

# PROSPECTUS

## CARNEGIE Fonder Portfolio SICAV

### (SOCIETE D'INVESTISSEMENT A CAPITAL VARIABLE A COMPARTIMENTS MULTIPLES)

R.C.S. Luxembourg: B 33 101

#### CONTAINING THE FOLLOWING PORTFOLIOS OF INVESTMENTS

CARNEGIE Fonder Portfolio – CARNEGIE Strategy Fund (feeder fund)  
CARNEGIE Fonder Portfolio – CARNEGIE Corporate Bond  
CARNEGIE Fonder Portfolio – CARNEGIE Total  
CARNEGIE Fonder Portfolio – CARNEGIE High Yield Select  
CARNEGIE Fonder Portfolio – CARNEGIE Russia (feeder fund)  
CARNEGIE Fonder Portfolio – CARNEGIE Sverigefond (feeder fund)  
CARNEGIE Fonder Portfolio – CARNEGIE Småbolagsfond (feeder fund)  
CARNEGIE Fonder Portfolio – CARNEGIE Total Plus

Subscriptions can only be received on the basis of the prospectus (the "**Prospectus**") and the key investor information document (the "**KIID**") accompanied by the latest annual report as well as by the latest semi-annual report, if published after the latest annual report.

These reports form part of the Prospectus. No information other than that contained in the Prospectus, in the periodic financial reports, as well as in any other documents mentioned in the Prospectus and which may be consulted by the public may be given in connection with the offer. Shares of CARNEGIE Fonder Portfolio (SICAV) may be neither bought nor held directly or indirectly, by investors, who are residents of states and its sovereign territories; nor is the transfer of shares to those persons

January 2019

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## **PRINCIPAL FEATURES**

**CARNEGIE Fonder Portfolio (SICAV)** (the "**Company**" or the "**Fund**") brings together the advantages of active, professional fund management with a choice of sub-funds (the "**Sub-Funds**") designed to meet a wide range of objectives.

The level of flexibility and cost efficiency offered by CARNEGIE Fonder Portfolio is a valuable benefit for investors. All deals involving the redemption of shares or switching between Sub-Funds will be transacted at Net Asset Value. There will also be a reduction in the commission charged to existing shareholders wishing to increase the level of their investment in the Sub-Funds.

### ***The Company***

CARNEGIE Fonder Portfolio is an open-ended investment company with variable share capital ("*société d'investissement à capital variable*" or "**SICAV**"), incorporated in the Grand Duchy of Luxembourg and offering shares in three separate Sub-Funds. These Sub-Funds have been carefully designed to meet investor's requirements across the breadth of today's international markets; such diversification, when combined with expert management, aims at meeting the widest range of investment objectives and achieving the best returns.

### ***The Sub-Funds***

The Company contains the following separate Portfolios.

CARNEGIE Fonder Portfolio – CARNEGIE Strategy Fund (feeder fund)  
CARNEGIE Fonder Portfolio – CARNEGIE Corporate Bond  
CARNEGIE Fonder Portfolio – CARNEGIE Total  
CARNEGIE Fonder Portfolio – CARNEGIE High Yield Select  
CARNEGIE Fonder Portfolio – CARNEGIE Russia (feeder fund)  
CARNEGIE Fonder Portfolio – CARNEGIE Sverigefond (feeder fund)  
CARNEGIE Fonder Portfolio – CARNEGIE Småbolagsfond (feeder fund)  
CARNEGIE Fonder Portfolio – CARNEGIE Total Plus

### ***The Investment Management***

is undertaken by Carnegie Fonder AB, a UCITS compliant management company with registered office in Stockholm.

The Sub-Funds have the facility to invest in any world market. The managers have the expertise to react positively and immediately to any change in those markets.

### ***Regular Reporting***

to the shareholders includes detailed communications on the progress of the investments through fully audited annual reports.

## ***The Shares***

An application to subscribe for shares is enclosed with this Prospectus. You should study the Prospectus and the KIID in detail before making your application. Shares may easily be redeemed with payment made in the respective share class currency.

Unless otherwise provided in Sub-Funds' Particulars to this Prospectus, settlement will be dispatched within three (3) bank business days (a "Business Day") of the Valuation Day following receipt of documentation.

## ***Registered Office***

The Company is:

CARNEGIE Fonder Portfolio  
4, rue Peternelchen  
L-2370 Howald  
Grand-Duchy of Luxembourg  
R.C.S. Luxembourg B 33 101

The Board of Directors of the Company is:

Chairman  
Mr. Hans Hedström  
Chief Executive Officer  
Carnegie Fonder AB  
Regeringsgatan 56  
SE-103 38 Stockholm

Director (Board Member)  
Mr. Peter Gullmert  
Head of Sales  
Carnegie Fonder AB  
Regeringsgatan 56  
SE-103 38 Stockholm

Director (Board Member)

Mrs. Marie Juhlin  
Managing Director  
FundRock Nordics S.A.  
4, rue Peternelchen  
L-2370 Howald

The Management Company and Central Administrator is:

FundRock Nordics S.A. 4, rue Peternelchen  
L-2370 Howald

### **CONDUCTING OFFICERS**

Marie Juhlin, Managing Director  
Jan Hedman, Deputy Managing Director

The Sub-Administrative Agent, including Registrar and Transfer Agent is:

European Fund Administration S.A.  
2, rue d'Alsace  
L-1122 Luxembourg

The approved statutory auditor (*réviseur d'entreprises agréé*) of the Management Company is:

PricewaterhouseCoopers, société  
coopérative  
2, rue Gerhard Mercator  
L-2182 Luxembourg

The Investment Manager is:	Carnegie Fonder AB Regeringsgatan 56 SE-103 38 Stockholm, Sweden	
The approved statutory auditor ( <i>réviseur d'entreprises agréé</i> ) of the Company is:	PricewaterhouseCoopers, coopérative 2, rue Gerhard Mercator L-2182 Luxembourg	société
The Depositary Bank is:	Skandinaviska Enskilda Banken S.A. 4, rue Peternelchen L-2370 Howald	
The Global Distributor of the Company is:	Carnegie Fonder AB Regeringsgatan 56 SE-103 38 Stockholm, Sweden	
The Paying Agents of the Company are:	In Luxembourg: Skandinaviska Enskilda Banken S.A. 4, rue Peternelchen L-2370 Howald  In Sweden: Skandinaviska Enskilda Banken AB (publ) Sergels Torg 2 SE-106 40 Stockholm	

The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts for which the omission would make any statements herein misleading whether of fact or opinion. All the Directors accept responsibility accordingly.

It is not permissible to supply information or explanation that differs from the Prospectus or the articles of incorporation of the Company (the "**Articles of Incorporation**"). Neither the board of directors of the Company (collectively to as the "**Board of Directors**" or the "**Directors**" and individually as a "**Director**") nor the Management Company, FundRock Nordics S.A., are liable if and to the extent that such divergent information or explanations are supplied.

The distribution of this Prospectus and supplementary documentation and the offering of shares may be restricted in certain countries. Investors wishing to apply for shares should inform themselves as to the requirements within their own country for transactions in shares, any applicable exchange control regulations and the tax consequences of any transaction in shares.

This Prospectus does not constitute an offer or solicitation by anyone in any country in which such offer or solicitation is not lawful or authorized, or to any person to whom it is unlawful to make such offer or solicitation.

Investors should note that not all the protections provided under their relevant regulatory regime may apply and there may be no right to compensation under such regulatory regime, if such scheme exists.



The Company draws the investors' attention to the fact that any investor will only be able to fully exercise their investor rights directly against the Company, notably the right to participate in general shareholders' meetings if the investor is registered itself and in their own name in the shareholders' register of the Company. In cases where an investor invests in the Company through an intermediary, investing into the Company in its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Company. Investors are advised to take advice on their rights.

**Data Protection:** Any and all information concerning the investor as an individual or any other data subject (the "**Personal Data**"), contained in the application form or further collected in the course of the business relationship with the Fund will be processed by the Fund and the Management Company acting as joint data controllers (the "**Controllers**") in compliance with (i) Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (the "**Data Protection Directive**") as transposed in applicable local laws, (ii) the Regulation (EU) 2016/679 of 27 April 2016 (the "**General Data Protection Regulation**") as well as any applicable law or regulation relating to the protection of personal data (collectively the "Data Protection Law").

Investors acknowledge that their Personal Data provided or collected in connection with an investment in the Fund may be processed by the Investment Manager, the Depositary Bank, the Central Administration, the Global Distributor, the Paying Agents, the Sub-Administrative Agent, the Paying Agents, the approved statutory auditor, legal and financial advisers and other service providers of the Fund (including its information technology providers) and, any of the foregoing respective agents, delegates, affiliates, subcontractors and/or their successors and assigns (the "**Processors**").

Personal Data will in principle not be transferred outside the European Economic Area (the "**EEA**"). If Personal Data were ever to be transferred outside the EEA, the Fund and the Management Company are required to ensure that the processing of investors' Personal Data is in compliance with the Data Protection Law and, in particular, that appropriate measures are in place such as entering into model contractual clauses (as published by the European Commission) or ensuring that the recipient is "Privacy Shield" certified, if appropriate. Data subjects should refer to the privacy notice of the Controller and/or Processors for more information.

Insofar as Personal Data provided by the investor concerns individuals other than itself, the investor represents that it has authority to provide such Personal Data to the Controllers. If the investor is not a natural person, it must undertake to (i) inform any other data subject about the processing of its Personal Data and their related rights and (ii) where necessary and appropriate, obtain in advance any consent that may be required for the processing of such Personal Data.

Investors should note that the Processors may also act as independent data controllers for their own purpose. In this case investors should consult the data privacy policies of the service providers acting as independent data controllers.

Such Personal Data will be processed for the purposes of offering investment in shares and performing the related services. Personal Data will also be processed for the purposes of fraud prevention such as anti-money laundering and counter-terrorist financing identification and reporting, tax identification and reporting (including but not limited to compliance with the CRS Law, FATCA) or similar laws and regulations (e.g. on OECD level).

The Fund reserves the right to refuse to issue shares to investors who do not provide the necessary Personal Data (including records of their transactions) to the Registrar and Transfer Agent.

Personal Data will not be held for longer than necessary with regard to the purposes for which it is processed, subject to applicable legal minimum retention periods.

Investors may also exercise their rights as set out in the General Data Protection Regulation such as: the right to access to or have their Personal Data rectified in cases where such data is incorrect or incomplete, the right to have their Personal Data deleted, the right to ask for a restriction of processing or object thereto, the right to data portability and the right to lodge a complaint with the relevant data protection supervisory authority.

More details regarding the rights described above and how to exercise them, as well as the purposes of such processing, the different roles of the recipients of the investor's Personal Data, the affected categories of Personal Data as well as any other information required by the Data Protection Law can also be found in the privacy notice accessible under the following link: <https://sebgroupp.com/large-corporates-and-institutions/our-services/investor-services/fund-services>.

## ***Introduction***

CARNEGIE Fonder Portfolio described in this Prospectus is an open-ended investment company established in the Grand Duchy of Luxembourg with a variable capital, *société d'investissement à capital variable* ("**SICAV**") which comprises separate Sub-Funds (each a "**Sub-Fund**") consisting of securities, at the initiative of Carnegie Fonder AB, a management company supervised by *Finansinspektionen* with registered office in Stockholm.

The main objective of the Company is to provide a range of Sub-Funds combined with active professional management to diversify investment risk and satisfy the needs of investors seeking income, capital conservation and longer term capital growth.

