



Nordic Equities

INFORMATION BROCHURE – NORDIC EQUITIES STRATEGY

Published: Stockholm January 2024

General information

This information brochure has been prepared in accordance with the Swedish Investment Funds Act (2004:46) and the Swedish Financial Supervisory Authority's regulations on investment funds (FFFS 2013:09).

The fund and fund company are under the supervision of the Swedish Financial Supervisory Authority.

Information about the fund company

The fund company Nordic Equities Kapitalförvaltning AB, reg. no. 556571-9126 was founded in 1999 and has its registered office in Stockholm. The company's share capital is SEK 1 500 000.

In 2000, the company received a licence to manage the Nordic Equities Strategy fund and in 2006 the company became a fund company and received a licence to conduct fund operations. In May 2015, the company received a licence to manage alternative investment funds. The fund company currently offers five funds: Nordic Equities Our World, Nordic Equities Global Stars, Nordic Equities Strategy, Nordic Equities Sweden and Nordic Equities Select, and conducts discretionary management.

Board of directors, senior executives, and auditor

- Fredrik Boström, lawyer, Chairman of the board of directors
- Jonas Jakobson, board member
- Brita Lagström, board member
- Lars-Olov Olsson, board member
- Mikaela Fredriksson, CEO
- Lars Kinnunen, Complaints Officer
- Rune Evertsson, REVAC Redovisningsbyrå AB, Risk Control Manager
- Anders Tagde, KPMG, Auditor

Assignment agreements

The fund company has entered into the following assignment agreements:

- Skandinaviska Enskilda Banken (publ) AB as custodian of the fund.
- Harvest Advokatbyrå AB, as controller of the fund.
- REVAC Redovisningsbyrå AB for accounting and financial reports.
- Lüscher & Co Revision AB as internal auditor.

The depositary

The depositary of the funds is Bankaktiebolaget Skandinaviska Enskilda Banken AB, reg. no. 502032-9081, which has its registered office and head office in Stockholm. The general tasks of the depositary are to hold the fund's assets and to execute the fund company's instructions relating to the securities fund if they do not contravene provisions of law or other statutes or the fund rules and to ensure that:

- Sale, redemption and cancellation of units in the fund are carried out in accordance with the law and the fund rules,
- The value of the units of the fund is calculated in accordance with the law and the fund rules,
- Compensation for transactions involving the assets of a fund is paid to the fund without delay, and
- The income of the fund is used in accordance with the provisions of the law and the fund rules.

Contact information

Nordic Equities Kapitalförvaltning AB
Grev Turegatan 13b (Box 7238), 103 89 Stockholm
Telephone: +46(0)8-545 045 00
Fax +46(0)10-150 91 39
E-mail: mail@nordeq.se
Website: www.nordeq.se



Nordic Equities

Fund information

Nordic Equities Strategy, ISIN SE0001057928 (share class A), ISIN SE0019913625 (share class B), was launched on 29 December 2000 and is a UCITS fund in accordance with the Swedish Investment Funds Act (2004:46) and is managed by Nordic Equities Kapitalförvaltning AB (the fund company), reg. no. 556571-9126. The fund is managed by the Nordic Equities portfolio team. The fund company maintains the register of unit holders.

Target group

The fund's target groups are institutions (such as pension funds and foundations), companies and individuals.

Share classes

The fund has share classes A, SEK dividend paying and B, EUR non-distributing. Share class B is traded in Euro. The units in a share class carry equal rights to the property included in the fund.

Dividends

The fund's share class A, SEK is dividend paying. Share class B, EUR is non-distributing. The aim is for the fund to redistribute the previous year's dividend received in respect of share class A, SEK. If the board of the fund company considers that it may be in the common interest of the unit holders, the dividend may be set at a higher or lower amount.

The dividend affects the relationship between the value of units that are accumulating and the value of units that are distributing by reducing the value of the distributing fund units in relation to the size of the dividend.

The fund's focus and strategy

Nordic Equities Strategy is an equity fund specialising in the Nordic market. The fund has a relatively concentrated portfolio and does not seek an even geographical or sectoral spread.

