

THE  
NOBEL  
PRIZE

THE NOBEL FOUNDATION  
ANNUAL REPORT

.

2020

# The Nobel Foundation

Swedish registration number 802002-4462

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# REPORT OF THE DIRECTORS

## Tasks and organisation

The Nobel Foundation is a private foundation established in 1900 on the basis of the will of Alfred Nobel and the founding statutes promulgated in connection with the will. Its primary purpose is to ensure that the intentions of the will of Alfred Nobel are fulfilled.

The Foundation is responsible for ensuring that the assets made available for awarding the Nobel Prize are managed in such a way as to safeguard the economic base of the prize and guarantee the independence of the prize-awarding institutions in their work of selecting laureates. The Nobel Foundation is also entrusted with managing and carefully developing the trademarks and intangible assets that have been built up during the more than century-long history of the Nobel Prize.

Another central task of the Foundation is to protect the common interests of the prize-awarding institutions and represent all the Nobel institutions externally. This includes, for instance, broad informational activities aimed at disseminating knowledge about the Nobel Prize. The Nobel Foundation is also ultimately responsible for the Nobel Symposia, which are being organised by the Royal Swedish Academy of Sciences and the Norwegian Nobel Committee, respectively, starting in 2019.

Over the past 20–25 years, the Nobel Foundation has expanded its informational activities to such an extent that it has become necessary to form new organisations to run and develop these activities, which are not defrayed by funds from the Nobel Foundation.

The Alfred Nobel Memorial Foundation has an overall function as the umbrella organisation for the following entities: the wholly owned limited liability companies Nobel Group Interests AB, Nobel Prize Outreach AB, Nobelmuseet AB (Nobel Prize Museum), Nobelhuset AB in Stockholm and Nobels Fredspris – Forskning og Informasjon AS (Nobel Peace Prize – Research and Information, now undergoing liquidation) in Oslo. Stiftelsen Nobels Fredssenter (the Nobel Peace Center Foundation) is responsible for the Nobel Peace Center in Oslo, and Stiftelsen Nobel Center (the Nobel Center Foundation) is responsible for the activities carried out by

the Nobel Prize Museum in Stockholm. Via licensing agreements, these foundations are connected to the umbrella organisation. The foremost task of these public entities is to disseminate information and knowledge about the Nobel Prize and the contributions of the Nobel laureates and to stimulate interest in science, humanism and peace efforts. For detailed presentations of the organisations and their activities, see the printed publication *The Nobel Foundation 2020 Annual Review*.

The Nobel Prize-awarding institutions – the Royal Swedish Academy of Sciences, the Nobel Assembly at Karolinska Institutet, the Swedish Academy and the Norwegian Nobel Committee – appoint fifteen members to the Trustees of the Nobel Foundation for two calendar years at a time. Of these, the Academy of Sciences elects six representatives, and the other prize-awarding institutions three each. In addition to these members, the Academy of Sciences appoints four deputy members and each of the other prize-awarding institutions two. The Trustees elect a Chairman from among their own number. The most important task of the Trustees is to appoint the Board of Directors of the Nobel Foundation.

The Nobel Foundation is represented by a Board of Directors, which consists of seven members and two deputy members. The Board members and deputy members are selected for a period of two years at a time. From among its own members, the Board elects a Chairman, a Vice Chairman and an Executive Director. The Trustees decide whether to discharge the members of the Board from personal liability for the preceding financial year.

The Nobel Foundation's administration and accounts are examined annually by six auditors, who work together in the Council of Auditors. The Trustees appoint one of the Foundation's auditors, who is to be an authorised public accountant. The other auditors are appointed by the prize-awarding institutions, except that their Chairman is appointed by the Swedish Government. All auditors are elected for a period of one year at a time.

The Nobel Foundation owns two properties, respectively located at Sturegatan 14 in Stockholm and Henrik Ibsens gate 51 in Oslo. The Foundation has its registered office in Stockholm but also carries out administrative activities in Oslo.

# The Nobel Prize

## The 2020 Nobel Prize laureates

Since 1901, the Nobel Prize has been awarded 603 times to 962 laureates. Because some have been awarded the prize twice, a total of 930 individuals and 25 organisations have received a Nobel Prize or the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. During 2020 the following prizes were awarded:

THE NOBEL PRIZE IN PHYSICS was awarded to Roger Penrose *“for the discovery that black hole formation is a robust prediction of the general theory of relativity”* and to Reinhard Genzel and Andrea Ghez *“for the discovery of a supermassive compact object at the centre of our galaxy”*.

THE NOBEL PRIZE IN CHEMISTRY was awarded to Emmanuelle Charpentier and Jennifer A. Doudna *“for the development of a method for genome editing”*.

THE NOBEL PRIZE IN PHYSIOLOGY OR MEDICINE was awarded to Harvey J. Alter, Michael Houghton and Charles M. Rice *“for the discovery of Hepatitis C virus”*.

THE NOBEL PRIZE IN LITERATURE was awarded to Louise Glück *“for her unmistakable poetic voice that with austere beauty makes individual existence universal”*.

THE NOBEL PEACE PRIZE was awarded to the World Food Programme (WFP) *“for its efforts to combat hunger, for its contribution to bettering conditions for peace in conflict-affected areas and for acting as a driving force in efforts to prevent the use of hunger as a weapon of war and conflict”*.

THE SVERIGES RIKSBANK PRIZE IN ECONOMIC SCIENCES IN MEMORY OF ALFRED NOBEL was awarded to Paul R. Milgrom and Robert B. Wilson *“for improvements to auction theory and inventions of new auction formats”*.