As in the case of any investment, the Company cannot guarantee future performance and there can be no certainty that the investment objectives of the Company's individual Sub-Funds will be achieved. It should be remembered that the price of the shares and any income from them may go down as well as up.

## **THE COMPANY**

The Company was incorporated in the Grand-Duchy of Luxembourg on 2 March 1990 under the name of FÖRSTA FONDER. It is organised as an open-ended investment company with variable capital ("*société d'investissement à capital variable*" or "**SICAV**") under part I of the law of 17 December 2010 on undertakings for collective investment (the "**2010 Law**"), as may be amended from time to time. It is established for an undetermined duration from the date of incorporation.

The registered office of the Company is at 4, rue Peternelchen, L-2370 Howald, Grand Duchy of Luxembourg. The Articles of Incorporation were published in the *Mémorial, Recueil Spécial des Sociétés et Associations* (the "**Mémorial**") dated 17 April 1990. The Articles of Incorporation were amended several times and the last amendment took place on 3 April 2012 and was published on 18 May 2012 in the *Mémorial*.

The financial year of the Company starts on 1 January and ends on 31 December of each year.

Shareholders' meetings are to be held annually in the Grand Duchy of Luxembourg at the Company's registered office or at such other place as is specified in the notice of meeting. The annual general meeting will be held on the third Thursday in April each year at 10.00 am local time. If such day is a legal holiday in the Grand Duchy of Luxembourg, the annual general meeting shall be held on the next following bank business day. Other meetings of shareholders may be held at such place and time as may be specified in the respective notices of meetings. Registered shareholders will receive notice of meetings by registered mail.

Resolutions concerning the interests of the shareholders of the Company shall be taken in a general meeting and resolutions concerning the particular rights of the shareholders of one specific Sub-Fund shall in addition be taken by this Sub-Fund's general meeting.

The Company is managed by a Board of Directors composed of not less than three members who need not be shareholders of the Company. The directors are elected by the shareholders at their annual meeting for a period ending at the next annual general meeting and hold office until their successors are elected. The directors are subject to removal by simple majority vote of the shareholders.

The remuneration payable to the directors, if any, is subject to the annual general meeting's approval.

The Company works as an umbrella structure which means that it is comprised of sub-funds each of which represents a specific class of assets and liabilities and has a distinct investment policy or any other specific feature, as further described hereafter.

At the date of the issue of the current prospectus, the Company contains distinct Sub-Funds, respectively:

- CARNEGIE Fonder Portfolio – CARNEGIE Strategy Fund (denominated in Swedish Krona) (feeder fund).
- CARNEGIE Fonder Portfolio – CARNEGIE Corporate Bond (denominated in Swedish Krona).
- CARNEGIE Fonder Portfolio – CARNEGIE Total (denominated in Swedish Krona).
- CARNEGIE Fonder Portfolio – CARNEGIE High Yield Select (denominated in Swedish Krona).
- CARNEGIE Fonder Portfolio – CARNEGIE Russia (feeder fund) (denominated in Swedish Krona).
- CARNEGIE Fonder Portfolio – CARNEGIE Sverigefond (feeder fund) (denominated in Swedish Krona).
- CARNEGIE Fonder Portfolio – CARNEGIE Småbolagsfond (feeder fund) (denominated in Swedish Krona).
- CARNEGIE Fonder Portfolio – CARNEGIE Total Plus (denominated in Swedish Krona).

However, the Board of Directors may decide at any time to create new Sub-Funds investing in securities. At the opening of such additional Sub-Funds, a supplement to the Prospectus shall be issued providing the investors with all information on those new Sub-Funds and the Prospectus shall be adapted accordingly.

The Company constitutes a single legal entity, but the assets of each Sub-Fund shall be invested for the exclusive benefit of the shareholders of the corresponding Sub-Fund and the assets of a specific Sub-Fund are solely accountable for the liabilities, the commitments and obligations of that Sub-Fund.

## ***Capital Stock***

The capital of the Company shall at all times be equal to the value of the net assets of the Company. The Company has established segregated opposable accounts, each constituting a Sub-Fund within the meaning of article 181 of the 2010 Law, as may be amended from time to time, the assets of which are invested in accordance with the particular investment features applicable to the Sub-Fund and which is represented by a specific class or classes of shares. Pursuant to article 181 (5) of the 2010 Law, as may be amended from time to time, the rights of investors and

creditors regarding a Sub-Fund or raised by the incorporation, daily operation and liquidation of a Sub-Fund are limited to the assets of this Sub-Fund. In relation between investors, each Sub-Fund will be deemed to be a separate entity.

The Board of Directors may decide to offer different share classes for a respective Sub-Fund, which can differ due to the use of the income / allocation of results (capitalisation or distribution), the fee structure or due to other criteria to be determined by the Board of Directors. From the date of issue, all shares are entitled, in the same way, to capital gains, although such gains may be entirely reinvested as further described in the Sub-Funds' Particulars, and to liquidation proceeds.

The minimum capital of the Company shall be the equivalent in Swedish Kronor (SEK) as requested by Luxembourg law.

The Board of Directors is authorised, without limitation and at any time, to issue additional shares at the respective Net Asset Value per share determined in accordance with the provisions of the Articles of Incorporation, without reserving to existing shareholders a preferential right to subscribe for the shares to be issued.

All shares are issued, fully paid and have no par value. Shares of any Sub-Fund will be entitled to payment of a dividend in case payment of a dividend is decided. Each Share carries one vote, regardless of its Net Asset Value and of the Sub-Fund to which it relates.

Shares are issued in registered form in the name of the investor or made available through clearing houses (Clearstream and Euroclear). The ownership of shares shall be evidenced by written confirmation. Fractions of shares may be issued up to 6 decimal places per share. Fractions of shares shall have no voting rights but will participate in the distribution of dividends and in the liquidation distribution.

If the capital of the Company becomes less than two-thirds of the legal minimum, the directors must submit the question of dissolution of the Company to the general meeting of shareholders. The meeting is held without a quorum and decisions are taken by simple majority. If the capital becomes less than one quarter of the legal minimum, a decision regarding the dissolution of the Company may be taken by shareholders representing one quarter of the shares present. The meeting in the foregoing instance must be convened not later than 40 days from the day on which it appears that the capital has fallen below two-thirds or one quarter of the minimum capital, as the case may be.

Each Sub-Fund may issue shares in the following main classes: Class 1, Class 2, Class 3, Class 4 and Class 5. Classes of shares may be made available in various currencies as the Board of Directors may decide from time to time. These classes may be offered either as accumulation ("acc.") or distribution ("distr."), hedged or unhedged shares. Not all Sub-Funds will offer all Classes of Shares. Please refer to <http://fundinfo.sebfundservices.lu/CarnegieFP/> for a complete list of available classes.

Class 1 shares are available to all investors, investing a minimum amount, unless otherwise stipulated in the relevant sub-fund annex, of at least 3,000,000 SEK, 3,000,000 NOK, 3,000,000 DKK, 300,000 EUR, 300,000 USD, 300,000 CHF or 300,000 GBP depending on the currency of the share class.

Class 2 shares are available to all investors at the discretion of the Management Company, investing a minimum amount, unless otherwise stipulated in the relevant sub-fund annex, of at least 3,000,000 SEK, 3,000,000 NOK, 3,000,000 DKK, 300,000 EUR, 300,000 USD, 300,000

CHF or 300,000 GBP depending on the currency of the share class and for such shares the Management Company does not remit any commission-based payments.

Class 3 shares are available to all investors. There is no minimum investment amount unless otherwise stipulated in the relevant sub-fund annex.

Class 4 shares are open to all types of investors at the discretion of the Management Company but only offered (i) through distributors, financial intermediaries, distribution partners or similar, (ii) appointed by the Distributor or an authorised affiliate (iii) that are investing on behalf of their customers and are charging the latter advisory or alike fees. For such class of shares the Management Company does not remit any commission-based payments.

Class 5 are be available all investors at the discretion of the Management Company and will be offered directly or through the Global Distributor or any of its subsidiaries, where such intermediary or the investor, as the case may be, have entered into a written agreement with the Management Company in which the relevant fees and charging procedure are agreed prior to the investor's initial subscription. All or part of the fees that are normally charged to a Share Class will not be charged to the Share Class for these Shares. For the avoidance of doubt, these Shares will accommodate a separate charging structure whereby all or part of the fees are charged separately and/or collected directly from the investor.

The minimum investment amount may be waived at the discretion of the board.

## **HEDGING POLICY:**

The Company may issue shares whose reference currency is not identic with the reference currency of the respective Sub-Fund. The impact from currency movements may be minimised by hedging the currency exposure of the concerned Class' reference currency against the currency exposure of the respective Sub-Fund's reference currency ("Currency Hedging").

In case the Company applies the Currency Hedging to a Class (the "**Hedged Classes**"), all expenses arising from Currency Hedging are borne separately by the Shareholders of the relevant Hedged Classes.

Hedged Classes will systematically (as described below) hedge their currency exposure to the reference currency of the Sub-Fund in the forward currency market, whether the reference currency exposure of the Hedged Classes is declining or increasing in value relative to the reference currency of the Sub-Fund.

Whilst holding Shares of Hedged Classes may substantially protect the investor against losses due to unfavourable movements in the exchange rates of the reference currency of the Sub-Fund against the reference currency of the Hedged Classes, holding such Shares may also substantially limit the benefits of the investor in case of favourable movements. Investors should note that it will not be possible to always fully hedge the total Net Asset Value of the Hedged Classes against currency fluctuations of the reference currency of the Sub-Fund, the aim being to implement a currency hedge equivalent to between at least 95% of the portion of the Net Asset Value of the Hedged Classes which is to be hedged against currency risk and 105% of the Net Asset Value of the respective Hedged Classes.

Changes in the value of the portfolio or the volume of subscriptions and redemptions may however lead to the level of currency hedging temporarily surpassing the limits set out above. In such cases, the currency hedge will be adjusted without undue delay. The Net Asset Value per

Share of the Hedged Classes does therefore not necessarily develop in the same way as that of the Classes in the reference currency of the Sub-Fund. It is not the intention of the Board of Directors to use the hedging arrangements to generate a further profit for the Hedged Classes.

Investors should note that while there is no legal segregation of profits and losses between individual Classes within a Sub-Fund, from an accounting perspective the profits and losses arising from share class hedging transactions are applied on a continuous basis to the individual Hedged Classes by the Central Administrator. Although the Net Asset Value of the non-hedged Classes should not be affected by profits or losses arising from hedging transactions of the Hedged Classes as a result of this accounting treatment, because there is no legal segregation of the profits and losses between individual Classes within a Sub-Fund, in exceptional circumstances, other Classes of a Sub-Fund may be impacted by the Hedged Classes.

A list of Classes with a contagion risk is available to investors, upon request, at the registered office of the Management Company and will be kept up-to-date.

The Management Company of each Sub-Fund will comply with the provisions set forth in the current regulations on UCITS Share Classes.

## **INVESTOR'S PROFILE**

The Sub-Funds are intended for investors who seek capital appreciation over the long-term. Investors must be able to accept substantial year-to-year volatility and increased temporary losses. Investors should consider their long-term investment goals and financial needs when making an investment decision about an investment in one of the Sub-Funds. As a consequence, an investment in any of the Sub-Funds is suitable to investors who can afford to set aside the capital invested for a long term period.

## **INVESTMENT OBJECTIVE AND POLICY**

The main objective of the Company is to achieve long-term capital growth. The Company has long-term investment horizons and therefore the purchase of shares of a Sub-Fund should be regarded as a long-term investment.