The fund's assets may be invested in transferable securities (e.g. shares), money market instruments, derivatives, fund units and accounts with credit institutions. Normally, more than 90% of the fund's assets are invested in shares.

Using an empirical approach, global and historical correlations are analysed based on the company's "Outside View" investment philosophy. Investments are based on historical data in a global context where

the investment theme GUR AIS (Globalisation, Urbanisation, Artificial Intelligence, Internet, Robotics and Standardisation) plays an important role. Regular travel and meetings with portfolio companies contribute to investment decisions.

The fund's strategy is to invest in the financial instruments that the company considers to be most worth buying, based on an assessment of the markets' valuation and growth potential. Evaluation takes place on an ongoing basis, after which holdings are increased, reduced or replaced. We look at each share individually, so-called stockpicking, which means that we are not dependent on industry weighting.

The risk

The fund has a risk factor of 4 out of 7, which corresponds to a medium risk class for increases and decreases in the unit value. The fund is therefore suitable for people with a risk tolerance corresponding to 4 out of 7.

The fund's risk profile

Historical returns are no guarantee of future returns. The money invested in the fund may increase or decrease in value and there is no guarantee that an investor will get back the full amount invested.

There are different types of risks for a fund. Among others, the following risk groups have been identified:

- **Market risk:** Market risk can be divided into three parts. General market risk, holder-specific risk and exchange rate risk. All investors are exposed to general market risk, which means that the value of shareholdings can be affected by, for example, changes in the economy, interest rates, inflation and geopolitical events. Holding-specific risk is the risk associated with a specific company, which means that the company can develop differently from the market. Foreign exchange risk arises from changes in exchange rates affecting the value of a holding.
- **Credit/counterparty risk:** This refers to the risk that the fund's counterparty cannot fulfil its obligations.
- **Liquidity risk:** The risk that a position cannot be liquidated in time at a reasonable price.
- **External risks:** Can be divided into business risk, concentration risk, reputation risk and strategic risk. These risks mainly affect the fund company.



Nordic Equities

- Operational risk: refers to the risk of losses due to inappropriate internal processes and procedures, human error, faulty systems and external events.
- Sustainability risk: Refers to environmental, social or corporate governance related circumstances or events that could have a significant negative impact on the value of the investment. This risk is managed by integrating sustainability into investment decisions and through the exclusion criteria applied by Nordic Equities.

Since the fund is an equity fund with a Nordic profile, a fund investment will always be risky. By diversifying the investments, both in terms of industry and geography, the risk level is reduced. The risk profile in the fact sheet (PRIIP KID) is calculated on volatility and the fund's risk class should be 4. The fund invests primarily in large and medium-sized well-known Nordic companies listed on a regulated market. The holdings should therefore be relatively easy to value and monitor.

Trading in derivative instruments and the granting of securities loans may take place in order to rationalise the management of the fund's assets and to protect the fund's assets against exchange rate losses or other risks. Trading/transactions in options and futures contracts have special characteristics that may entail significantly higher risks than trading in shares.

Where derivative instruments are used in the fund, total exposure shall be calculated using the commitment approach.

Activity level in fund management

The fund's benchmark is the MSCI Nordic Countries Gross Index in local currencies. The fund management company believes this index reflects a relevant market composition aligned with the fund's investment universe. It is a well-established and frequently used benchmark for Nordic equity funds. The fund's returns are reported net of dividends and fees, in line with its benchmark.

Nordic Equities Strategy is actively managed with a focused investment strategy aimed at achieving strong long-term returns through a select portfolio of high-quality companies. We assess thousands of companies through our "Outside View" model, which takes a horizontal and vertical approach, incorporating both a global perspective and historical as well as forward-looking analyses. Holdings within the portfolios are continuously monitored and evaluated. Our model is fact-based rather than index-based, allowing us to selectively avoid many companies and sectors. Consequently, the fund's returns are expected to diverge from its benchmark.

The measure of active risk, or Tracking Error, is calculated over 24 months, based on how the fund's performance varies with the market and how its holdings compare to the benchmark. Equities often fluctuate more in return than fixed-income instruments, so active risk metrics tend to vary more in an actively managed equity fund compared to an index fund or bond fund. The higher the fund's active risk, the more its performance diverges from its benchmark.