## The Nobel Week

During the spring of 2020, the prize-awarding institutions decided that despite the ongoing pandemic, they were able to carry out their customary high-quality prize adjudication work and thereby also able to select new Nobel Prize laureates in 2020. Their decision not to cancel the year's Nobel Prizes – but instead adapt to difficult circumstances – was very positively received by outside observers. Many of the Nobel Week programme points were implemented in new formats, with the laureates participating remotely. The Nobel Lectures, which were recorded in advance and broadcast during the week, reached a large audience on the official Nobel Prize channels. Thanks to close collaboration with Swedish diplomatic missions abroad, all laureates were able to receive their medals and diplomas under safe conditions in their countries of residence. The ceremonial presentations were filmed and woven together with live speeches by members of the respective Nobel committees and musical interludes in a Prize Award Ceremony that was recorded without an audience in the Golden Hall of Stockholm City Hall in collaboration with Swedish Television (SVT).

At the Nobel Peace Prize award ceremony, which was also digital, the Chair of the Norwegian Nobel Committee gave a speech at the Nobel Institute in Oslo and David Beasley, Executive Director of the World Food Programme (WFP), received the WFP's medal and diploma and held an acceptance speech in Rome, Italy. The Norwegian Broadcasting Corporation (NRK) broadcast the ceremonial presentation live, and it was also streamed on the official Nobel Prize channels.

The Nobel Week programmes in Stockholm and Oslo, which also included seminars, an exhibition, a concert and a tribute to the year's laureates in the form of artistic light installations, were made available digitally and reached a daily average audience of more than 900,000 on Facebook and 1.3 million on Twitter. As of mid-January 2021, recordings of the various programme points had been viewed online more than 750,000 times.

# Financial management

## Organisation and strategy of financial management

The objective of the Nobel Foundation's investment activities is to achieve a sufficiently high return over time to maintain the financial base of the Nobel Prize and guarantee the independence of the work of the Prize Committees in selecting the laureates. The Foundation's asset management must take into account the various risks that exist in financial markets.

The Foundation aims to deliver a total inflation-adjusted return of at least 3.0 per cent annually. This return shall be achieved while maintaining well-balanced overall risks. Given a return at this level, the Foundation believes that it will be possible to cover its future expenses. The rising expectations imposed on a global actor like the Nobel Foundation, with its overall responsibility for the Nobel Prize and a high proportion of labour costs, create underlying cost pressure.

The Foundation's asset management follows well-known principles in such contexts. The Board of Directors establishes the asset management framework. This includes deciding on the overall principles for asset management with respect to oversight and responsible investments. Based on an assessment of risk and return, the Board sets intervals for how large the Foundation's holdings of equities, fixed income assets, alternative assets and property funds should normally be. This has resulted in a normal portfolio strategy of 55 per cent with an interval of -15 to +10 percentage points invested in equities, 10 per cent with an interval of -5 to +45 points in fixed income assets, 10 per cent  $\pm$ 10 points in properties and 25 per cent  $\pm$  20 points in alternative assets. These intervals normally apply, but they can be changed by the Board of Directors.

In addition to its 3.0 per cent return target, the Nobel Foundation uses a benchmark index resembling its normal portfolio to evaluate short-term outcomes. In a longer perspective, the Foundation also compares its returns with those of other public, primarily Nordic asset managers. However, it is not an explicit objective of the Foundation to generate higher returns than the benchmark index or its peer group. Instead, these comparisons are a tool for evaluating the Foundation's asset management. When making comparisons to other asset management organisations, it is important to take into account various financial conditions, which may imply both advantages and disadvantages for the Foundation's asset management.



The benchmark index consists of 55 per cent equities (44 per cent MSCI All Country World Index and 11 per cent SIX Return Index, both including dividends), 10 per cent bonds (Handelsbanken All Bond Index), 10 per cent properties (MSCI ACWI Real Estate) and 25 per cent alternative assets (HFRI Fund of Funds Composite Index).

The principles and mandates established by the Board of Directors constitute the starting point of the work of the Nobel Foundation's Investment Committee. The Committee is responsible for regularly re-assessing the principles and rules that govern asset management operations and submitting proposals for changes. In addition, the Committee makes decisions on how the intervals that the Board has set for various asset classes shall be utilised over time – so-called tactical asset allocation decisions. The Committee also decides how to apportion the Foundation's assets between continents and countries as well as currency, interest rate and credit risks.

The choice of managers for each asset class is also made by the Committee. In choosing managers, the Committee attaches importance to such factors as investment philosophy, investment process, historically achieved asset management outcomes, risk control systems, management organisation, the manager's approach to responsible investments and fees.

The ambition of the Nobel Foundation is to carry out asset management that contributes to long-term sustainable development and also in other respects to follow good ethical principles in its investment activities. For this reason, the Foundation has established special guidelines for responsible investments, which are published separately. Since 2016 the Foundation is a signatory of the United Nations Principles for Responsible Investments (PRI).

During 2020, the Nobel Foundation continued its work with responsible investments, mainly by significantly reducing holdings related to fossil fuels via its asset managers and by choosing active managers that integrate sustainability criteria and objectives into their selection of companies. The Foundation also pursued a dialogue with asset managers on holdings that are not compatible with its guidelines. In one case this is expected to lead one manager to create an alternative investment fund with more strict ESG guidelines, but in another case a divestment decision was made. The proportion of green bonds increased somewhat. The Nobel Foundation again, with good results, implemented a screening of its equities portfolio in collaboration with Impact-Cubed for the purpose of examining the total sustainability footprint of the portfolio.

