

## FUND RULES – NORDIC EQUITIES SELECT

The fund rules have been approved by Finansinspektionen 2015-05-19 to apply from 2015-07-01.

### § 1 Legal status of the investment fund

The name of the fund is Nordic Equities Select (the fund). The fund is a special fund in accordance with the Act (2013:561) on Alternative Investment Fund Managers, hereinafter referred to as LAIF. In addition to the aforementioned law, the business is conducted in accordance with the fund rules and other regulations issued pursuant to law or statute. The fund cannot acquire its own rights or assume obligations. However, the fund is an independent taxable entity, but shall not pay income tax. The assets of the fund are owned jointly by the unitholders and the shares in the fund are of equal size and carry equal rights to the property included in the fund. The fund is aimed at the general public.

### § 2 Fund manager

Nordic Equities Kapitalförvaltning AB (the fund company), reg. no. 556571-9126, manages the fund and represents the unit holders in all matters concerning the fund.

### § 3 The depositary and its tasks

The fund's custodian is Skandinaviska Enskilda Banken AB, reg. no. 502032-9081. The tasks of the custodian are to receive and store the fund's property and to ensure that the assets of the fund reach the custodian without delay. Furthermore, the depositary shall ensure that the valuation, redemption and sale of fund units and the management of the fund are carried out in accordance with the law, regulations and fund rules. The depositary shall act independently of the fund company and exclusively in the interests of the fund's unitholders.

### § 4 Nature of the fund

The fund's objective and strategy is to invest, based on an assessment of the markets' valuation and growth potential, in the financial instruments that the company considers most interesting. The exposure to the stock market may vary and the fund may have a predominant share of liquid assets and interest-bearing investments, be leveraged, be short (short selling), and also have a negative net exposure.

The fund is primarily focused on the Nordic market, with a Swedish emphasis, but may also be predominantly invested outside the Nordic region. The fund does not seek an even geographical or sectoral spread of investments. Nor is it specialised in any particular industry.

The fund is a specialised fund, which means that it has freer investment rules than traditional investment funds. The fund will normally have a concentrated portfolio and may also have a high proportion of medium-sized and smaller companies. This can lead to higher volatility in the fund.

### § 5 The fund's investment objectives

The fund's assets may be invested in transferable securities, money market instruments, derivative instruments, fund units and in accounts with credit institutions. The fund may not issue put options or hold OTC derivatives.

The maximum total collateral requirement that the fund may not exceed due to trading in options and futures contracts may at any time amount to a maximum of 100 per cent of the fund's assets.

The fund may sell financial instruments that the fund does not own, but has at its disposal through securities lending (short selling). Securities lending may amount to a total of 200 per cent of the fund's assets.

The fund's risk measure is standard deviation. The company's goal is for the fund's standard deviation to be between 5 and 20 per cent per year.

The fund is a special fund and has the following exemptions from the Swedish Investment Funds Act (2004:46), hereinafter referred to as LVF, and the Swedish Financial Supervisory Authority's regulations (2013:9) on investment funds, hereinafter referred to as FFFS 2013:9.

With the exception of Chapter 5. 6 § 1 st, 2 st 3 and 3 st LVF; 13 § 1 st LVF, 16 § 1 st LVF, 21 § LVF, the fund may hold financial instruments, and raise securities loans, with the same issuer to a maximum of 30 per



# Nordic Equities

cent of the fund's value. With regard to bonds, however, the restrictions that apply by law apply.

With the exception of Chapter 5. 6 § 2 item 1 LVF, the fund may hold money market instruments guaranteed by the Swedish state to a value of no more than 50 per cent of the fund's value.

With the exception of Chapter 5, Section 11 LVF, deposits in one and the same bank may amount to a maximum of 40 per cent of the fund's value.

With the exception of Chapter 5 § 20 LVF, the fund may hold holdings in transferable securities from the same issuer to a maximum of 30 per cent of the voting value of all shares issued by the issuer.

With the exception of Chapter 5, Sections 21 and 22 of the LVF, exposure to a single company or group of companies may amount to a maximum of 50 per cent of the fund's value.

With the exception of chapter 5, section 23, subsection 1, paragraph 1 and 2 of the LVF, the fund may take short-term and long-term money loans in an amount corresponding to a maximum of 150 per cent of the fund's value.

With the exception of Chapter 25, Section 21, paragraph 3. FFFS 2013:9, the company may lend transferable securities corresponding to a maximum of 50 per cent of the fund assets.