Active Risk: 24-Month Tracking Error

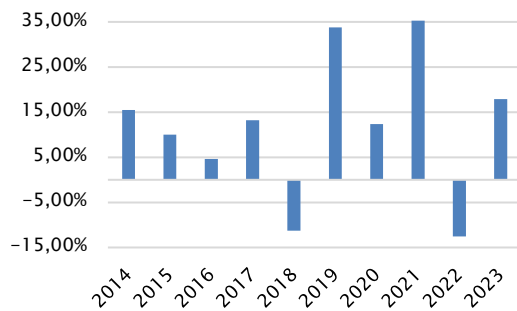
In 2023, the fund's tracking error, showing the variation in returns relative to its benchmark, was 4.47%. This higher level of active risk for the year reflects the fund's more concentrated portfolio and fewer holdings compared to its benchmark.

2023	4,47
2022	3,23
2021	4,13
2020	5,67
2019	6,09
2018	5,75
2017	5,27
2016	4,25
2015	4,36
2014	4,92



Nordic Equities

Historical annual returns



Fees and charges

A fixed fee is charged for the management of the fund.

No fees are charged for the purchase or redemption of fund units other than for the redemption of fund units acquired in the last 12 months.

The current fee level and the maximum possible fee levels according to the fund rules are as follows:

- The fixed fee to the fund company for management, custody, supervision, auditors and costs for safeguarding the interests of the fund is 1.5% annually (maximum 1.5%) for both share class A and B.
- Fee for the redemption of fund units, acquired during the last 12 months, is 0% (maximum 1.5%) for both share class A and B.

The fixed fee is calculated daily and charged once or twice a month. Costs charged to the fund are shown in the annual report.

In addition to the management fee charged by the company from managed portfolios in accordance with the fund rules, the funds pay brokerage fees in connection with securities transactions. There are also bank charges in some cases. As a result of the funds' trading with brokers, the company receives price data systems and analyses from brokers, which are used in the management of the fund.

In accordance with the Swedish Financial Supervisory Authority's letter (Dnr 14-6664), the company has chosen to divide the brokerage cost into equal parts in an analysis and an execution part. The execution part accrues to the broker when trading as compensation for the transaction, while the analysis part is accumulated by the broker to be distributed by the company on occasion, at given intervals or when the balance reaches a sufficiently high amount. The analysis costs charged directly to the fund in the form

of brokerage fees shall be distributed as the company deems appropriate, taking into account how analysis services and technical aids are available to, or used by, the management.

More about the fees can be read in the fund rules and further information can also be obtained from the company.

Rules on best possible result when placing orders

The company has established internal rules to achieve the best possible result when placing orders. Among other things, the rules state that the transaction must be carried out fairly and in accordance with the market and that the broker must be well established. The company evaluates counterparties and order placement performance on an ongoing basis. The company does not currently use a primary broker.

Purchase and redemption of units

New customer: A new customer of the fund company must complete a customer registration form. The client application must be signed by an authorised person using BankID, or a certified copy of identification must be attached to the client application. For legal entities, current documentation on company authorisation must also be attached.

Trading fund units: Completed purchase/redemption notification is sent to the fund company and, in the case of purchase, payment is made to the fund's account. Fund units cannot be price-limited. The notification of purchase or redemption of fund units, as well as the purchase payment, must be received by the company no later than two banking days before the business day.

Minimum deposit: The minimum deposit in the fund, when purchasing via the company, is initially SEK 50,000 (EUR 5,000), thereafter SEK 10,000 (EUR 1,000).

Minimum redemption amount: The minimum redemption amount is SEK 10,000 (EUR 1,000).

The fund company is entitled to decide to cancel or postpone the business day for a unit transaction if the fund company deems that sufficient documentation has not been presented in time.

Fund valuation and opening hours

The fund's unit value is determined each day when all the markets on which the fund's holdings are traded



Nordic Equities

are fully open. However, the fund company is entitled to keep the fund open for trading and valuation on a day when one or more of the markets on which the fund's holdings are traded are fully or partially closed. Information on the day of trading can always be obtained from the fund company.