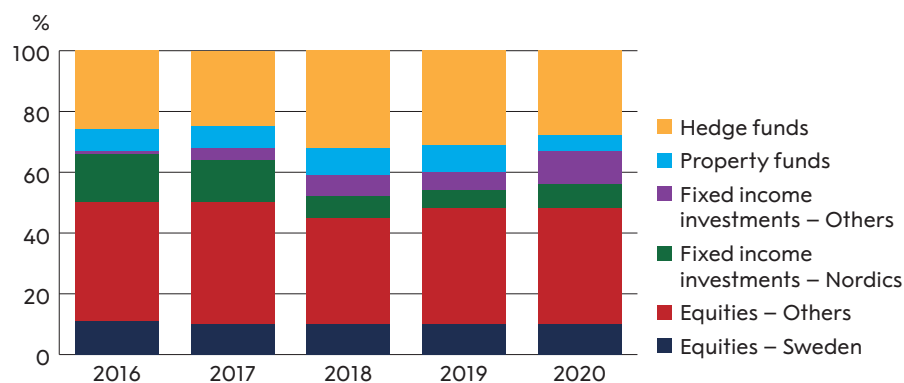
The Investment Committee itself determines what decisions it wishes to delegate to the executive management of the Foundation. Asset management is carried out with a small organisation. The Chief Investment Officer is responsible for preparing matters for decisions by the Committee, following up and executing these decisions, procuring fund managers and providing the necessary analytical and preparatory materials. The Investment Committee works without remuneration.

## Overall position and profit

The market value of the Nobel Foundation's total invested capital amounted to SEK 5,176 m (4,902) at the end of 2020. Excluding the value of the Foundation's directly owned properties, investment capital amounted to SEK 4,882 m (4,618) at the end of the year. Investment capital exposure was 48 (47) per cent equity funds and equity index futures, 5 (9) per cent property funds, 15 (13) per cent fixed income assets and cash, 28 (31) per cent alternative assets and +4 (+0.1) per cent accrued currency hedging gains.

The allocation of investment capital by asset classes diverges from reported book value because only indirectly owned properties are included under the heading "Properties" and because the allocation includes exposure from derivatives.

### Allocation of capital exposures



Total return on equity including directly owned properties (growth in Foundation assets after the reversal of the overall sum of all Nobel Prizes and operating expenses) amounted to +7.9 (+16.0) per cent. The year's return on investment capital was +8.5 (+16.6) per cent.

By late February and early March 2020, it was clear that the spread of COVID-19 would have major consequences for developments in our societies globally. Countries began taking steps to reduce the impact of the virus outbreak. This led to both sizeable economic policy interventions and powerful reactions in financial markets. These events adversely affected the market value of the Nobel Foundation's assets, but thanks to a moderate risk level when the crisis began, no actions were required to reduce the risk level in the portfolio. After bottoming out in late March, the stock market quickly recovered its entire decline and the Nobel Foundation's portfolio ended the year with a positive change in value.

There are widespread hopes that the effects of the pandemic will fade as the world's population is vaccinated, thereby also reducing related financial risks in the system. Meanwhile large economic stimulus measures have been enacted – driving the prices of financial assets to high levels, which increases the magnitude of potential losses in case new problems should arise.

## Outflow and expenses

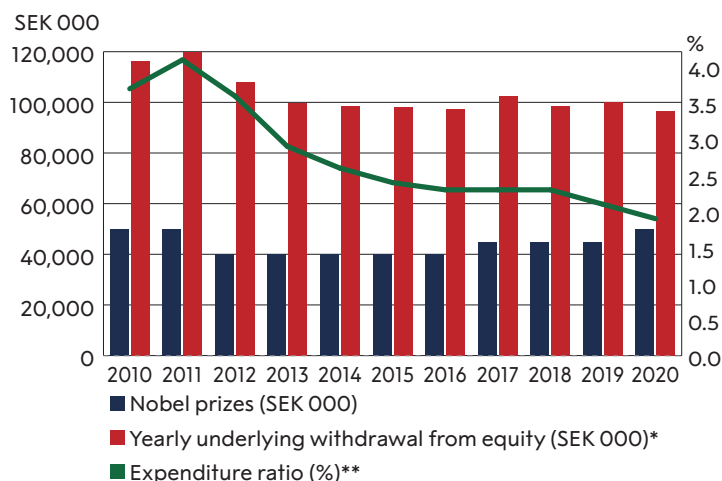
During 2020, the overall sum of all Nobel Prizes and operating expenses was SEK 96.6 m (109.2). This was divided among four main categories: the Prizes, SEK 50 m (54); compensation to the Prize Committees, SEK 22.2 m (25.4); the Nobel Week in Stockholm and Oslo, SEK 5.8 m (17.4); plus administration etc., SEK 18.6 m (12.4).

In 2020 the Nobel Prize was raised from SEK 9 m to SEK 10 m per prize. The higher total prize amount in 2019 was explained by the fact that both the 2018 and 2019 Nobel Prizes in Literature were awarded.

The Prize Committees are, to some extent, entitled to allocate approved compensation between years, and minor natural fluctuations may thus occur.

The "Administration" item in the income statement includes regular operating expenses for the Foundation's two properties located in Stockholm and Oslo. Costs increased in 2020 because the property in Oslo underwent a large-scale façade renovation and two residential flats in the Stockholm property were renovated.

Over the past decade, the Foundation has made intensive efforts to lower its expenses. Since 2018 it has also received larger compensation for expenses from Sveriges Riksbank. This, together with an increase of more than SEK 2 billion in the market value of the Foundation's assets during the same period, has gradually decreased the expenditure ratio. During 2020 it was 1.9 (2.2) per cent.



\* Yearly operating expenses minus external compensation (Riksbank), smoothed for temporary fluctuations.

\*\* Yearly underlying withdrawal from equity as a percentage of the market value of the Foundation's equity at year-end.

## The investment portfolio

The total market value of investment capital (total invested capital excluding directly owned properties) amounted to SEK 4,882 m (4,618). Return on investment capital was +8.5 per cent, compared to +7.4 per cent for benchmark indices. During the past five years, investment capital rose by 44 per cent, compared to 45 per cent for benchmark indices. The Nobel Foundation also compares itself to a group of long-term Swedish investors, many of them pension companies. In this comparison, the Foundation showed good results.