With the exception of Chapter 5, Section 13, second paragraph of the Swedish Securities Trading Act, gross exposure in derivative instruments may amount to a maximum of 300 per cent of the fund's assets.

## **§ 6 The fund's investment area**

The fund's assets may be invested in financial instruments traded on regulated markets, or equivalent, in Europe, North America, South America and Asia.

## **§ 7 Specific investment objectives**

The fund's assets may not be invested in such transferable securities and money market instruments as referred to in Chapter 5, Section 5 of the LVF. 5 § LVF in cases other than those authorised under Chapter 5 § LVF.

The fund may borrow, lend and short sell securities. Trading in derivative instruments and securities lending may take place as part of the fund's

investment policy. The fund may not issue put options or hold OTC derivatives.

## **§ 8 Valuation**

The value of the fund is calculated by deducting from the assets (financial instruments and cash and cash equivalents including accrued income) the liabilities of the fund (accrued expenses, taxes and other liabilities). The value of a fund unit is the value of the fund divided by the total number of fund units.

Financial instruments included in the fund are valued at market value. This means the most recent price paid or, in the absence of such, the most recent purchase price. If there are no such prices or if the price is misleading in the Company's judgement, the company may determine the value on objective grounds.

With the exception of Chapter 4, Section 10, paragraph 3. LVF, the company shall calculate the fund unit value at least once a month, on the last banking day of each month. In addition, an indicative fund unit value is published every two weeks.

The price information provided by the company to the media or similar is always preliminary, is subject to change and is therefore not binding on the company.

The calculation of fund units and the fund unit value is made to at least four decimal places.

## **§ 9 Sale and redemption of fund units**

Fund units are sold and redeemed at the company. With the exception of Chapter 4, Section 13, first sentence LVF, the fund is open for sale and redemption on the last banking day of each month.

The sale and redemption price is unknown at the time of notification of purchase and redemption. Information on the sales and redemption price is received by the company no later than the tenth banking day after the last banking day of the previous month. At half-year and full-year changes, however, information on the sales and redemption price is received no later than the fifteenth banking day after the last banking day of the previous month.

Notification of purchase of fund units shall be made on the form provided by the company. After notification, payment must be received in the fund's account no later than the fifth banking day before the last banking day of the month. Once payment has reached the fund's account, the purchase cannot be



# Nordic Equities

cancelled by the buyer. The purchase of units cannot be limited by price. The minimum deposit in the fund is SEK 1,000,000 per occasion. If payment is received later than the fifth banking day before the last banking day of the month, the company is nevertheless entitled to decide that the sale takes place in the same month.

Notice of redemption shall be made on a form provided by the company and shall be received by the company no later than the fifth banking day before the last banking day of the month. Once the notification has been received by the Company, the redemption request cannot be withdrawn. Redemption of shares cannot be limited by price. The minimum redemption amount is SEK 1,000,000, or if the value of the unitholder's total shareholding is less than this amount, the unitholder's total holding. If the company receives notification of redemption later than the fifth banking day before the last banking day of the month, the company is nevertheless entitled to decide that redemption will take place in the same month.

## § 10 Opening hours of the fund

In order to implement the fund's strategy and objectives, the company has the possibility to decide that new subscriptions may not be made if the value of the fund exceeds SEK 3,000,000,000. The fund may also be closed for entry and exit in the event that such extraordinary circumstances have occurred that make it impossible to value the fund's assets in a way that ensures the equal rights of the fund's unitholders.

## § 11 Fees and remuneration

The price for the sale of a fund unit is the value of the fund unit on the date of sale plus a fee of up to 3.0 per cent of the value of the fund unit.

The redemption price of a fund unit is the value of the fund unit on the redemption date less any redemption commission and a fee of up to 1.5 per cent of the value of the fund unit.

The current fees are presented in the fund's information brochure or related annex.

Remuneration may be paid to the company from the fund's resources. The fixed remuneration to the company for management of the fund, custody of the fund's assets, supervision, auditors and costs for safeguarding the fund's interests, such as legal fees, is calculated daily and may annually amount to a

maximum of 1.0 per cent of The fund's value. The remuneration is taken from the fund each month.

In addition, where applicable, a performance-based remuneration is paid to the company amounting to a maximum of 20 per cent of the part of the total return, for each individual unitholder, that exceeds the development of the fund's performance index. The performance-based remuneration is calculated, after deduction of other fees, at the end of the calendar year and upon redemption of fund units and is paid to the company thereafter. The remuneration shall be paid by the fund but is charged to the respective unitholder.