The fund unit value is calculated by the fund company at 16:00 (CET) at the earliest. The valuation of the fund's financial instruments takes place in accordance with the fund rules § 8.

Price information

The unit value is calculated each day the fund is open for trading. The unit value is published on the fund company's website.

Opening and closing of the fund

The fund may be closed to entries and exits in the event that extraordinary circumstances have arisen that make it impossible to value the fund's assets in a way that ensures the equal rights of unitholders.

Marketing Authorization in Additional Countries

Nordic Equities Strategy is authorized to market its services not only in Sweden but also in France, Norway, and Finland.

Tax rules

As of 1 January 2012, mutual funds are not subject to tax. Instead, natural persons resident in Sweden must report a standardised capital income of 0.4% of the value of the fund units at the beginning of the year. Legal persons with unlimited tax liability who own units in mutual funds must also report such a standardised income, but as income from business activities.

Example: If the value of your fund units is SEK 100,000 at the beginning of 2023, the standardised income amounts to SEK 400. This SEK 400 is sent as control information for the tax return for 2023 (tax year 2024). If you have no other deductions or income from capital, the tax amounts to SEK 120, i.e. the actual tax is 0.12% ($0.4 * 30\%$) of the value.

For dividends to natural persons who are taxable in Sweden, the fund is obliged to withhold preliminary tax. For unit holders resident abroad, withholding tax is withheld.

For natural persons liable to tax in Sweden, the tax on capital gains is currently 30%. Capital losses are deductible to varying degrees. Capital gains/losses

are reported on a control statement to the Swedish Tax Agency.

A fund unit holder's tax may be affected by individual circumstances and investors who are unsure should seek expert advice.

Termination and transfer of the fund business

If the fund company wishes to discontinue the management of the fund, loses the Financial Supervisory Authority's authorisation to conduct business subject to authorisation, goes into liquidation or is declared bankrupt, the management of the fund shall be temporarily taken over by the depositary. The depositary shall, with the consent of the Financial Supervisory Authority, promptly transfer the management of the fund to another fund company, failing which the fund shall be dissolved and the net assets distributed to the unit holders. With the consent of the Financial Supervisory Authority, the fund company may transfer the management of the fund to another fund company.

An announcement to this effect shall be published in Post- och Inrikes Tidningar and be made available at the depositary and at the fund company as soon as possible.

Damages

Chapter 2, section 21 of the Swedish Investment Funds Act states that:

If a fund unit holder has suffered damage as a result of the company's violation of this Act or the fund rules, the company shall compensate the damage. If a unitholder or a fund company has suffered damage as a result of the depositary's violation of this Act or the fund rules, the depositary shall compensate the damage.

More information can be found in the fund rules §16.

Remuneration policy

In order not to encourage excessive risk-taking, the fund company has adopted a remuneration policy. Employees are paid a fixed monthly salary, pension provision and health insurance. There are no agreements on variable remuneration or similar.

Chapter 3, Section 22 and Chapter 9, Section 3 of the Swedish Financial Supervisory Authority's regulations on managers of alternative investment funds (FFFS 2013:10) and Chapter 8a, Section 3 of the Swedish Financial Supervisory Authority's regulations on



Nordic Equities

mutual funds (FFFS 2013:9) state that the company shall have a remuneration policy. Furthermore, it follows from Article 1 in conjunction with Article 27 of Commission Delegated Regulation 2017/565 of 25 April 2016 that the company shall establish and implement a remuneration policy and remuneration practices in accordance with appropriate internal procedures that take into account all of the company's clients, in order to ensure that clients are treated fairly and that their interests are not adversely affected by the remuneration policy adopted by the company in the short, medium or long term. In addition, Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (the "Disclosure Regulation") requires the company to provide information in its remuneration policy on how the policy is compatible with the company's integration of sustainability risks.

The company has decided to integrate sustainability risks into its investment decision-making process and has therefore established a specific policy for the integration of sustainability risks. Consequently, the employees whose tasks are related to the investment decision-making process must specifically comply with the company's policy for integrating sustainability risks and must also analyse and integrate any sustainability risks in decisions taken on behalf of the funds. Against this background, the fact that sustainability risks have been integrated into the investment decision-making process is a basis for assessment when deciding on variable remuneration for such personnel.