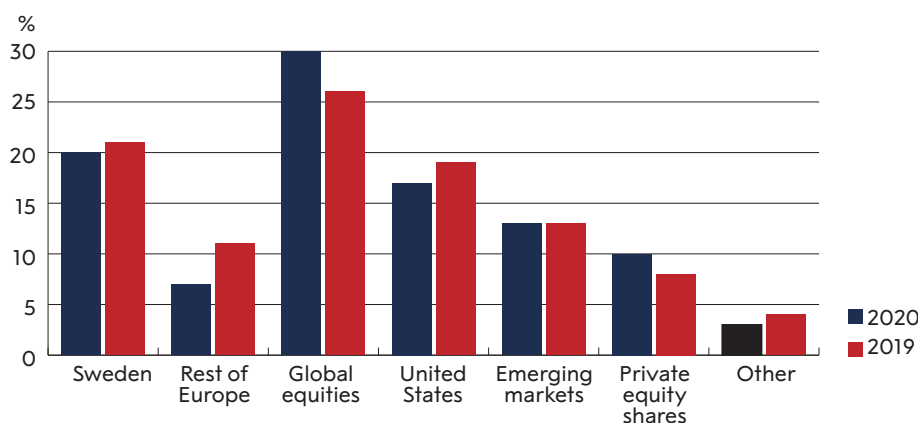
The primary reason why the return was stronger than benchmark indices during 2020 was selection effects. In other words, the Nobel Foundation's asset managers surpassed their benchmark indices on an overall basis. Tactical allocation – which meant lower exposure to equities, an overweight in hedge funds and fixed income investments as well as an underweight in properties – had a neutral overall effect. Including currency

hedging, equity funds contributed +4.1 per cent to overall profit, fixed income investments +0.4 per cent, property funds –0.1 per cent and alternative investments +4.0 per cent.

## Investments in equities

The market value of the Foundation’s investments in equities, together with exposure to equity index futures, totalled SEK 2,323 m (2,189). Investments in equities accounted for 48 (47) per cent of investment capital at year-end 2020. The market value of private equity funds amounted to SEK 224 m (166).

### Geographic allocation of equities



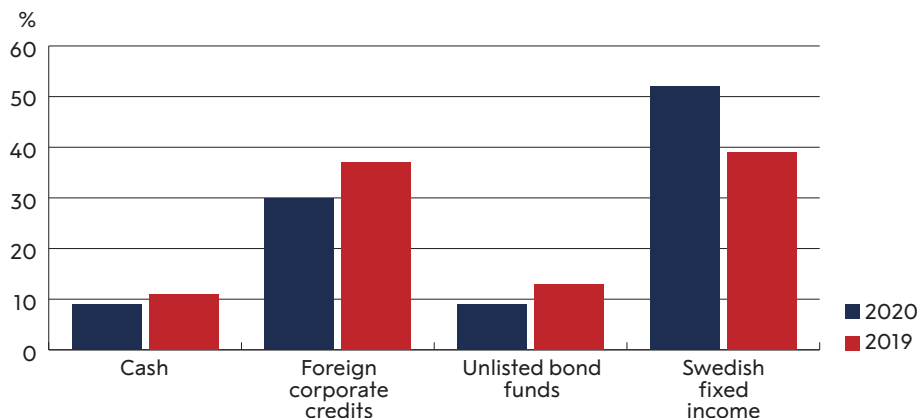
Early in 2020 the world’s stock exchanges fell sharply due to worries about the spread of the pandemic, but in late March they quickly rebounded. In many places they ended the year in positive territory. The value of the Nobel Foundation’s total equities portfolio including currency hedges increased by 8.4 (+31.0) per cent. This was 1 per cent lower than the benchmark indices<sup>1</sup>, which rose by 9.4 (+31.0) per cent. Before currency hedging the equities portfolio rose by 5.7 (+32.6) per cent, compared to +4.5 (+34.0) for its benchmark indices, in terms of Swedish kronor. The year’s return on private equity funds was +7.0 (+34.7) per cent in Swedish kronor. The latest valuation of these funds was made on September 30, 2020.

<sup>1</sup> 80% MSCI All Countries net (half of it currency hedged) + 20% SIX RX

## Fixed income investments

The market value of the Foundation's fixed income assets including cash, adjusted for exposure to equity index futures, amounted to SEK 579 m (611). Liquid assets amounted to SEK 67 m (86). In addition, there was an accrued gain from currency hedging.

### Allocation of fixed income securities



The return on the Foundation's fixed income investments amounted to +1.9 (+3.9) per cent during the year. This was higher than the benchmark index<sup>2</sup>, which rose by 1.4 (1.2) per cent. The main reason for this higher return was that the Foundation had a higher percentage of corporate bonds than the benchmark index. The return on fixed income securities before currency hedging was +0.4 per cent. The year's return on unlisted bond funds was -1.2 (+9.9) per cent in Swedish kronor (before currency hedging).

## Alternative investments

The market value of the Foundation's alternative investments, of which 100 per cent consisted of hedge funds, amounted to SEK 1,382 m (1,451). Hedge funds accounted for 28 (31) per cent of total investment capital at year-end. The Foundation had holdings in six hedge funds with different strategies. There were also four holdings that were in the process of final redemption. During 2020, the hedge fund portfolio including currency hedging rose in value by 13.7 (+5.9) per cent, while the corresponding figure for the benchmark index<sup>3</sup> was +10.2 (+5.9) per cent in Swedish kronor.

<sup>2</sup> Handelsbanken All Bond Index

<sup>3</sup> HFRI Fund of Funds Composite Index (synthetically hedged to SEK)

The hedge fund portfolio, before currency hedging, rose by 2.8 (+13.1) per cent while the benchmark index fell by 2.8 (+14.4) per cent in terms of Swedish kronor.