The Sub-Funds have been formed to provide investors with a convenient means of participating in a professionally managed portfolio of transferable securities, principally shares and/or bonds. The transferable securities should be admitted to or dealt in on a regulated market defined in the 2010 Law, as may be amended from time to time, as well as any other market in a Member State of the European Union or in a non-Member State of the European Union which is regulated, operates regularly and is recognised and open to the public ("**Regulated Market**"). The Company may also hold money market instruments.

Furthermore, with a view to maintaining adequate liquidity, the Company may, on an ancillary basis, hold liquid assets.

The Company may use derivatives. Their use need not be limited to hedging the Company's assets; they may also be used when especially foreseen in the Sub-Funds' particulars for efficient portfolio management or investment purposes. Using derivatives is conducted within the confines of the investment limits and provides for the efficient management of the Company's assets, while also regulating maturities and risks. Where the financial derivative instrument is cash-settled automatically or at the Board of the Company's discretion, the Company will be allowed

not to hold the specific underlying instrument as cover. The acceptable cover is defined here below in the chapter "Techniques and Instruments" of Part A of this Prospectus.

In addition, the Company's assets may be invested in all other eligible assets within the scope of legal possibilities and the provisions laid down hereafter.

In Sub-Funds investing in a specific geographical area or industrial sector, emphasis will be given to the investments and currencies related to the specific objective of that Sub-Fund.

The specific investment objective and policy of each Sub-Fund is described in the Sub-Funds' Particulars.

The investments of each Sub-Fund shall at any time comply with the investment rules set out hereafter, and the investors should, prior to any investment being made, take due account of the risks of investments set out hereafter. Within such investment rules, the Sub-Funds may invest in other investment funds managed by an affiliate of the Investment Manager or another entity within the Carnegie group ("**Linked Investment Funds**") and therefore may have either partially or fully the structure of a fund of funds.

The general advantage of a fund of funds compared with direct investment in specific assets is the broader diversification or risk spreading. In a fund of funds, portfolio diversification extends not only to its own investments because the investment objects (target funds) themselves are also governed by the stringent principles of risk diversification.

### ***Swaps***

To the extent that this is in line with the investment policy the Fund may invest all or part of the portfolio in swaps. The types of swaps to be used by the Fund are described below.

### ***Swap mechanism***

The market value of a swap is based on the performance of the underlying instrument. On a periodic basis the market value of the swap will be calculated to determine payment obligations. This will result in a requirement for the swap counterpart to make a payment equal to the market value of the swap to the Fund or vice-versa. In the case where the Fund is required to make a payment to the swap counterpart this payment will be made from the proceeds of any issue of shares and/or the partial or total disposal of the Fund's assets.

### ***Types of swaps***

The Fund may invest in various types of swaps or combinations thereof including, but not limited to:

- (i) funded swaps – swaps where the Fund transfers to a swap counterpart funds (such as cash or other assets) in exchange for receipt of the market value of the underlying instrument from the swap counterpart at a future date;
- (ii) unfunded swaps – swaps where the Fund pays to a swap counterpart interest in exchange for receipt of the performance of the underlying instrument; and
- (iii) relative performance swaps – swaps where the Fund pays to a swap counterpart a fee in exchange for receipt of a payment representing the performance of the underlying instrument less the performance of a basket of stocks (or other instruments).



***Termination***

Swaps may be terminated by either party at any time without notice.

If a swap is terminated the market value of the swap will be determined based on independently obtained market quotations of the underlying instrument. An amount equal to the relevant market value (calculated in accordance with the terms of the swaps) or such other amount as agreed between the parties will be settled between the swap counterpart and the Fund. The swaps will at all times be valued in accordance with the provisions of the Prospectus.

***Agreements***

Swaps entered into between a swap counterpart and the Fund are negotiated at arm's length pursuant to a master agreement in accordance with the requirements of the International Swap and Derivatives Association (ISDA) including any supporting agreements and confirmations for each swap transaction.

***Counterparts***

The Fund will only enter into swaps with counterparts which are deemed creditworthy. Counterparts will comply with prudential rules considered by the CSSF as equivalent to EU prudential rules.

***Absence of discretion***

The swap counterparts assume no discretion over the composition or management of the Fund's portfolio or over the underlying of the swap. Their approval is not required in relation to any Fund's portfolio transaction.

***Counterparty risk***

At any particular time the Fund may hold several swaps with one or more swap counterparts. The swaps expose the Fund to counterparty risk, being the risk of loss arising from the inability of a swap counterpart to honour payments. This scenario is termed an Event of Default.

***Collateral arrangements***

The Management Company on behalf of the Fund will enter into collateral arrangements with all swap counterparts to mitigate potential counterparty risks. These arrangements will be set out in a collateral agreement supporting each ISDA master agreement. The collateral agreement will ensure that swap counterparts transfer to the Fund assets which the Fund can use or sell in order to cover losses arising from an Event of Default.

The collateral agreement sets out the minimum amount of collateral to be transferred to the Fund. The required collateral for each swap type is equal to the counterparty risk. Each swap counterpart shall transfer to the Fund eligible collateral as described in the Prospectus with an aggregate value as collateral that is at least equal to the required collateral.

The required collateral is determined daily based on changes in the market value of the underlying instrument and the creation and termination of swaps. The Management Company will on a daily basis, on behalf of the Fund, represent the Fund's interest in relation to the collateral agreement with a swap counterpart.

***Event of Default and consequences***

If an Event of Default has occurred all outstanding swaps with the defaulting swap counterpart will be terminated immediately. To continue to fulfil the investment policy the Fund will replace

the terminated swaps with either (i) swaps executed with another swap counterpart or (ii) acquire the underlying instrument.

The Fund and investors may suffer a loss as a result of the Event of Default. The nature of the loss for each swap type can be summarized as follows (collateral arrangements not being taken into account):

- (i) funded swap - the counterparty risk is equal to the market value of the underlying instrument, plus or minus fees;
- (ii) unfunded swap - the counterparty risk is equal to the change in the market value of the underlying instrument less interest, plus or minus fees; and
- (iii) relative performance swap - the counterparty risk is equal to the market value of the underlying instrument less the market value of the basket of stocks (or other instruments), plus or minus fees.

## ***Information on Risk***

### **General information**

Investing in a Sub-Fund involves financial risks. These can involve risks associated with equity markets, bond markets and foreign exchange markets such as changes in prices, interest rates and credit worthiness. Any of these risks may also occur along with other risks. Some of these risk factors are detailed hereafter.

The Sub-Funds' investments normally consist of investments in or have exposure towards the asset classes equities and / or bonds. Equities are generally inherent with a higher risk than bonds. This implies that the price of an equity normally varies more than the price of a bond. The higher risk associated with equities offers at the same time a higher possibility of better return than bonds can offer. A combination of both asset classes can often give the individual investor the most suitable level of risk. If investments are made in securities traded in other currencies than the base currency a foreign exchange factor that can change the value of the investment must also be taken into account.

Investors should have a clear picture of the Company, of the risks involved in investing in shares of a Sub-Fund and they should not make a decision to invest until they have obtained financial and tax expert advice.

Investors assume the risk of receiving a lesser amount than they originally invested.

### **Risk factors**

#### ***Market risk***

This risk is of general nature and exists in all forms of investment. The principal factor affecting the price performance of securities is the performance of capital markets and the economic performance of individual issuers, which in turn are influenced by the general situation of the world economy, as well as the basic economic and political conditions in the particular countries or sectors.

### ***Interest Rates***

To the extent that the Company, respectively the Sub-Funds, invest in interest bearing securities, they are exposed to the risk of interest rate changes. These risks may be incurred in the event of interest rate fluctuations in the denomination currency of the securities or the Company respectively the Sub-Funds.

If the market interest rate increases, the price of the interest bearing securities included in the Sub-Funds may drop. This applies to a greater degree, if the Sub-Funds should also hold interest bearing securities with fixed coupons a longer time to maturity and a lower nominal interest return.

### ***Credit Risk***

The creditworthiness (solvency and willingness to pay) of an issuer of a security held by the Company may fall. Bonds or debt instruments involve a credit risk with regard to the issuers, for which the issuers' credit rating can be used as a benchmark. Bonds or debt instruments floated by issuers with a lower rating are generally viewed as securities with a higher credit risk and greater risk of default on the part of the issuers compared to those instruments that are floated by issuers with a better rating. If an issuer of bonds or debt instruments gets into financial or economic difficulties, this can affect the value of the bonds or debt instruments (this value could drop to zero) and the payments made on the basis of these bonds or debt instruments (these payments could drop to zero).

### ***Risk of Default***

In addition to the general trends on capital markets the particular performance of each individual issuer also affects the price of an investment. The risk of a decline in the assets of issuers, for example, cannot be entirely eliminated even by the most careful selection of securities.

### ***Liquidity Risk***

Liquidity risks arise when a particular security is difficult to dispose of. In principle, acquisitions for the Company must only consist of securities that can be sold again at any time. Nevertheless, it may be difficult to sell particular securities at the required time during certain phases or in particular exchange segments. There is also the risk that securities traded in a rather tight market segment may be subject to significant price volatility.

### ***Counterparty and Settlement Risk***

When the Company conducts over-the-counter (OTC) transactions, it may be exposed to risks relating to the credit standing of its counterparties and to their ability to fulfil the conditions of the contracts it enters into with them. Therefore, while entering into futures, options and swap transactions or using other derivative techniques, the Company will be subject to the risk of a counterparty which might not fulfil its obligations under a particular contract.

Settlement risk is the risk that a settlement in a transfer system may not take place as expected.

## ***Derivatives***

"Derivatives" is a generic name for instruments getting their return from underlying assets. The instruments are agreements on the purchase or sale of the underlying assets on a future date at a pre-set price. The return of the agreement depends on the return of the underlying asset. Common derivatives are futures, options and swaps.

### ***Specific risks associated with derivatives***

- a) Derivatives are time limited and will expire.
- b) The low payment normally required to establish a position permits a high degree of leverage. As a result, a relatively small movement in the price of a futures contract or a swap may result in a profit or a loss which is high in proportion to the amount of assets actually placed as payment and may result in further loss exceeding any payment deposited.

## ***Commodity Associated Risks***

The investment in Company shares having an exposure to the international commodity and precious metal markets by investing in commodity-index linked derivatives and precious metal-index linked derivatives or by an investment in other transferable securities which performance, yield and/or capital repayment amount is linked to the performance of a commodity or precious metal index. Investments with exposure to commodities and precious metals can involve risks caused by changes in the overall market movements, changes in interest rates, or factors affecting a particular industry, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

## ***Currency Risk***

If the Company holds assets denominated in foreign currencies, it is subject to currency risk. Any devaluation of the foreign currency against the base currency of the Company respectively the Sub-Fund would cause the value of the assets denominated in the foreign currency to fall.

## ***Country Risk / Geographical Risk***

Investments in a limited geographical market may be subject to a higher than average risk due to a higher degree of concentration, less market liquidity, or greater sensitivity to changes in market conditions.

## ***Emerging and Less Developed Countries***

There is in some emerging and less developed market countries, in which certain Sub-Funds may invest, a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on the value of investments in those countries. Emerging and less developed market countries may also be subject to higher than usual risks of political changes, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of the relevant countries and thus the value of investments in those countries.

The economics of many emerging and less developed market countries can be heavily dependent on international trade and, accordingly, have been and may continue to be adversely affected by

trade barriers, managed adjustments on relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

### ***Real Estate Investment Risks***

Although the Company does not invest directly in real estate, certain Sub-Funds may, however and if expressly foreseen in the relevant Sub-Funds' Particulars, invest in bonds, equities and equity related transferable securities with exposure to real estate and REITs. Such investments carry specific risks including movements in, or changes in sentiment towards, property markets and may be subject to significant price volatility.

