouseCoopers, Société coopérative  
2, rue Gerhard Mercator,  
L-2182 Luxembourg  
Grand Duchy of Luxembourg

### **Distributor**

Nordea Bank AB (publ)  
Smålandsgatan 17  
SE-105 71 Stockholm  
Sweden

### **Securities Lending Agents**

Nordea Bank AB (publ)  
Smålandsgatan 17  
SE-105 71 Stockholm  
Sweden

### **RBC Investor Services Trust**

A trust company incorporated under the laws of  
Canada  
3rd floor, 155 Wellington Street West  
Toronto, Ontario M5V 3L3  
Canada

### **Legal adviser**

Clifford Chance  
10, Boulevard Grande Duchesse Charlotte  
L-1011 Luxembourg  
Grand Duchy of Luxembourg

# Nordea Markets ETF

## Notes to the Financial Statements as at June 30, 2018

### **1 - General**

Nordea Markets ETF (the "Company") is registered in the Grand Duchy of Luxembourg as an undertaking for collective investments in transferable securities in accordance with Part I of the law of 17 December 2010 concerning undertakings for collective investments, as amended (the "2010 Law").

The Company qualifies as an undertaking for collective investments in transferable securities ("UCITS") pursuant to article 1(2) of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities (the "UCITS Directive").

The Company is listed in the Luxembourg Register of Trade and Companies under number B223977. Its original Articles of incorporation have been published in the RESA on May 4, 2018.

The Company is currently structured as an umbrella fund, so that both institutional and retail investors are able to choose from different Sub-funds whose performance may be fully or partially linked to the performance of an underlying index, a basket consisting of securities or selected equities or equity-type securities via derivatives

FundRock Management Company S.A. acts as the Company's Management Company.

As at June 30, 2018, no Sub-fund was active.

One Sub-fund is available:

- Nordea Smart Beta Eurozone Equity UCITS ETF, denominated in EUR

The capitalisation classes available are as follows:

- Class I available to institutional investors
- Class R available for retail investors and advisory concept investors.

### **2 - Summary of Significant Accounting Policies**

#### *a) Presentation of financial statements*

The financial statements of the Company have been presented in accordance with Luxembourg legal and regulatory requirements and prepared in accordance with generally accepted accounting principles in Luxembourg relating to Undertakings For Collective Investment In Transferable Securities, including the following significant policies.

#### *b) Valuation of the investment securities*

The transferable securities or money market instruments that are listed on a recognised stock exchange or traded on any other regulated market will be valued at their last available official closing prices or, in the case of several such markets, based on their last available closing prices on the most important market for the relevant security, so long as these prices are normally the same as the prices used by the index offeror in the calculation of the index of the relevant Sub-fund; if the last available price does not accurately reflect the fair market value of the relevant securities, the value of such securities shall be determined by the Board of Directors on the basis of their reasonable foreseeable realisation prices determined subject to due deliberations and in good faith.

The transferable securities or money market instruments that are not traded on a regulated market will be valued on the basis of their likely realisation price, as determined by the Board of Directors subject to due deliberations and in good faith.

Units and shares issued by UCITS or other UCIs are valued at their last available Net Asset Value (NAV) as of the relevant valuation day.

# Nordea Markets ETF

## Notes to the Financial Statements (continued) as at June 30, 2018

### **2 - Summary of Significant Accounting Policies (continued)**

#### *c) Net realised result on sales of investments*

Net realised result on sales of investments are calculated on the basis of average cost of the investments sold.

#### *d) Conversion of foreign currencies*

The accounting records and the financial statements of the Company are expressed in EUR. Cash at sight, other net assets and market value of the investments in securities expressed in currencies other than EUR are converted into EUR at the exchange rates prevailing on the date of valuation. Income and expenses in currencies other than EUR are converted into EUR at the rate of exchange prevailing at transaction date. The resulting gain/loss is included in the statement of operations and changes in net assets.

#### *e) Cost of investments in securities*

Cost of investment in securities in currencies other than EUR is converted into EUR at the exchange rate applicable at purchase date.

#### *f) Income and expenses recognition*

Dividends are recorded net at ex-date. Interest are accounted net on a prorate basis.

#### *g) Formation expenses*

The Company shall, as decided by the board, bear the establishment expenses of setting up, including legal and other costs for drafting and printing of the prospectus, expenses for notarial deeds, costs relating to the initial filing of the Company with administrative and stock exchange authorities and any other cost relating to the incorporation and launching of the Company.

The Board of the Company, upon its sole discretion, will decide if the expenses related to the setting up of the Company will be amortised, in accordance with applicable accounting rules, over a period of three years.

### **3 - Management Company**

The Board of Directors of the Company has appointed FundRock Management Company S.A. as the Management Company of the Company.

FundRock Management Company S.A. is approved as a management company regulated by chapter 15 of the 2010 Law and has also been authorised as Alternative Investment Fund Manager ("AIFM") under the amended Law of 12 July 2013 on alternative investment fund managers.

### **4 - Investment Manager**

The Management Company, under its supervision and control and upon its own responsibility, has instructed Assenagon Asset Management S.A. as Investment Manager of the Sub-fund Nordea Smart Beta Eurozone Equity UCITS ETF.

### **5 - Administrator, Depositary and Paying Agent, Registrar and Transfer Agent of the Company**

RBC Investor Services Bank S.A. has been appointed as depositary bank and principal paying agent of the Company with responsibility for:

- The safekeeping of the assets;
- The oversight duties;
- The cash flow monitoring; and
- The principal paying agent functions.

RBC Investor Services Bank S.A. has also been appointed as central administrative agent, registrar and transfer agent.

# Nordea Markets ETF

## Notes to the Financial Statements (continued)

as at June 30, 2018

### 6 - All-In fee

Each Sub-fund will pay an All-In fee including in particular the fees for the Management Company, the Investment Manager of the Sub-fund, the Depositary and paying Agent, as well as the fees for the Registrar and Transfer Agent of the Company and the Administrator.

The All-In fee is distributed by the Company and paid directly to the Depositary and/or the relevant service providers.

The All-In fee is calculated on the basis of the average daily NAV of the share class of the relevant Sub-fund and is payable in arrears on a monthly basis, as follows:

<b>Sub-fund</b>	<b>Share Class</b>	<b>% p.a.</b>
Nordea Smart Beta Eurozone Equity UCITS ETF	Class I	0.40
	Class R	0.65

### 7 - Subscription tax

According to current Luxembourg Law and practice, the Company must pay an annual subscription tax (*taxe d'abonnement*) in Luxembourg which is calculated as a rate of 0.05% of the NAV of all its Sub-funds. The rate of taxation is 0.01% for all share classes reserved for institutional investors. The subscription tax is payable quarterly on the basis of the NAV of the Sub-funds at the end of the quarter to which the tax relates. Sub-funds (i) whose Shares are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public; and (ii) whose exclusive object is to replicate the performance of one or more indices, are exempt from the *taxe d'abonnement*. If several Share Classes exist within a Sub-fund, the exemption only applies to the share class fulfilling the condition (i) above. Without prejudice to additional or alternative criteria that may be determined by regulations, the index referred to under condition (ii) above must represent an adequate benchmark for the market to which it refers and must be published in an appropriate manner.