## Properties

The market value of the Foundation's holdings in property and infrastructure funds amounted to SEK 258 m (393). This accounted for 5 (9) per cent of its investment capital. The Foundation has holdings in nine property and infrastructure funds that invest globally. During 2020, the value of property fund holdings including currency hedges fell by 0.5 (+7.8) per cent in Swedish kronor, while the benchmark index fell by 6.8 per cent (-20.2). The property fund portfolio, before currency hedging, fell by 9.8 (+14.0) per cent while the benchmark index lost 17.8 (+30.0) per cent in terms of Swedish kronor.

The market value of directly owned properties amounted to SEK 295 m (284). This refers to the two properties in Stockholm and Oslo which the Foundation owns. They were appraised at 5.7 (5.8) per cent of total capital.

## Currency hedging

At year-end 2020, the Foundation's net investment capital was allocated among SEK 3,354 m (3,579), USD 111 m (76), EUR 17 m (-3) and SEK 449 m (365) worth of other currencies. Most foreign fixed income and alternative investments and about half of exposure to equities are normally currency hedged.

At year-end 2020, the amount of underlying currency forward contracts was USD 188.1 m (221), EUR 55 m (68) and JPY 0 m (435). At year-end, the value of these contracts was SEK +192.3 m (6.8) or 4.2 (0.1) per cent of investment capital.

## Allocation of profit for the year

Profit for the year before appropriations totalled SEK 268.8 m (154.8), of which SEK 247.4 m (165.7) consisted of realised change in value. In accordance with its Statutes, the Foundation is adding SEK 31.5 m (76.4) to restricted equity in order to safeguard the inflation-adjusted value of its equity over time. In its accounts, the Foundation must make a provision to restricted equity either in an amount equal to the year's inflation calculated on the basis of the market value of the Foundation's equity or equal to one tenth of total annual returns. The latter alternative applies to the 2020 provision. The above allocation has been taken into account in preparing the balance sheet.

## Change in equity

	Restricted equity	Unrestricted equity	Total
<b>Amount on January 1</b>	<b>2,471,444</b>	<b>955,818</b>	<b>3,427,262</b>
Capitalisation	31,535	-31,535	-
<b>Reported income for the year</b>		<b>268,774</b>	<b>268,774</b>
The year's Nobel Prizes		<u>-50,000</u>	<u>-50,000</u>
<b>Amount on December 31</b>	<b>2,502,979</b>	<b>1,143,057</b>	<b>3,646,036</b>



# Financial report

## Income statement (amounts in SEK 000)

	Note	2020	2019
<i>Asset management</i>			
Interest income		4,410	3,419
Dividends		71,130	62,699
Realised change in value		247,413	165,723
Less direct external asset management costs	1	<u>-7,607</u>	<u>-21,857</u>
<b>Reported profit, asset management</b>		<b>315,345</b>	<b>209,983</b>
<i>Operating expenses</i>			
Compensation to Prize Committees		-22,179	-25,412
The Nobel Week in Stockholm and Oslo		-5,817	-17,386
Central administration	2	<u>-18,576</u>	<u>-12,378</u>
	3	<b>-46,572</b>	<b>-55,176</b>
<b>Reported book profit/loss for the year before appropriations</b>		<b>268,774</b>	<b>154,807</b>

## Allocation of profit/loss for the year

Capitalisation, restricted equity	31,535	76,367
Capitalisation, unrestricted equity	<u>237,239</u>	<u>78,440</u>
	<b>268,774</b>	<b>154,807</b>
The year's Nobel Prizes	<u>-50,000</u>	<u>-54,000</u>
<b>The year's change in book value of equity</b>	<b>218,774</b>	<b>100,807</b>

## Balance sheet (amounts in SEK 000)

	Note	Dec 31, 2020	Dec 31, 2019
<b>Assets</b>			
<b>Fixed assets</b>			
<i>Tangible fixed assets</i>			
	4		
Buildings and land		1,396	1,396
Equipment		<u>422</u>	<u>451</u>
		<b>1,818</b>	<b>1,847</b>
<i>Financial fixed assets</i>			
Long-term holdings of securities	5	<u>3,598,789</u>	<u>3,390,035</u>
		<b>3,598,789</b>	<b>3,390,035</b>
<b>Total fixed assets</b>		<b>3,600,606</b>	<b>3,391,882</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Prepaid expenses and accrued income		2,924	10,834
Other current receivables		<u>2,811</u>	<u>3,925</u>
		<b>5,735</b>	<b>14,759</b>
<i>Short-term investments</i>			
Miscellaneous short-term investments		<u>-</u>	<u>3,082</u>
		<b>-</b>	<b>3,082</b>
<i>Cash and bank balances</i>		<b>64,514</b>	<b>66,146</b>
<b>Total current assets</b>		<b>70,249</b>	<b>83,987</b>
<b>Total assets</b>		<b>3,670,855</b>	<b>3,475,869</b>

## Balance sheet (amounts in SEK 000)

	Note	Dec 31, 2020	Dec 31, 2019
<b>Equity and liabilities</b>			
<b>Equity</b>			
<i>Restricted equity</i>		2,502,979	2,471,444
<i>Unrestricted equity</i>		<u>1,143,057</u>	<u>955,818</u>
<b>Total equity</b>	6	<b>3,646,036</b>	<b>3,427,262</b>
<b>Liabilities</b>			
Accounts payable		5,783	12,446
Accrued expenses and prepaid income		2,744	3,442
Other liabilities	7	<u>16,292</u>	<u>32,719</u>
<b>Total liabilities</b>		<b>24,819</b>	<b>48,607</b>
<b>Total equity and liabilities</b>		<b>3,670,855</b>	<b>3,475,869</b>

## Cash flow statement (amounts in SEK 000)

	2020	2019
Cash flow from asset management	315,345	209,983
Operating expenses, excluding depreciation	<u>-46,471</u>	<u>-54,982</u>
Cash flow from operations	268,874	155,001
Change in portfolio funds	-205,807	-156,129
Other changes in assets and liabilities	-14,699	-13,021
The year's Nobel Prizes	<u>-50,000</u>	<u>-54,000</u>
<b>Cash flow for the year</b>	<b>-1,632</b>	<b>-68,149</b>
Liquid funds on January 1	<u>66,146</u>	<u>134,295</u>
<b>Liquid funds on December 31</b>	<b>64,514</b>	<b>66,146</b>

## Accounting principles

The Annual Report has been drawn up in compliance with the Annual Accounts Act.