### ***Credit Default Swaps Associated Risks***

The Company may invest in credit default swaps. A credit default swap is a contract between two parties which transfers the credit risk associated with a particular debt instrument as it relates to the issuer's failure to pay principal or interest on time in respect of such referenced debt instrument or files for bankruptcy. Upon an event of default, the swap may be terminated in one of two ways: (i) by the purchaser of credit protection delivering the referenced instrument to the swap counterparty and receiving a payment of par value, or (ii) by the parties pairing off payments, with the purchaser of the protection receiving a payment equal to the par value of the reference security less the price at which the reference security trades subsequent to default. The first way is the more common form of credit default swap termination.

In the manner described above, credit default swaps can be used to hedge a portion of the default risk on a single bond or a portfolio of bonds and loans or for efficient portfolio management.

Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock, potential loss upon default. As such, there are many factors upon which market participants may have divergent views.

### ***Duplication of fees***

Potential investors should be aware that investment funds, including Linked Investment Funds, in which the Company has invested, will also be subject to management fees and other expenses. As a result, shareholders may suffer management fees and expenses incurred both at the level of the Company and the underlying funds in which the Company invests. However, the Investment Manager will seek to negotiate a reduction in the fees charged by the Linked Investment Funds and any such reduction will be for the sole benefit of the relevant Sub-Fund, except that it might not always be technically, legally or commercially possible to pass on any such reduction to the relevant Sub-Fund.

## ***General Guidelines for the Investment Policy***

The Board of Directors shall, based upon the principle of risk spreading, have power to determine the corporate and investment policy for the investments of each Sub-Fund and the course of conduct of the management and business affairs of the Company.

Unless otherwise laid down hereafter or in the Sub-Funds' Particulars, the following rules and restrictions shall apply to each Sub-Fund individually:

## A. Eligible Assets

The Company, on behalf of a Sub-Fund, may only invest in:

Transferable securities and money market instruments as defined in the 2010 Law, as may be amended from time to time, which are

- a) transferable securities and money market instruments admitted to official listing on a Stock Exchange;
- b) transferable securities and money market instruments admitted to or dealt in on another Regulated Market;
- c) recently issued transferable securities and money market instruments, provided that:
  - the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another Regulated Market;
  - such admission is secured within one year of issue;
- d) money market instruments other than those dealt in on a Regulated Market, which are liquid and whose value can be determined with precision at any time, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
  - issued or guaranteed by a central, regional or local authority, a central bank of a Member State of the European Union, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more European Union Member States belong, or
  - issued by an undertaking any securities of which are dealt in on Regulated Markets referred to in sub-paragraphs a) or b) or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg financial supervisory authority to be at least as stringent as those laid down by Community law, or
  - issued by other bodies belonging to the categories approved by the Luxembourg financial supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indents and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the Fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

The Company may also invest in transferable securities and money market instruments other than those referred to in subparagraphs a) to d) above provided that the total of such investment shall not exceed 10% of the net assets of the Company.

### ***Units of undertakings for collective investment***

- e) units of UCITS and/or other UCIs within the meaning of the first and second indents of article 1(2) of the Directive 85/611/EEC, as amended, or the Council Directive 2009/65/EC, as amended from time to time, should they be situated in a Member State of the European Union or not, provided that:
  - such other UCIs are authorised under laws of any Member State of the European Union or under the laws of those countries provided that they are subject to supervision considered by the Luxembourg authority to be equivalent to that laid down in Community law and that cooperation between authorities is sufficiently ensured;
  - the level of protection guaranteed to holders in such other UCIs is equivalent to those provided for holders in a UCITS, and, in particular, that the rules on asset segregation, borrowing, lending and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the Directive 85/611/EEC, as amended or the Council Directive 2009/65/EC, as amended;
  - the business of the other UCI is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;
- f) Shares of other Sub-Funds of the Company provided that:
  - the target Sub-Fund does not, in turn, invest in the Sub-Fund; and
  - no more than 10% of the assets of the target Sub-Fund can, according to its investment policy, be invested in aggregate in units of other UCITS or other UCIs; and
  - voting rights, if any, attached to the relevant shares are suspended for as long as the shares are held by the Sub-Fund concerned.

For as long as the shares of a Sub-Fund are held by another Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by Law.

There shall be no duplication of management/subscription or repurchase fees between those at the level of the Sub-Fund of the Company having invested in the target Sub-Fund and the target Sub-Fund itself.

### ***Deposits with credit institutions***

- g) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (12) months, provided that the credit institution has its registered office in a Member State of the European Union, or if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the Luxembourg financial supervisory authority as equivalent to those laid down in Community law;

### ***Financial derivative instruments***

- h) financial derivative instruments including equivalent cash-settled instruments which are dealt in on a Regulated Market mentioned above in sub-paragraphs a) and b), and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:
- the underlying assets consist of instruments described in sub-paragraphs a) to g) above, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest in, in accordance with its investment policies;
  - the counterparties to OTC derivatives transactions are institutions subject to prudential supervision and belonging to categories approved by the Luxembourg financial supervisory authority; and
  - the OTC derivatives are subject to a reliable and verifiable valuation on a daily basis and can be disposed of, turned into cash or equalized through an offsetting transaction at any time at their fair value at the Company's initiative.

With a view to hedge investment positions or for efficient portfolio management, the Company may, in the context of the overall investment policy and within the limits of the investment restrictions, conduct certain operations involving the use of all financial derivative instruments, authorised by the Luxembourg law or by circulars issued by the Luxembourg financial supervisory authority, including, but not limited to, (i) put and call options on securities, indices and currencies, including OTC options; (ii) futures on stock market indices and interest rates and options on them; (iii) structured products, for which the security is linked to or derives its value from another security; (iv) warrants; and (v) swaps.

### **B. Investment restrictions applicable to Eligible Assets**

The following limits are applicable to the Eligible Assets mentioned under A above:

Transferable securities and money market instruments as defined in the law

- 1) The Company may invest no more than 10% of its net assets in transferable securities or money market instruments issued by the same issuer.
- 2) Moreover, where the Company holds investments in transferable securities and money market instruments of any issuing body which by issuer exceed 5% of its net assets, the total of all such investments must not account for more than 40% of the total net assets of the Company. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- 3) The limit of 10% laid down in point 1) is raised to a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State of the European Union, by its local authorities, by a non-Member State or by public international bodies to which one or more Member States are members and such securities are not included in the calculation of the limit of 40% stated above in sub-paragraph (2).



- 4) Notwithstanding the above limits, the Company may invest, in accordance with the principle of risk-spreading, up to 100% of its assets in different transferable securities and money market instruments issued or guaranteed by any member State of the EU, its local authorities, or public international bodies of which one or more Member States are members, or by any other State of the OECD, Singapore or Brazil and, provided that such securities are part of at least six different issues and provided that the securities and money market instruments from any one issue do not account for more than 30% of the net assets of the Company.
- 5) The limit of 10% laid down in point 1) is raised to a maximum of 25% for certain debt securities if they are issued by a credit institution whose registered office is situated in a Member State of the European Union and which is subject by law to special public supervision designed to protect the holders of debt securities. In particular, sums deriving from the issue of such debt securities must be invested, in conformity with the law, in assets which, during the whole period of validity of the debt securities, are capable of covering claims attaching to the debt securities and which, in the event of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interests. When the Company invests more than 5% of its net assets in such debt securities as referred to in the first indent and issued by one body, the total value of such investments may not exceed 80% of its net assets. The transferable securities and Money market instruments referred to in this point are not included in the calculation of the limit of 40 % stated above in the sub-paragraph (2).
- 6) Without prejudice to the limit laid down in sub-paragraph (10) the limits of 10% laid down in point 1) above is raised to maximum 20% for investment in shares and/or debt securities issued by the same body when the aim of the investment policy of a given Sub-Fund is to replicate the composition of a certain stock or debt securities index which is recognised by the Luxembourg Financial Supervisory Authority, on the following basis:
- the index' composition is sufficiently diversified;
  - the index represents an adequate benchmark for the market to which it refers;
  - the index is published in an appropriate manner

This limit is 35% where that proves to be justified by exceptional market conditions, in particular in Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

Securities mentioned in sub-paragraph (6) need not be included in the calculation of the 40% limit mentioned in sub-paragraph (2).

#### ***Units of undertakings for collective investment***

- 7) The Company may acquire units of UCITS and/or other UCIs, provided that no more than 20% of its net assets are invested in a single UCITS or other UCI.

For the purposes of applying this investment limit, each UCITS or UCI with multiple sub-funds shall be considered as a separate entity, provided that the principle of segregation of commitments of the different sub-funds is ensured in relation to third parties.

Investments in other UCIs may not exceed, in aggregate, 30% of the Company's net assets.

When the Company has acquired units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in section B.

When the Company invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the Company or by any other company with which the Company is linked by common management or control, or by a substantial direct or indirect holding, that company may not charge subscription or redemption fees on account of the Sub-Fund's investment in the units of such other UCITS and/or UCIs.

No investment management fee shall be charged on the investments in such other UCITS and UCIs.

If any Sub-Fund's investments in UCITS and other UCIs constitute a substantial proportion of the Sub-Fund's assets, the total management fee (excluding any performance fee, if any) charged to such Sub-Fund and each of the UCITS or other UCIs concerned shall not exceed 2.15% of the relevant net assets under management. The Fund will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

Under the conditions set forth by Luxembourg laws and regulations, new Sub-Funds of the Company may qualify as feeder UCITS (the "**Feeder**") or as master UCITS (the "**Master**"). A Feeder shall invest at least 85% of its net asset value in securities of a same master UCITS or sub-fund of a UCITS. An existing Sub-Fund may convert into a Feeder or a Master subject to the conditions set forth by Luxembourg laws and regulations. An existing Feeder or Master may convert into a standard UCITS sub-fund which is neither a feeder UCITS nor a master UCITS. A Feeder may replace the master UCITS with another master UCITS. When qualifying as Feeder, reference to such qualification will be included in a particular Sub-Fund's description in the Sub-Fund's particulars.

The Feeder may not invest more than 15% of its assets in the following elements:

- ancillary liquid assets in accordance with Article 41, paragraph (2), second sub-paragraph of the 2010 Law, as may be amended from time to time;
- financial derivative instruments which may be used only for hedging purposes, in accordance with Article 41 first paragraph, point g) and Article 42 second and third paragraphs of the 2010 Law, as may be amended from time to time;

#### ***Deposits with credit institutions***

- 8) The Company may not invest more than 20% of its net assets in deposits made with the same body.

#### ***Financial derivative instruments***

- 9) The risk exposure to a counterparty of the Company in an OTC derivative transaction may not exceed 10% of the assets of the Company when the counterparty is a credit institution referred to in section A., sub-paragraph g), or 5% of its assets in the other cases.

In addition, the Company shall ensure that its global exposure relating to derivative instruments does not exceed the total net asset value of its portfolio.

The risk exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

The global exposure of the underlying assets shall not exceed in aggregate the investment limits laid down under sub-paragraphs (1), (2), (3), (5), (8), (9), (10) (11) and (12). The underlying assets of index based derivative instruments are not combined to the investment limits laid down under sub-paragraphs mentioned here before.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above mentioned restrictions.

***Maximum exposure to a single body***

10) The Company may not combine:

- i) investments in transferable securities or money market instruments issued by a single body and subject to the 10% limit by body mentioned in sub-paragraph (1), and/or
- ii) deposits made with the single body and subject to the 20% limit mentioned in sub-paragraph (8), and/or
- iii) exposures arising from OTC derivative transactions undertaken with the same body and subject to the 10% respectively 5% limits by body mentioned in sub-paragraph (9)

in excess of 20% of its net assets.