In the event that the total return of a unit holder's remaining units does not exceed the performance of the performance index since: the acquisition of the units, the beginning of the calendar year or the date on which the performance fee was last paid, no performance fee shall be charged to that unit holder until the underperformance has been made up.

In order for performance-based remuneration to be paid, it is also required that the unitholder has had an increase in the value of the remaining units, taking into account distributions made, in relation to the following three values: the value at the beginning of the calendar year, the accumulated acquisition value and the value at which performance-based remuneration was last paid. Performance-based remuneration is calculated on the part of the total return, for each individual unit holder, that exceeds the highest of these three values, taking into account indexation.

In the case of performance-based fees, the maximum fee per fund unit to be paid by any unitholder is first calculated. The unit value is then adjusted down to the value that will be the case when the highest fee is charged to all units in the fund. For those unitholders who are required to pay a lower fee on their holdings and those unitholders who are not required to pay such a fee, units are issued free of charge at the new unit value. When redeeming fund units, the performance fee may also be charged as a redemption fee.

The change in the performance index is determined by the final quotation for the 3-month Swedish treasury bill rate on the last banking day of each month. If there

is no quotation on this day, the last available quotation applies.

Brokerage, bank charges and other transaction costs are paid by the fund and are in addition to the above.

All remunerations are also subject to the value added tax applicable at any given time.

## **§ 12 Dividends**

The fund pays dividends to unit holders during the month of September – November following the end of the financial year. The basis for the distribution is the dividend received by the fund. The fund's information brochure explains how the calculation is made. The company's board of directors may, in the interests of the unitholders, set the dividend at a higher or lower amount than the dividend received by the fund. Dividends may be increased by accrued dividends paid on the purchase of units and decreased by accrued dividends paid on the redemption of units.

Dividends are paid to unitholders who are registered for fund units on the distribution date set by the company. New fund units shall be allocated to the unitholder, after deduction of preliminary tax, for the dividend payable on the fund unit.

Unitholders who instead wish to receive a cash dividend shall notify the company on a form provided by the company no later than 31 July of the year following the end of the financial year. If the company receives an application for a cash dividend later than the above-mentioned date, the company is nevertheless entitled to approve a cash dividend.

## **§ 13 Financial year of the fund**

The financial year of the fund is the calendar year.

## **§ 14 Half-yearly and annual report, amendment to the fund rules**

The company shall prepare half-yearly and annual reports for the fund within two and four months of the end of the half-year and financial year respectively. The half-yearly and annual reports shall be kept available at the company and the depositary and sent to unit holders who have requested them.

If the company decides to amend the fund rules, the decision shall be submitted to the Financial Supervisory Authority for approval. The decision shall be published by being made available at the company

and the depositary and announced in the manner determined by the Financial Supervisory Authority.

## **§ 15 Pledging and transfer**

Fund units may not be pledged. The transfer of fund units requires that the company authorises the transfer. Such authorisation will be given by the company if the transfer is made in order to carry out the division of property, inheritance or relates to a transfer between different legal entities within the same group. Other transfers may be authorised in exceptional cases. When transferring fund units, the acquirer assumes the transferor's acquisition value of the fund unit. The company is entitled to charge compensation for the cost of a transfer, trustee registration and re-registration.

## **§ 16 Other necessary and reasonable information**

The company or the Custodian shall not be liable for any loss resulting from Swedish or foreign legislation, Swedish or foreign government action, acts of war, strikes, blockades, boycotts, lockouts or other similar circumstances, such as data or telephone failures. The reservation regarding strikes, blockades, boycotts and lockouts also applies if the company or the depositary is subject to or takes such industrial action.

Damage incurred in other cases shall not be compensated by the company or the Depositary if they have exercised normal care. Under no circumstances shall the company or the depositary be liable for indirect loss.

The company or the depositary shall not be liable for any damage caused by a marketplace, custodian bank, central securities depository, clearing organisation, others providing similar services, or any other contractor engaged by the depositary with due care or assigned by the Company. Nor shall the company or the depositary be liable for any loss arising from a restriction on disposal that may be applied to the depositary in respect of financial instruments.

If the company or the depositary is prevented from executing all or part of a measure due to the circumstances referred to in the first paragraph of this section, the measure may be postponed until the obstacle is removed.

The company or the depositary shall not be liable to pay interest in the event of deferred payment.



# Nordic Equities

For further information regarding the fund company's liability, please refer to Chapter 2, Section 21 of the Swedish Investment Funds Act (2004:46) and Chapter 8, Section 28 and Chapter 9, Section 22 of the Swedish Alternative Investment Funds Act (2013:561).

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