According to the regulations, the company shall have a remuneration policy that is compatible with and promotes sound and effective risk management and prevents excessive risk-taking.

The remuneration policy shall be formulated and applied in a manner appropriate to the size and internal organisation of the company and the nature, scope and complexity of its activities, and shall be consistent with the business strategy, objectives, values and long-term interests of the manager and the alternative investment funds managed or the investors in the alternative investment funds, and shall include a list of measures to be taken to avoid conflicts of interest.

The company has identified that an incorrect design of the remuneration system and payments of variable

remuneration could have a negative impact on the company's liquidity and result in the company not meeting the requirements of the regulations regarding, inter alia, capital adequacy and create conflicts with the interests of the unit holders. Risk takers could potentially, with a poorly designed remuneration system, take excessive risk or violate the fund rules and the company's internal rules in order to increase their own level of remuneration in the short term. Furthermore, the assets of the fund could potentially be valued at a higher amount than the market price in order to increase the company's fees.

Against this background, it is of the utmost importance that the company ensures that its remuneration policy and remuneration systems are compatible with and promote sound and effective risk management. One part of this work is to identify and report on the measures to be taken. Remuneration models that may exist in the company shall have an appropriate balance between fixed and variable components. Guaranteed variable remuneration may not occur.

The fixed components should represent a sufficiently high proportion of the employee's total remuneration to enable the variable components to be set at zero. The company shall specify in its remuneration policy the maximum size of the variable components in relation to the fixed components for all categories of employees eligible for variable remuneration.

All employees may be eligible for variable remuneration. Variable remuneration to employees may in no case be set at a higher amount than the equivalent of 24 months' salary.

Variable remuneration shall be decided by the Board of Directors on a proposal from the Chairman of the Board. The variable remuneration is not calculated based on a predetermined formula but is discretionary in nature. The company bases the possibility of variable remuneration on, among other things, the following criteria for each staff category.

Investment personnel:

- Company performance
- The employee's contribution to the company's earning power
- Seniority
- Customer care/ Investor satisfaction
- Management tasks



Nordic Equities

- Training efforts
- Compliance with internal/external rules/risk management policy/sustainability risk integration policy

Distribution:

- Customer care/ Investor satisfaction
- Strategic objectives
- Structural issues
- New shareholders
- Compliance with internal/external rules

Non-investment personnel:

- Audit results
- Strategic objectives
- Structural issues
- Adaption to new regulations
- Compliance with internal/external rules/risk management policy/sustainability risk integration policy
- Teamwork/motivation
- Leadership

When deciding how much of the total remuneration shall be variable, the company shall always ensure that its total remuneration does not limit the company's ability to maintain a sufficient capital base or to strengthen the capital base if necessary. This means that the company shall consider, inter alia:

- The amount and cost of the additional capital required to cover the risks affecting the result for the period,
- The amount and cost of liquidity risk, and
- The possibility that expectations of future revenues will not be realised

For specially regulated staff, at least 60% of the variable remuneration is deferred for three years before it is paid out or ownership of shares is transferred to the employee. For others, at least 60% of the variable remuneration is also deferred for three years before being paid.

Deferred variable remuneration is only paid or transferred to the employee to the extent that it is justifiable in view of the company's financial situation and justified by the company's and the employee's performance. The deferred part of the remuneration may also be cancelled entirely, for the same reasons.

Information on the fund company's remuneration is published in the funds' annual report and on the fund

company's website. Information on the remuneration policy can also be sent by post free of charge on request. Compliance with the remuneration policy is monitored annually by the compliance function.

The company's remuneration policy has been complied with and has not undergone any significant changes beyond what is required by law. The above information is also available on the company's website www.nordeq.se and can be obtained free of charge upon request.

Sustainability information

Information on the fund's environmental and social characteristics can be found below, in the Annex, to this document.

Amendments to the fund rules

The company may, with the approval of the Swedish Financial Supervisory Authority, amend the fund rules for the fund. Changes may affect the fund's characteristics, such as its investment policy, fees and risk profile.