The Company may not combine:

- i) investments in transferable securities or money market instruments issued by a single body and subject to the 35% limit by body mentioned under sub-paragraph (3) above, and/or
- ii) investments in certain debt securities issued by the same body and subject to the 25% limit by body mentioned in sub-paragraph (5), and/or
- iii) deposits made with the same body and subject to the 20% limit mentioned in sub-paragraph (8), and/or
- iv) exposures arising from OTC derivative transactions undertaken with the same body and subject to the 10% respectively 5% limits by body mentioned in sub-paragraph (9)

in excess of 35% of its net assets.

***Eligible assets issued by the same group***

11) Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with the Directive 83/349/EEC or in accordance with recognised international accounting rules are regarded as a single body for the purpose of calculating the limits described under the points (1), (2), (3), (5), (8), (9) and (10) above.

- 12) The Company may invest in aggregate up to 20% of its net assets in transferable securities and/or money market instruments within the same group.

***Acquisition limits by issuer of eligible assets***

- 13) Each Sub-Fund may not own:
- i) any shares carrying voting rights, which would enable the Company to exercise significant influence over the management of the issuing body.
  - ii) in the Company as a whole, more than 10% of the non-voting rights of any issuer;
  - iii) in the Company as a whole, more than 10% of the debt securities of any issuer;
  - iv) in the Company as a whole, more than 10% of the money market instruments of any single issuer;
  - v) in the Company as a whole, more than 25% of the units of the same UCITS or other UCIs (all sub-funds thereof combined).

The limits laid down in the third, fourth and fifth indents above may be disregarded at the time of acquisition if at that time the gross amount of debt securities or of money market instruments, or of UCITS/UCIs or the net amount of the securities in issue, cannot be calculated.

The ceilings as set forth above are waived in respect of:

- a) transferable securities and money market instruments issued or guaranteed by a Member State of the European Union or its local authorities;
- b) transferable securities and money market instruments issued or guaranteed by a non-Member State of the European Union;
- c) transferable securities and money market instruments issued by public international bodies of which one or more Member States of the European Union are members;
- d) shares held in the capital of a company incorporated in a non-Member State of the European Union provided that (i) such company invests its assets mainly in securities by issuers of that State, (ii) pursuant to the law of that State, such holding represents the only possible way to purchase securities of issuers of that State and (iii) such company observes in its investment policy the restrictions referred to on this Prospectus.

If the limits referred to under section B are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

## **C. Liquid assets**

The Company may hold ancillary liquid assets.

## **D. Unauthorized investments**

The Company may not:

- i) make investments in, or enter into transactions involving precious metals or certificates representing them, commodities, commodities contracts or certificates representing commodities;
- ii) carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to under section A., letters d), e) and g); provided that this restriction shall not prevent the Company from making deposits or carrying out other accounts in connection with financial derivative instruments, permitted within the limits referred to above;
- iii) grant loans or act as a guarantor on behalf of third parties, provided that for the purpose of this restriction (i) the acquisition of transferable securities, money market instruments or other financial instruments which are not fully paid and (ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan;
- iv) borrow amounts in excess of 10% of the total net assets of the Company, any borrowing to be effected only as a temporary measure for extraordinary purposes including the redemption of shares. However, the Company may acquire foreign currency by means of a back-to-back loan.

Further investment restrictions may become applicable in order to meet the requirements in such countries, where the shares are distributed respectively will be distributed.

## **RISK MANAGEMENT PROCESS**

In accordance with applicable laws and regulations, and in particular CSSF regulation No. 10-4 transposing Commission Directive 2009/65/EC of the European Parliament, as may be amended from time to time, and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company, CSSF Circular 11/512, CSSF Circular 12/546, the ESMA guidelines on risk measurement and the calculation of global exposure and counterparty risk for UCITS (ref.: ESMA/10-788) and the ESMA guidelines on risk management principles for UCITS (ref.: ESMA/09-178), the Management Company employs a risk management process, which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio. The Management Company, on behalf of the Company will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

The risk profile of the Company is monitored taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

Unless otherwise provided for any Sub-Fund in the relevant Annex, the commitment approach is used to monitor and measure the global exposure of each Sub-Fund.

This approach measures the global exposure related solely to positions on financial derivative instruments under consideration of netting or hedging.

## **TECHNIQUES AND INSTRUMENTS**

Subject to the following conditions, the Fund is authorised for each Sub-Fund to resort to techniques and instruments bearing on Transferable Securities, Money Market Instruments, currencies and other eligible assets, on the condition that any recourse to such techniques and instruments be carried out for the purpose of hedging and/or efficient management of the portfolio, altogether within the meaning of the Grand-ducal regulation of 8 February 2008.

### ***A. Techniques and Instruments relating to Transferable Securities, Money Market Instruments and other eligible assets***

#### **(1) General**

To optimise portfolio management and/or to protect its assets and liabilities, the Fund may use techniques and instruments involving Transferable Securities, Money Market Instruments, currencies and other eligible assets within the meaning of the Grand-ducal regulation of 8 February 2008 for each Sub-Fund provided that such techniques and instruments are used for the purposes of efficient portfolio management within the meaning of, and under the conditions set out in, applicable laws, regulations and CSSF-Circulars issued from time to time, in particular, but not limited to CSSF-Circulars 08/356, 13/559 and 14/592 and ESMA-Guidelines 2014/937. In particular, those techniques and instruments should not result in a change of the investment objective of the relevant Sub-Fund or add substantial supplementary risks in comparison to the stated risk profile of such Sub-Fund.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to under "Risk factors" section of this Prospectus. All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the respective Sub-Fund. In particular, fees and costs may be paid to agents of the Fund and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation for their services. Such fees may be calculated as a percentage of gross revenues earned by the Fund through the use of such techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary or the Management Company – will be available in the annual report of the Fund. Furthermore, each Sub-Fund is notably authorised to carry out transactions intended to sell or buy foreign exchange rate futures, to sell or buy currency futures and to sell call options or to buy put options on currencies, in order to protect its assets against currency fluctuations or to optimise yield, i.e., for the purpose of sound portfolio management.

#### **(2) Limitation**

When transactions involve the use of derivatives, the Fund must comply with the terms and limits stipulated above in "Investment Restrictions applicable to Eligible Assets" section of this Prospectus. The use of transactions involving derivatives or other financial techniques and instruments may not cause the Fund to stray from the investment objectives set out in the Prospectus.

### **(3) Risks - Notice**

In order to optimise their portfolio yield, all Sub-Funds are authorised to use the derivatives techniques and instruments described in this section and in "Investment Restrictions applicable to Eligible Assets" (particularly swaps of rates, currencies and other financial instruments, futures, and securities, rate or futures options), on the terms and conditions set out in said sections. The investor's attention is drawn to the fact that market conditions and applicable regulations may restrict the use of these instruments. The success of these strategies cannot be guaranteed. Sub-funds using these techniques and instruments assume risks and incur costs they would not have assumed or incurred if they had not used such techniques. The investor's attention is further drawn to the increased risk of volatility generated by Sub-Funds using these techniques for other purposes than hedging. If the managers and sub-managers forecast incorrect trends for securities, currency and interest rate markets, the affected Sub-Fund may be worse off than if no such strategy had been used. In using derivatives, each Sub-Fund may carry out over-the-counter futures or spot transactions on indices or other financial instruments and swaps on indices or other financial instruments with highly-rated banks or brokers specialised in this area, acting as counterparties. Although the corresponding markets are not necessarily considered more volatile than other futures markets, operators have less protection against defaults on these markets since the contracts traded on them are not guaranteed by a clearing house.

### ***B. Securities Lending***

The Fund may enter into securities lending transactions in accordance with the provisions of CSSF Circular 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments ("**Circular 08/356**"). Such securities lending transactions may be used provided that the following rules are complied with in addition to the abovementioned conditions:

- (i) The borrower in a securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) The Fund may only lend securities to a borrower either directly or through a standardized system organized by a recognized clearing institution or through a lending system organized by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those provided by EU law and specialized in this type of transaction;
- (iii) The Fund may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement.

The Investment Objective and Strategy of each Sub-Fund discloses whether Securities Financing Transactions within the scope of the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on "Transparency of Securities Financing Transactions and of Reuse" are being traded.

### ***C. Repurchase Agreement Transactions***

#### **1) General**

The Fund may, in accordance with the provisions of Circular 08/356, enter into (i) *repurchase transactions* which consist in the purchase or sale of securities with a clause reserving for the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and time agreed by the two parties in their contractual arrangement, (ii) *repurchase agreement transactions*, which consist of a forward transaction at the maturity of which the Fund has the

obligation to repurchase the securities sold and the buyer (counterparty) the obligation to return the securities received under the transaction and (iii) *reverse repurchase agreement transactions*, which consist of a forward transaction at the maturity of which the seller (counterparty) has the obligation to repurchase the securities sold and the Fund the obligation to return the securities received under the transaction.

The Fund's involvement in such transactions is, however, subject to the additional following rules:

- (i) The counterparty to these transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) The Fund may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations. However, fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

The Investment Objective and Strategy of each Sub-Fund discloses whether Securities Financing Transactions within the scope of the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on "Transparency of Securities Financing Transactions and of Reuse" are being traded.

## **(2) Risks**

The principal risk when engaging in securities lending, repurchase or reverse repurchase transactions is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations to return securities or cash to the relevant Sub-Fund as required by the terms of the transaction. Counterparty risk is mitigated by the transfer or pledge of collateral in favour of the relevant Sub-Fund. However, securities lending, repurchase or reverse repurchase transactions may not be fully collateralised. Fees and returns due to the relevant Sub-Fund under securities lending, repurchase or reverse repurchase transactions may not be collateralised. In addition, the value of collateral may decline in between collateral rebalancing dates or may be incorrectly determined or monitored. In such a case, if a counterparty defaults, the relevant Sub-Fund may need to sell non-cash collateral received at prevailing market prices, thereby resulting in a loss to the Sub-Fund. A Sub-Fund may also incur a loss in reinvesting cash collateral received. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the relevant Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

Securities lending, repurchase or reverse repurchase transactions also entail operational risks such as the non-settlement or delay in settlement of instructions and legal risks related to the documentation used in respect of such transactions.

A Sub-Fund may enter into securities lending, repurchase or reverse repurchase transactions with other companies in the same group of companies as the Fund. Affiliated counterparties, if any, will perform their obligations under any securities lending, repurchase or reverse repurchase transactions concluded with the Sub-Fund in a commercially reasonable manner. In addition, the Fund will select counterparties and enter into transactions in accordance with best execution and at all times in the best interests of the Sub-Fund and its investors. However, investors should be



aware that the Fund may face conflicts between its role and its own interests or that of affiliated counterparties.

## ***D. Financial Derivative Instruments***

### **(1) General**

Over-the-counter (OTC) financial derivative instruments (including total return swaps and other derivatives with similar characteristics) used by the Sub-Funds to gain exposure to underlying assets will be entered into with counterparties selected among first class financial institutions specialised in the relevant type of transaction, subject to prudential supervision and belonging to the categories of counterparties approved by the CSSF.

The Investment Objective and Strategy of each Sub-Fund discloses whether Total Return Swaps within the scope of the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on "Transparency of Securities Financing Transactions and of Reuse" are entered into by the relevant Sub-Fund.