Receivables have been reported at the amount the Foundation expects to be paid. Current receivables and liabilities in foreign currencies have been valued at the year-end exchange rate. Other assets and liabilities have been reported at cost.

Depreciation is based on the original costs of property, plant and equipment and is distributed over their estimated economic life. Computers are depreciated in three years, other equipment in five years. Property write-downs occur only if the value of the properties has permanently fallen below their book value.

In addition to the amount reported as direct external asset management costs, when it comes to the Foundation's unit trust (equity mutual fund) holdings, such costs are subtracted directly from the asset value of the holding.

Securities have been valued at cost or market value, whichever is lower, for the entire securities portfolio including administrative properties. When securities are sold, their cost is calculated according to the averaging method, i.e. at the average cost of all securities holdings of the same class. Gains and losses from the sale of securities are reported in the income statement as realised change in value.

The Foundation enters into currency forward contracts to hedge certain exchange rate changes. At maturity, the gain or loss on the forward contracts is reported.

The market value of certain alternative investments is affected by the fact that reporting from funds occurs with a certain time lag.

Interest is allocated among time periods on the basis of effective acquisition interest rate, which means that interest income for the period consists of coupon interest and change in accrued cost.

The Foundation has chosen to divide up its operating expenses by function. These sub-items are reported on a net basis.

## Notes to the financial statements

(amounts in SEK 000)

### Note 1

#### Direct external asset management costs

This item in the income statement includes certain external asset management costs (fixed and variable), discounts and taxes. In addition, there are indirect external asset management fees. This year's asset management profit of 8.5 per cent is calculated after all external asset management costs.

### Note 2

#### Central administration

	<b>2020</b>	2019
Salaries and pensions, including social insurance expenses	7,915	8,512
Fees, including social insurance expenses	2,950	3,355
Travel expenses	55	272
Other personnel expenses	843	217
Office administration	1,435	1,588
Expenses for premises	1,770	1,778
Depreciation	35	71
Exchange rate differences	-1,621	-590
Other administrative expenses	<u>268</u>	<u>398</u>
	<b>13,650</b>	<b>15,601</b>
Outcome, Stockholm property	-104	-1,943
Outcome, Oslo property	7,606	1,150
Cost compensation from Sveriges Riksbank	<u>-2,576</u>	<u>-2,430</u>
	<b>18,576</b>	<b>12,378</b>

### Note 3

#### Salaries, fees and social insurance expenses

	Board of Directors and Executive Director		Other employees	
	2020	2019	2020	2019
Salaries and fees	2,009	2,273	5,701	6,368
Social insurance expenses	227	322	2,697	3,127
– of which pension expenses	0	0	1,086	1,120

The average number of employees was 9 (11), of whom 8 (9) were women. The Board of Directors has one female member. In keeping with the Nobel Foundation's pension policy, a reverse salary sacrifice arrangement applies to the Executive Director. This is completely cost-neutral to the Foundation.

Note 4  
Tangible fixed assets  
Buildings and land

*Properties*

Humlegården 15, Sturegatan 14, Stockholm (tax value 75,600)  
The Norwegian Nobel Institute, Henrik Ibsens gate 51, Oslo  
(no tax value due to tax exemption))

	<b>Dec 31, 2020</b>	Dec 31, 2019
<i>Buildings</i>		
Cost, January 1/December 31	20,148	20,148
Depreciation and write-downs, January 1/ December 31	<u>-19,129</u>	<u>-19,129</u>
	<b>1,019</b>	<b>1,019</b>
<i>Land</i>		
Cost, January 1/December 31	<u>377</u>	<u>377</u>
	<b>377</b>	<b>377</b>
<b>Value of buildings and land, December 31</b>	<b>1,396</b>	<b>1,396</b>
Humlegården 15, Sturegatan 14, Stockholm	166,679	156,521
Henrik Ibsens gate 51, Oslo	<u>127,849</u>	<u>127,056</u>
<b>Market value, directly owned properties</b>	<b>294,528</b>	<b>283,577</b>
<b>Equipment</b>		
Cost, January 1	13,617	13,531
Purchases	<u>72</u>	<u>86</u>
<b>Accumulated cost, December 31</b>	<b>13,689</b>	<b>13,617</b>
Depreciation, January 1	-13,166	-12,971
Depreciation for the year	<u>-101</u>	<u>-195</u>
<b>Accumulated depreciation, December 31</b>	<b>-13,267</b>	<b>-13,166</b>
<b>Value of equipment, December 31</b>	<b>422</b>	<b>451</b>
<b>The year's depreciation was apportioned as follows:</b>		
Central administration	-35	-71
The Nobel Week in Stockholm and Oslo	<u>-66</u>	<u>-124</u>
	<b>-101</b>	<b>-195</b>