### **(2) Counterparty Risk**

In accordance with its investment objective and policy, a Sub-Fund may trade 'over-the-counter' (OTC) financial derivative instruments such as non-exchange traded futures and options, forwards, swaps or contracts for difference. OTC derivatives are instruments specifically tailored to the needs of an individual investor that enable the user to structure precisely its exposure to a given position. Such instruments are not afforded the same protections as may be available to investors trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. The counterparty to a particular OTC derivative transaction will generally be the specific entity involved in the transaction rather than a recognised exchange clearing house. In these circumstances the Sub-Fund will be exposed to the risk that the counterparty will not settle the transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. This could result in substantial losses to the Sub-Fund.

Participants in OTC markets are typically not subject to the credit evaluation and regulatory oversight to which members of 'exchange-based' markets are subject. Unless otherwise indicated in the Prospectus for a specific Sub-Fund, the Fund will not be restricted from dealing with any particular counterparties.

The Fund's evaluation of the creditworthiness of its counterparties may not prove sufficient. The lack of a complete and fool proof evaluation of the financial capabilities of the counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses. The Fund may select counterparties located in various jurisdictions. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Sub-Fund and its assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize the effect of their insolvency on the Sub-Fund and its assets.

Investors should assume that the insolvency of any counterparty would generally result in a loss to the Sub-Fund, which could be material.

If there is a default by the counterparty to a transaction, the Fund will under most normal circumstances have contractual remedies and in some cases collateral pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays and costs. If one or more OTC counterparties were to become insolvent or the subject of liquidation proceedings, the recovery of securities and other assets under OTC derivatives may be delayed and the securities and other assets recovered by the Fund may have declined in value.

Regardless of the measures that the Fund may implement to reduce counterparty credit risk there can be no assurance that a counterparty will not default or that the Sub-Fund will not sustain losses on the transactions as a result. Such counterparty risk is accentuated for contracts with longer maturities or where the Sub-Fund has concentrated its transactions with a single or small group of counterparties.

### **(3) Management of Collateral and Collateral Policy**

#### ***General***

In the context of OTC financial derivative transactions the Fund may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Fund in such case. All assets received by the Fund in the context of efficient portfolio management techniques shall be considered as collateral for the purpose of this section.

#### ***Eligible Collateral***

Collateral received by the Fund may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and CSSF-Circulars issued from time to time notably in terms of liquidity and issuer credit quality, valuation, correlation, collateral diversification, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

- (i) Liquidity and issuer credit quality – any collateral received other than cash shall be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation.
- (ii) Valuation – collateral received shall be valued on at least a daily basis and assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place;
- (iii) Correlation – the collateral received by the Fund shall be issued by an entity that is independent from the counterpart and is expected not to display a high correlation with the performance of the counterpart;
- (iv) Collateral diversification (asset concentration) – collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterpart of efficient portfolio management and OTC financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of the respective Sub-Fund's net asset value. When the Fund is exposed to different counterparts, the different baskets of collateral shall be aggregated to calculate

the 20% limit of exposure to a single issuer. By way of derogation from this subparagraph, the Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. In such a case, the Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the respective Sub-Fund's net asset value. The list of eligible jurisdictions includes, but is not limited to, Canada, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States of America;

Besides, collateral received shall also comply with the provisions of Article 48(2) of the 2010 Law;

- (v) it should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty;
- (vi) Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the risk management process;
- (vii) Where there is a title transfer, the collateral received shall be held by the depositary of the Fund. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral;

Subject to the abovementioned conditions, collateral received by the Fund may consist of the following instruments as accepted by the Commission Delegated Regulation (EU) 2016/2251 of the 4 October 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 (hereafter referred to as "CDR 2016/2251"):

- (i) Cash in an OECD country currency in accordance with Article 4(1) (a) of CDR 2016/2251,
- (ii) Debt securities issued or guaranteed by Member States' central governments or central banks in accordance with Article 4(1) (c) of CDR 2016/2251 ,
- (iii) Debt securities issued by Member States' regional governments or local exposures whose exposures are treated as exposures to the central government of that Member State listed in Article 115(2) of the Regulation (EU) 575/2013 ,
- (iv) Debt securities issued by multilateral banks listed in Article 117(2) of the Regulation (EU) of 575/2013,
- (v) Debt securities issued by international organisations listed in Article 118 of the Regulation (EU) No 575/2013 ,
- (vi) Corporate bonds,
- (vii) Convertible bonds provided they can be converted only into equities which are included in an index specified pursuant to point (a) of Article 197(8) of the Regulation (EU) No 575/2013,

- (viii) Equities included in an index specified pursuant to point (a) of Article 197(8) of the Regulation (EU) No 575/2013.

### ***Level of Collateral***

The Fund will determine the required level of collateral for OTC financial derivatives transactions by reference to the applicable counterparty risk limits set out in this Prospectus and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions.

### ***Rules for application of Haircuts***

Collateral will be valued on a daily basis using available market prices and the value of collateral will be adjusted by applying relevant haircuts. For this purpose, in accordance with Article 6 of CDR 2016/2251, the Management Fund will rely on the credit quality assessments issued by a recognised External Credit Assessment Institution or the credit quality of (ECAI) of an export credit agency and thus will use standard haircuts to be applied by asset type, maturity and credit quality of the issuer.

### ***The following haircuts will be applied:***

#### **1. Cash Collateral**

- (i) Cash variation margin shall be subject to a haircut of 0%
- (ii) Cash initial margin shall be subject to a haircut of 8% when the cash initial margin has been posted in a currency other than the currency in which the payments in case of early termination or default have to be made in accordance with the single derivative contract, the relevant exchange of collateral agreement or the relevant credit support annex ('termination currency').

In case no termination currency has been set out, the above haircut of 8% shall apply to the market value of all the assets posted as collateral.

#### **2. Non-Cash Collateral**

- Haircuts applicable to debt securities

Table 1 Debt securities

Collateral	Credit Quality Step	Maturity		
		≤ 1 year	>1 ≤ 5 year(s)	> 5 years
(i) Debt securities issued or guaranteed by Member States' central governments or central banks in accordance with Article 4(1) (c) of CDR 2016/2251	1	0.5%	2%	4%
(ii) Debt securities issued by Member States' regional governments or local exposures whose exposures are treated as exposures to the central government of that Member State listed in Article 115(2) of Regulation (EU) 575/2013 and in				

accordance with CDR 2016/2251.				
(iii) Debt securities issued by multilateral banks listed in Article 117(2) of Regulation (EU) of 575/2013 and in accordance with CDR 2016/2251.	2-3	1%	3%	6%
(iv) Debt securities issued by international organisations listed in Article 118 of the Regulation (EU) No 575/2013 and in accordance with CDR 2016/2251				

Collateral	Credit Quality Step	Maturity		
		≤ 1 year	>1 ≤ 5 year(s)	> 5 years
(v) Corporate bonds in accordance with CDR 2016/2251.	1	1%	4%	8%
	2-3	2%	6%	12%

To determine the credit quality step, the second best rating from Moody's, S&P and Fitch shall be used and mapped using the table below. For the avoidance of the doubt, no credit quality step 4 is mapped since all debt securities shall be having an issuer rating of investment grade.

Table 2 – Credit Quality step mapping table

Credit Rating Agency	Rating type	Credit Quality Step		
		1	2	3
Fitch Ratings	Long-term Issuer Credit ratings scale	AAA, AA	A	BBB
Moody's Investors Service	Global long-term rating scale	Aaa, Aa	A	Baa
Standard & Poor's ratings Services	Long-term issuer credit ratings scale	AAA,AA	A	BBB

- Equities in main indices and bonds convertible to equities in main indices shall have a haircut of 15 %.
- Non cash initial margin posted in a currency other than the currency in which the payments in case of early termination or default have to be made in accordance with the single derivative contract, the relevant exchange of collateral agreement or the relevant credit support annex ('termination currency') shall be subject to an additional haircut of 8%.

In case no termination currency has been set out, the above haircut of 8% shall apply to the market value of all the assets posted as collateral.

- Non-Cash variation margin posted in a currency other than those agreed in an individual derivative contract, the relevant governing master netting agreement or the relevant credit support annex shall be subject to an additional haircut of 8%.

The Management Fund reserves the right to review and amend the above haircuts at any time when the market conditions have changed and when and if this is deemed in the best interest of the Fund.

### ***Reinvestment of Collateral***

Non-Cash Collateral received by the Fund may not be sold, re-invested or pledged.

### ***Restrictions on the re-use of Cash Collateral***

Cash Collateral received by the Fund shall neither be re-invested nor pledged.

## **DISTRIBUTION POLICY**

No distributions are contemplated and all income will be automatically reinvested for the capitalization classes of shares.

As for distributing share classes, the annual general meeting shall decide, on recommendation of the Board of Directors, what share of the Sub-Funds' profits shall be distributed.

Interim distributions shall be discretionarily decided by the Board of Directors.

In case of distribution, the dividends may be paid out of the net unrealised capital gains after deduction of the realised losses. Dividends declared will be paid in the Sub-Funds' currency on the date of payment or in shares of the Company and may be paid out at such places and times as may be determined by the Board of Directors.

No distribution shall be made if as a result thereof the capital of the Company becomes less than the minimum prescribed by law.

### ***NET ASSET VALUE***

The Net Asset Value of each Sub-Fund shall be expressed in the currency of the relevant Sub-Fund as per share figure and shall be determined on each day which is a bank business day both in Luxembourg and in Sweden (the "**Valuation Day**") by FundRock Nordics S.A. by dividing the value of the net assets of the Sub-Fund, being the value of the assets of that Sub-Fund less its liabilities, on the Valuation Day, by the number of shares then outstanding.

When a Valuation Day falls on a day observed as a holiday on a stock exchange, which is the principal market for a significant proportion to the Sub-Funds' investment or is a market for a significant proportion of the Sub-Funds' investment or is a holiday elsewhere and impedes the calculation of the fair market value of the investments of the Sub-Funds, such Valuation Day shall be the next succeeding bank business day in Luxembourg, which is not such a holiday.

The calculation of the Net Asset Value of the shares of any Sub-Fund and the issue, redemption and conversion of the shares of any Sub-Fund may be suspended in the following circumstances, in addition to any reasons provided for by law:

- during any period (other than ordinary holidays or customary week-end closings) when any market or stock exchange is closed which is the main market or stock exchange for a significant part of a Sub-Fund's investments, or in which trading thereon is restricted or suspended;

- during any period when an emergency exists as a result of which it is impossible to dispose of investments which constitute a substantial portion of the assets of a Sub-Fund; or it is impossible to transfer moneys involved in the acquisition or disposition of investments at normal rates of exchange; or it is impossible for the Company to fairly determine the value of any assets in a Sub-Fund; or
- during any breakdown in the means of communication normally employed in determining the price of any of the Sub-Fund's investment or of current prices on any stock exchange; or
- when for any reason the prices of any investments owned by the Sub-Fund cannot be reasonably, promptly or accurately ascertained; or
- during any period when remittances of moneys which will or may be involved in the purchase or sale of any of the Sub-Fund's investments cannot, in the opinion of the Board of Directors, be carried out at normal rates of exchange.

Any suspension of the determination of the Net Asset Value will be notified to the CSSF and, if the shares are distributed in other member states of the European Union, to the competent authorities of those member states. Any suspension shall also be notified to the shareholders requesting subscription, redemption or conversion of their shares during the period of suspension.