## Note 5

### Long-term holdings of securities

	ISIN	Book value	Market value
<i>Unit trusts (equity mutual funds)</i>			
Alpinvest Secondaries Fund VI		53,749	55,435
Azelio		125	5,240
Blackrock MSCI US Equity Index ESG Screened Fund B		236,434	358,142
Galdana Ventures II		16,774	15,473
Generation IM Asia		119,958	140,568
Generation IM Global		230,688	283,599
Guard Cap Global Equity	1E00BSJCNS13	328,534	412,721
Handelsbanken Europafond Index	SE0000624421	115,100	158,757
Handelsbanken Svenska Småbolag	SE0000356065	997	2,377
Handelsbanken Sverige Index Criteria	SE0001466368	375,487	472,271
Handelsbanken USA Index	SE0004139780	29,000	28,959
Innovation Endeavors III LP		29,382	32,685
Partners Capital Condor III		12,102	9,345
Partners Capital Condor IV		4,026	11,294
Sequoia Capital China Growth		4,599	4,601
Sequoia Capital China Venture		1,645	1,515
Sequoia Capital US Growth		1,242	1,232
Sequoia Capital US Venture		869	862
Skandia Japan Exponering	SE0000810764	65,603	72,896
Stewart Inv Asia Pac Ldrs B Acc EUR	IE00BFY85M14	102,243	167,905
The Column Group III		55,028	79,232
The Column Group IV		6,716	7,442
Market value, currency hedge			-9,546
		<b>1,790,298</b>	<b>2,313,005</b>



	ISIN	Book value	Market value
<i>Property funds</i>			
Aberdeen Property Investors (Asia)		17,033	486
Aberdeen Property Investors (Europe)		25,550	908
Carlyle Realty III (US)		0	1,125
Carlyle Realty IV (US)		0	3,313
Carlyle Realty VII (US)		29,032	29,787
EQT Infrastructure III		89,912	122,927
Global Infrastructure Partners 2		683	3,371
Global Infrastructure Partners III		98,371	95,924
Global Infrastructures Partners IV		0	-33
Market value, currency hedge			<u>19,033</u>
		<b>260,582</b>	<b>276,840</b>
<i>Hedge funds</i>			
Alternative Liquidity Fund		6,407	630
AQR Style Premia Offshore Fund		3,491	2,796
Citadel Kensington Global		82,127	82,127
Frost	SE0013646403	130,000	138,309
Millennium International		146,345	342,893
Renaissance		78,454	44,894
Tudor BVI Global		90	102
Two Sigma Spectrum		172,538	267,784
Viking Global Equities III		283,320	502,888
Market value, currency hedge			<u>175,291</u>
		<b>902,773</b>	<b>1,557,713</b>
<i>Fixed income investments</i>			
Arcmont Direct Lending Fund II		27,298	29,004
Arcmont Direct Lending Fund III		38,870	36,944
M&G Total Return Credit Inv.	LUO895902640	200,754	214,199
Öhman bonds		378,214	380,286
Market value, currency hedge			<u>7,567</u>
		<b>645,136</b>	<b>668,000</b>

## Note 6

### The year's change in unrealised surplus values, securities and properties

<i>Equity</i>	<b>Dec 31, 2020</b>	Dec 31, 2019	<i>Change</i>
Market value	5,155,939	4,867,093	288,846
Less book value	<u>-3,646,036</u>	<u>-3,427,262</u>	<u>-218,774</u>
<b>Surplus value</b>	<b>1,509,903</b>	<b>1,439,831</b>	<b>70,072</b>

## Note 7

### Other liabilities

	<b>Dec 31, 2020</b>	Dec 31, 2019
Debts, Nobel Prize laureates	15,372	30,325
Account settlements, Prize Committees	634	2,040
Miscellaneous liabilities	<u>286</u>	<u>354</u>
	<b>16,292</b>	<b>32,719</b>

## Note 8

### Assets pledged and contingent liabilities

	<b>Dec 31, 2020</b>	Dec 31, 2019
<b>Assets pledged</b>	None	None
<b>Contingent liabilities</b>		
Investment obligations, unlisted holdings	<b>429,090</b>	<b>503,097</b>
<i>This is capital committed (but not yet disbursed) to property and infrastructure funds as well as private equity funds and corporate debt</i>		

## Note 9

### Events after the balance sheet date

In light of the ongoing pandemic, in 2021 the Nobel Foundation is again facing some possible scenarios in which it is likely that the Nobel Week will have to be carried out in the form of “hybrid” events, with some Nobel Prize laureates and guests on site in Stockholm and others participating remotely. The formats and technical solutions for such events must be studied further in the course of the year.

Otherwise the operating activities of the Nobel Foundation are of such a nature that our colleagues can largely handle their regular working assignments remotely.

Stockholm, 7 April 2021

Carl-Henrik Heldin  
Chairman

Göran K. Hansson  
Vice Chairman

Mats Malm

Tomas Nicolin

Thomas Perlmann

Berit Reiss-Andersen

Vidar Helgesen  
Executive Director

# Auditors' report

To the Trustees of the Nobel Foundation,  
Swedish organisation ID 802002-4462

## Report on the annual accounts

### Opinions

We have audited the accounts of the Nobel Foundation related to the year 2020.

In our judgement, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020 and its financial results and cash flows for the year according to the Annual Accounts Act. The Report of the Directors is consistent with the other parts of the annual accounts.

### Basis for statements

We have conducted the audit according to generally accepted auditing standards in Sweden. The responsibility of the auditors according to these standards is described in more detail in the sections entitled *The responsibility of the authorised public accountants* and *The responsibility of the unqualified auditors*. We are independent in relation to the Foundation according to generally accepted auditing standards in Sweden, and as authorised public accountants we have otherwise fulfilled our professional ethical responsibilities according to these requirements.

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

### The responsibility of the Board of Directors

The Board of Directors bears responsibility for preparing annual accounts that provide a true and fair view according to the Annual Accounts Act. The Board is also responsible for such internal controls that it deems necessary to prepare annual accounts that are free from material misstatement, whether due to fraud or mistakes.

In preparing the annual accounts, the Board is responsible for the assessment of the ability of the Foundation to continue as a going concern. It discloses, as applicable, matters that may affect the Foundation's ability to

continue as a going concern and to use the going concern basis of accounting. The going concern basis of accounting is not, however, applied if the Board intends to liquidate the Foundation, to cease operations or has no realistic alternative but to do so.

### The responsibility of the authorised public accountants

Our objective is to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or mistakes, and to submit 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 according to ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably influence the economic decisions that users make on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or mistakes, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- obtain an understanding of the Foundation's internal controls relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal controls.
- evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- conclude on the appropriateness of the Board's use of the going concern basis of accounting in preparing the annual accounts. I also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion

about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a foundation to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform the Board of significant audit findings, including any significant deficiencies in internal controls that we have identified.

#### **The responsibility of the unqualified auditors**

Our responsibility is to conduct an audit in accordance with the Swedish Auditing Act and thereby according to generally accepted auditing standards in Sweden. Our objective is to achieve a reasonable degree of assurance that the annual accounts have been prepared in accordance with the Annual Accounts Act and that the annual accounts provide a fair view of the Foundation's financial results and position.

## Report on other legal and statutory requirements

### Opinion

In addition to our audit of the annual accounts, we have also audited the Board of Directors' administration of the Nobel Foundation during the year 2020.

We have not found that any member of the Board has taken any action or been guilty of any negligence that may give rise to liability to the Foundation.

### Basis for opinion

We have conducted the audit according to generally accepted auditing principles in Sweden. Our responsibility according to these standards is described in more detail in the sections entitled *The responsibility of the authorised public accountants* and *The responsibility of the unqualified auditors*. We are independent in relation to the Foundation according to generally accepted auditing standards in Sweden. We, as authorised accountants, have otherwise fulfilled our professional ethical responsibilities according to these requirements.

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

### The responsibility of the Board of Directors

The Board bears responsibility for the administration of the Nobel Foundation according to the Foundations Act and the Foundation's Statutes.

### The responsibility of the auditors

Our objective concerning our audit of the administration of the Foundation, and thereby our opinion, is to obtain audit evidence to assess, with a reasonable degree of assurance, whether any member of the Board of Directors, in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Foundation.
- in any other way has acted in contravention of the Foundations Act, the Nobel Foundation's Statutes or the Annual Accounts Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted according to generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Foundation.

As part of an audit in accordance with generally accepted auditing standards in Sweden, the authorised accountant exercises professional judgement and maintains professional scepticism throughout the audit. The examination of the administration is based primarily on the audit of the accounts. Additional audit procedures performed are based on the authorised accountant's professional judgement, with risk and materiality as the starting point. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Foundation's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion.

Stockholm, 7 April 2021

David Edvardsson  
Chairman

Lars Bergström

Catharina Larsson

Tomas Riad

Bettina Banoun

Jonas Svensson  
Authorised Public Accountant



# Organisational structure

## Trustees of the Nobel Foundation

Professor Sven Lidin, Chairman

### Elected by the Royal Swedish Academy of Sciences

Professor Siv Andersson	<i>Deputy Trustees:</i>
Professor Olga Botner	Professor Olle Inganäs
Professor Per Delsing	Professor Anne L'Huillier
Professor Martin Jakobsson	Professor Kerstin Lidén
Professor Dan Larhammar	Professor Kerstin Sahlin
Professor Sven Lidin	

### Elected by the Nobel Assembly at Karolinska Institutet

Professor Jesper Haeggström	<i>Deputy Trustees:</i>
Professor Christer Höög	Professor Gunilla Karlsson Hedestam
Professor Anna Wedell	Professor Nils-Göran Larsson

### Elected by the Swedish Academy

Ellen Mattson, Author	<i>Deputy Trustees:</i>
Dr Eric M. Runesson	Professor Anders Olsson
	Anne Swärd, Author

### Elected by the Norwegian Nobel Committee

Ms Anne Enger	<i>Deputy Trustees:</i>
Professor Henrik Syse	Mr Thorbjørn Jagland
Dr Asle Toje	Professor Olav Njølstad

## Board of Directors

### Regular members

Professor Carl-Henrik Heldin, Chairman

Professor Göran K. Hansson, Vice Chairman  
*Secretary General of the Royal Swedish Academy of Sciences*

Vidar Helgesen  
*Executive Director*

Professor Mats Malm  
*Permanent Secretary of the Swedish Academy*

Mr Tomas Nicolin, MSc

Professor Thomas Perlmann  
*Secretary of the Nobel Assembly at Karolinska Institutet  
and of the Nobel Committee for Physiology or Medicine*

Mrs Berit Reiss-Andersen  
*Chair of the Norwegian Nobel Committee*

### Deputy members

Professor Gunnar Ingelman,  
*Secretary of the Nobel Committee for Physics*

Professor Gunnar von Heijne,  
*Secretary of the Nobel Committee for Chemistry*

## Investment Committee

Mr Tomas Nicolin, MSc, Chairman  
Professor Magnus Dahlquist  
Mr Vidar Helgesen, Executive Director  
Professor Carl-Henrik Heldin  
Mr Kent Janér  
Mr Sven Nyman  
Ulrika Bergman, Chief Financial Officer

## Auditors

Dr David Edvardsson Chairman	appointed by the Swedish Government
Mr Jonas Svensson	elected by the Trustees of the Authorised Public Accountant Foundation
Professor Lars Bergström	elected by the Royal Swedish Academy of Sciences
Professor Catharina Larsson	elected by the Nobel Assembly at Karolinska Institutet
Professor Tomas Riad	elected by the Swedish Academy
Bettina Banoun	elected by the Norwegian Nobel Committee

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