The assets of the Company shall include:

- 1) all cash in hand or receivable or on deposit, including accrued interest;
- 2) all bills and notes payable on demand and any amounts due to the relevant Sub-Fund (including the proceeds of securities sold but not yet collected);
- 3) all securities, shares, bonds, debentures, options or subscription rights and any other investments and securities belonging to the Company;
- 4) all dividends and distributions due to the Company in cash or in kind to the extent known to the Company;
- 5) all accrued interest on any interest bearing assets held by the Company except to the extent that such interest is comprised in the principal thereof;
- 6) the preliminary expenses of the Company including the cost of issuing and distributing shares of the Company, as far as the same have not been written off; and
- 7) all other permitted assets of any kind and nature including prepaid expenses.

The value of the assets of each Sub-Fund is determined as follows:

- 1) Securities admitted to official listing on a stock exchange or which are traded on another Regulated Market which operates regularly and is recognised and open to the public within the EU or the OECD member states are valued on the base of the last known sales price. If the same security is quoted on different markets, the quotation of the main market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be done in good

faith by the Board of Directors or its delegate with a view to establishing the probable sales prices for such securities;

- 2) non-listed securities are valued on the base of their probable sales price as determined in good faith by the Board of Directors and its delegate;
- 3) Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, may be valued in the same manner. Short-term investments that have a remaining maturity of one year or less may be valued (i) at market value, or (ii) where market value is not available or not representative, at amortised cost.
- 4) Time deposits may be valued at their yield value if a contract exists between the Company and the Depositary stipulating that these time deposits can be withdrawn at any time and their yield value is equal to the realized value.
- 5) All assets denominated in a different currency to the respective Sub-Fund's currency are converted into this respective Sub-Fund's currency at the last available average exchange rate.
- 6) Financial instruments which are not traded on the futures exchanges but on a Regulated Market are valued at their settlement value, as stipulated by the Company's Board of Directors in accordance with generally accepted principles, taking into consideration the principles of proper accounting, the customary practices in line with the market, and the interests of the shareholders, provided that the above-mentioned principles correspond with generally accepted valuation regulations which can be verified by the independent auditors.
- 7) Swaps are valued on a marked-to-market basis.
- 8) Units or shares of UCI(TS) are valued at the last available net asset value.
- 9) In case of extraordinary circumstances, which make the valuation in accordance with the above-mentioned criteria impossible or improper, the Company is authorised to temporarily follow other valuation regulations in good faith and which are according to the verifiable valuation regulations laid down by the independent auditors in order to achieve a proper valuation of the respective Sub-Fund's assets.

The Directors are authorized to apply other appropriate valuation principles for the assets of the Sub-Fund if the aforesaid valuation methods appear impossible or inappropriate due to extraordinary circumstances or events.

The liabilities of the Company shall be deemed to include:

- a) all loans, bills and accounts payable;
- b) all known liabilities, due or not yet due including all matured contractual obligations for payments of money or property, including the amount of all dividends declared by the Company for which no coupons have been presented and which therefore remain unpaid until the day these dividends revert to the Company by prescription;



- c) all reserves authorized and approved by the Board of Directors, especially those set aside to face a potential depreciation of the Company's investments;
- d) any other liabilities of the Company of whatever kind towards third parties. For the purposes of valuation of these other liabilities, the Company may duly take into account the management fee, bank or broker expenses charged for the selling or buying of assets, fees on transfers in relation to the redemptions of shares and the "*taxe d'abonnement*".

The property, commitments, fees and expenses, that are not attributed to a certain Sub-Fund, will be ascribed equally to the different Sub-Funds, or if the amounts and cause justify doing so, will be prorated according to the Net Asset Value of each Sub-Fund.

Shares to be redeemed are considered as issued and existing shares until the closing of the relevant Valuation Day. The redemption price will be considered from the closing of the Valuation Day and until final payment as one of the Company's liabilities. Each share to be issued by the Company will be considered as an issued share from the closing of the relevant Valuation Day. Its price will be considered as owed to the Company until its final payment.

In as far as several share classes have been established, the following particularities arise for the Share valuation:

- a) The net asset value calculation is made separately for each share class according to the criteria mentioned here before.
- b) The inflow of funds due to the issue of shares increases the percentage portion of the respective share class on the total value of the respective Sub-Fund's net assets. The outflow of funds due to the redemption of Shares reduces the percentage portion of the respective share class on the total value of the respective Sub-Fund's net assets.
- c) In the case of distribution, the net asset value of the shares entitled for distribution of the appropriate share class is reduced by the amount of the distribution. Therefore, at the same time, the percentage portion of this share class is reduced in the total value of the respective Sub-Fund's net assets, while the percentage portion of share classes not entitled for distribution increases the total respective Sub-Fund's net assets.

Equalisation of income may be carried out for the respective Sub-Fund.

For extensive redemption requests, which cannot be met by the liquid assets and allowable borrowing of a respective Sub-Fund, the Board of Directors can determine the net asset value on the basis of the Valuation Day, on which it intends to sell the necessary transferable securities for the respective Sub-Fund; this is also valid for any subscription requests submitted at the same time.

## ISSUE OF SHARES

The Board of Directors is authorised, without limitation and at any time, to issue further shares of no par value for all Sub-Funds at the respective Net Asset Value per share, without reserving to existing Shareholders a preferential subscription right for the shares to be issued. Nevertheless, the Board of Directors reserves the right to reject, at its discretion, in the Company's and the shareholders' interest, any subscription application.

Unless otherwise provided in the Sub-Funds' Particulars to this Prospectus the Net Asset Value shall be the Net Asset Value determined on the Valuation Day if written instructions have reached FundRock Nordics S.A. before 4:30 p.m. (Luxembourg time) on the Valuation Day; otherwise the order will be executed on the next Valuation Day. However, should the Valuation Day fall on an official half day where the Swedish Stock Exchange is closing at 1:00 p.m. (each referred to as a "**Swedish Half Day**"), written instructions have to reach FundRock Nordics S.A. before 1:00 p.m. (Luxembourg time) on such Valuation Day; otherwise the order will be executed on the next Valuation Day.

Where shares are issued in countries where stamp duties or other charges apply, the issue price increases accordingly.

All shares will be allotted immediately upon subscription and, unless otherwise provided in Sub-Funds' Particulars to this Prospectus payment therefore must be received by the Company not later than three (3) business days following the relevant Valuation Day. Otherwise subscriptions may be cancelled without prejudice to the Company's right to recover any charges due to losses incurred.

At its discretion, the Company may, upon application from a shareholder, issue shares in return for contribution in kind of securities, provided that such securities comply with the investment objectives and investment policy of the respective Sub-Fund. The Auditor of the Company shall generate a valuation report, which shall be available for inspection to all investors at the registered office of the Company. The costs of such contribution in kind shall be borne by the investor in question.

The Board of Directors may also accept subscriptions by means of an existing portfolio, as provided for in the law of 10 August 1915, subject that the securities of that portfolio comply with the investment objectives and restrictions of the Company. A valuation report, the cost of which is to be borne by the relevant investor, will be drawn up by the auditor of the Company, in accordance with Luxembourg legal requirements.

### ***Restrictions on issue***

Shares of the Company may not be offered, sold or otherwise distributed to Prohibited Persons.

Prohibited Persons means any person, firm or corporate entity, determined in the sole discretion of the Company's Board of Directors, as being not entitled to subscribe for or hold shares of the Company or, as the case may be, in the Sub-Fund,

- a. if in the opinion of the Company's Board of Directors such holding may be detrimental to the Company and its shareholders,
- b. if it may result in a breach of any law or regulation, whether Luxembourg or foreign,
- c. if as a result thereof the Company may become exposed to disadvantages of a tax, legal or financial nature that it would not have otherwise incurred or
- d. if such person would not comply with the eligibility criteria for Shares (e.g. in relation to "U.S. Persons" as described below).

The shares of the Company are not registered under the United States Securities Act of 1933 (the "1933 Act") or the Investment Company Act of 1940 (the "**1940 Act**") or any other applicable legislation in the United States.

Accordingly, shares of the Company may not be offered, sold, resold, transferred or delivered directly or indirectly, in the United States, its territories or possessions or any area subject to its jurisdiction (collectively the "United States" or the "US") or to, or for the account of, or benefit of, any "US Person" as defined in the 1933 Act or any applicable United States regulation except to certain qualified purchasers under exemptions from registration requirements of the 1940 Act.

Applicants for the purchase of shares of the Company will be required to certify that they are not US Persons and might be requested to proof that they are not "Prohibited" Persons.

Holders of shares are required to notify the Company of any change in their domiciliation status.

Prospective investors are advised to consult their legal counsel prior to investing in shares of the Company in order to ascertain their status as non US Persons and as non-prohibited Persons.

The Board of Directors may refuse to issue shares to Prohibited Persons or to register any transfer of shares to any Prohibited Person.

Moreover the Board of Directors may at any time forcibly redeem / repurchase the shares held by a Prohibited Person.

The Board of Directors can furthermore reject an application for subscription at any time at its discretion, or temporarily limit, suspend or completely discontinue the issue of shares, in as far as this is deemed to be necessary in the interests of the shareholders as an entirety, to protect the Company, in the interests of the investment policy or in the case of endangering specific investment objectives of the Company.

### ***Late Trading and Market Timing***

The Company does not permit late trading, market timing or related excessive, short-term trading practices. In order to protect the best interests of the shareholders, the Board of Directors reserves the right to reject any application to subscribe for shares from any investor engaging in such practices or suspected of engaging in such practices and to take such further action as it, in its discretion, may deem appropriate or necessary, such as the charge of higher redemption fee, as laid down hereafter.

### ***Fight against Money Laundering and Financing of Terrorism***

Pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended, and circulars of the *Commission de Surveillance du Secteur Financier*, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the Sub-Administrative Agent must in principle ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Sub-Administrative Agent may require subscribers to provide any document it deems necessary to effect such identification.

In case of delay or failure by an applicant to provide the documents required, the application for subscription (or, if applicable, for redemption) will not be accepted. Neither the Company nor the Sub-Administrative Agent has any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

## **REDEMPTION OF SHARES**

A shareholder has the right to request that the Company repurchases his shares at any time.

Shares will be repurchased at the respective Net Asset Value per share of each Sub-Fund.

Where shares are redeemed in countries where stamp duties or other charges apply, the redemption price decreases accordingly.

Shareholders wishing to have all or any of their shares repurchased should deliver to the registered office of the Company, or to the office of the Central Administrator, an irrevocable written request for redemption in the prescribed form. All requests will be dealt with strictly in the order in which they are received. Unless otherwise provided in Sub-Funds' Particulars to this Prospectus each redemption shall be effected at the Net Asset Value of the said shares determined on the Valuation Day if written instructions have reached FundRock Nordics S.A. before 4:30 p.m. (Luxembourg time) on the Valuation Day; otherwise the order will be executed on the next Valuation Day. However, should the Valuation Day fall on an official Swedish Half Day, written instructions have to reach FundRock Nordics S.A. before 1:00 p.m. (Luxembourg time) on such Valuation Day; otherwise the order will be executed on the next Valuation Day. In all cases the decision of the Board of Directors shall be final.

Redemption proceeds will be paid in the Sub-Fund's base currency. Unless otherwise provided in Sub-Funds' Particulars to this Prospectus the proceeds will be despatched within three (3) bank business days after the relevant Valuation Day and after receipt of the proper documentation.

Investors should note that any repurchase of shares by the Company will take place at a price that may be more or less than the Shareholder's original acquisition cost, depending on the value of the assets of the Company at any time of redemption.

In the event of large-scale applications for redemption, the Company reserves the right to redeem shares at the applicable net asset value, only after it has sold the corresponding assets promptly, yet always acting in the best interests of the shareholders.

Furthermore, if any application for cash redemption is received in respect of any Valuation Day which either singly or when aggregated with other applications so received, is more than 10% of the NAV of any one Sub-Fund, the Board of Directors reserves the right in its sole and absolute discretion, and taking into account the best interests of the remaining Shareholders, to scale down prorata each application with respect to such redemption request so that no more than 10% of the NAV of the relevant Sub-Fund be redeemed or converted on such Valuation Day. The Company shall have the right to limit redemptions so they do not exceed this threshold amount of 10%. Redemptions shall be limited with respect to all Shareholders seeking to redeem Shares as of a same Valuation Day so that each such Shareholder shall have the same percentage of its

redemption request honoured; the balance of such redemption requests shall be processed by the Company within the subsequent valuation days with a maximum of 7 valuation days. On such days, such requests for redemption will be complied with in priority to subsequent requests.

The redemption of shares of any Sub-Fund shall be suspended on any occasion when the calculation of the Net Asset Value thereof is suspended.

## CONVERSION AND SWITCHING BETWEEN SUB-FUNDS

Shareholders in one Sub-Fund may in principle switch their shares into shares of another Sub-Fund or from one class of shares of a Sub-Fund into another class of Units of the same Sub-Fund, subject to compliance with any eligibility conditions of the class of shares of Sub-Fund into which the conversion is to be effected.

Unless otherwise provided in the Sub-Funds' Particulars to this Prospectus the Net Asset Value for each Sub-Fund shall be the Net Asset Value determined on the Valuation Day if written instructions have reached FundRock Nordics S.A. before 4:30 p.m. (Luxembourg time) on the Valuation Day; otherwise the order will be executed on the next Valuation Day. However, should the Valuation Day fall on an official Swedish Half Day, written instructions have to reach FundRock Nordics S.A. before 1:00 p.m. (Luxembourg time) on such Valuation Day; otherwise the order will be executed on the next Valuation Day.

Unless otherwise provided in the Sub-Funds' Particulars to this Prospectus, charge will apply on switches. Requests for switches, once made may not be withdrawn, except in the event of a suspension or deferral of the right to redeem Shares of the Sub-Fund from which the switch is to be made or deferral of the right to purchase shares of the Sub-Fund into which the Shares are switched. The proceeds of shares which are converted will be reinvested in shares relating to the Sub-Fund into which the switch is being made.

All authorised switches will be acknowledged by a confirmation notice, confirming details of the switch.

In case of the switching, the Board of Directors of the Company will determine the number of shares allotted in the new Sub-Fund or in the new class is determined by means of the following formula:

$$\frac{(A \times B \times C) - E}{D} = N$$

where:

A is the number of shares presented for conversion,

B is the net asset value of one share in that Sub-Fund and/or of that class of which the shares are presented for conversion, on the day the conversion is executed,

C is the conversion factor between the base currencies of the four Sub-Funds on the day of execution. If the Sub-Funds or the two classes of shares have the same base currency, this factor is one,

D is the net asset value per share of the new Sub-Fund and /or class on the day of execution,

E is any applicable switching charges,

N is the number of shares relating to the new Sub-Fund to which the investor shall become entitled.

## TAXATION

The following summary is based on the laws and practices currently in force and is subject to any future changes. The following information is not exhaustive and does not constitute legal or tax advice.

It is expected that Shareholders in the Company will be resident in many different countries. Consequently, no attempt is made in this Prospectus to summarize the taxation consequences for each investor of subscribing, converting, holding, redeeming or otherwise acquiring or disposing of Shares in the Company. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

### *Taxation in Luxembourg*

The Company is subject to Luxembourg legislation. Buyers of the Company's shares should inform themselves about the legislation and rules applicable to the purchase, holding and possible sale of Shares with regard to their residence or nationality.

In accordance with current legislation in Luxembourg, neither the Company nor the Shareholders, except those whose domicile, residence or permanent establishment is Luxembourg, are subject to any tax on income or capital gains in Luxembourg. The Company's income may however be subject to withholding tax in the countries where the Company's assets are invested.

The net assets of the Company are subject to a Luxembourg tax ("taxe d'abonnement") at an annual rate of 0.05% payable at the end of that quarter. Shares of institutional classes, if applicable, as defined in Article 174 (2) (c) of the 2010 Law, as may be amended from time to time, are subject to a "taxe d'abonnement" of 0.01% per annum. The Company ensures that such institutional share classes are only acquired by investors complying with rules set out in the aforementioned article. The value of the assets represented by the shares/units held in other Luxembourg undertakings for collective investment already subject to a "taxe d'abonnement" is exempt from the payment of such tax.

The investment into a master fund has no specific Luxembourg tax impact for a Feeder UCITS.

### *Common Reporting Standard*

The Company is subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the "**Standard**") and its Common Reporting Standard (the "**CRS**") as set out in the Luxembourg law dated 18 December 2015 on the Common Reporting Standard (loi relative à l'échange automatique de renseignements relatifs aux comptes financiers en matière fiscale) (the "**CRS Law**").

The CRS Law is based on the European Directive 2014/107/EU of 9 December 2014 amending provisions of Directive 2011/16/EU on administrative cooperation in the field of taxation and the OECD's multilateral agreements. Consequently, to eliminate the overlap of reporting obligations created between the EU Savings Directive (the "**EUSD**") and the Directive 2014/107/EU, the EUSD directive has been repealed with effect from 31 December 2015 and the last reporting in accordance with the EUSD directive, will be effected in 2016 for the calendar year 2015. Further, the first reporting to the Luxembourg tax authority (the "**LTA**") under the CRS Law, will be applied in 2017 for the calendar year 2016. The LTA will onward report to participating foreign tax authorities by 30 September 2017.

The intention of CRS is to safeguard against tax evasion. Accordingly, under the terms of the CRS Law, the Company is likely to be treated as a Luxembourg Reporting Financial Institution. Consequently, the fund is required to collect personal and financial information as described in Annex I of the CRS Law with effect from 1 January 2016 and without prejudice to other applicable data protection provisions as set out in the Company documentation, the Company will be required to annually report this information to the LTA as from 2017.

The Company's ability to satisfy its reporting obligations under the CRS Law will depend on each investor providing the Company with the Information, along with the required supporting documentary evidence. In this context, the investors are hereby informed that the Company will process the Information for the purposes as set out in the CRS Law. The investors undertake to inform the Company, if applicable, of the processing of their Information by the Company.

The investors are further informed that the Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the LTA annually for the purposes set out in the CRS Law.

The investors undertake to immediately inform the Company of, and provide the Company with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any investor that fails to comply with the Company's Information or documentation requests may be held liable for penalties imposed on the Company and attributable to such investor's failure to provide the Information or subject to disclosure of the Information by the Company to the LTA.

If investors are in doubt, they should consult their tax advisor, stockbroker, bank manager, solicitor, account or other financial advisor regarding the possible implications of CRS on an investment in the Company.

### ***Foreign Account Tax Compliance Act ("FATCA")***

The Hiring Incentives to Restore Employment Act (the "**Hire Act**") was signed into US law in March 2010. It includes special provisions laid down in the Foreign Account Tax Compliance Act, generally known as "FATCA". The intention of FATCA is that details of US investors holding assets outside the US will be reported by financial institutions to the Internal Revenue Service (IRS), as a safeguard against US tax evasion.

This regime will become effective in phases between 1 July 2014 and 15 March 2018. Based on the Treasury Regulations §1.1471-§1.1474 issued on 17 January 2013 (the "**Treasury Regulations**") the Fund is a "Financial Institution". As a result of the Hire Act, and to discourage non-US Financial Institutions from staying outside this regime, on or after 1 July 2014, a Financial Institution that does not enter and comply with the regime will be subject to a US withholding tax of 30% on gross proceeds as well as on income from the US and, on or after 1 January 2017, also potentially on non-US investments.

Luxembourg has entered into a Model I Intergovernmental Agreement ("IGA") with the United States. Under the terms of the IGA, the Fund will be obliged to comply with the provisions of FATCA under the terms of the IGA and under the terms of Luxembourg legislation implementing the IGA (the "**Luxembourg IGA legislation**"), rather than under the US Treasury Regulations implementing FATCA.

In order to protect shareholders from the effect of any penalty withholding, it is the intention of the Fund to be compliant with the requirements of the FATCA regime and hence, qualify as a so-called "participating financial institution" as defined in the IGA.

The Fund qualifies as a so-called "sponsored financial institution" as defined in the IGA. The Sub-Administrative Agent, Registrar and Transfer Agent qualifies as a so-called "sponsoring financial institution". The Sub-Administrative Agent, Registrar and Transfer Agent agrees to sponsor the Fund for the purpose and within the meaning of the IGA. The Fund intends not to register with the IRS and intends to be so-called "non-reporting sponsored financial institutions" within the meaning of the IGA. In case the Fund would be subject to reporting obligations under the FATCA regulation, the Sub-Administrative Agent, Registrar and Transfer Agent will register the Fund as its sponsoring entity with the IRS and hence, the Sub-Administrative Agent, Registrar and Transfer Agent will comply as set out in article 2 and 4 as well as Annex II, Chapter IV, section A. 3 of the IGA in due time (i.e. not later than 90 (ninety) days after the reportable event has first been identified) with all due diligence, withholding, registration and reporting obligations on behalf of the Fund regarding certain holdings by and payments made to (a) certain US investors, (b) certain US controlled foreign entity investors and (c) non-US financial institution investors that do not comply with the terms of the Luxembourg IGA legislation. Further, the Sub-Administrative Agent, Registrar and Transfer Agent will perform any requirements that the Fund would have been required to perform if it were a reporting Luxembourg financial institution as defined in the IGA. Under the Luxembourg IGA, such information will be onward reported by the Luxembourg tax authorities to the IRS under the general information exchange provisions of the US-Luxembourg Income Tax Treaty. The Sub-Administrative Agent, Registrar and Transfer Agent is required to monitor its own and the Fund's status as being a participating financial institution and a non-reporting entity on an ongoing basis and has to ensure that the Sub-Administrative Agent, Registrar and Transfer Agent and the Fund meet the conditions for such status over the time.

In cases where investors invest in the Fund through an intermediary or a distributor, investors are reminded to check whether such intermediary is FATCA compliant and hence, qualifies as a participating financial institution as defined in the IGA. In case any of the Fund's distributor should change its status as participating financial institution, such distributor will notify the Management Company within ninety (90) days from the change in status of such change and the Management Company is entitled a) to redeem all shares held through such distributor, b) to convert such shares into direct holdings of the Fund, or c) to transfer such shares to another nominee within six (6) months of the change in status. Further, any agreement with a distributor can be terminated in case of such change in status of the distributor within ninety (90) days of notification of the distributor's change in status.

Although the Fund and the Sub-Administrative Agent, Registrar and Transfer Agent will attempt to satisfy any obligations imposed on it to avoid the imposition of the US withholding tax, no assurance can be given that the Fund and the Sub-Administrative Agent, Registrar and Transfer Agent will be able to satisfy these obligations. If the Fund becomes subject to a withholding tax as a result of the FATCA regime, the value of the shares held by the shareholders may suffer material losses.

Other jurisdictions currently are in the process of adopting tax legislation concerning the reporting of information. The Fund also intends to comply with such other similar tax legislation that may apply to the Fund, although the precise requirements are not fully known yet. As a result, the Fund may need to seek information about the tax status of investors under the laws of such jurisdictions for disclosure to the relevant governmental authorities.



If you are in any doubt, you should consult your tax advisor, stockbroker, bank manager, solicitor, accountant or other financial adviser regarding the possible implications of FATCA on an investment in the Fund.

## **POLICIES**

### ***Conflicts of interest***

The Board of Directors, the Management Company, the Investment Manager, the Depositary, and the other service providers of the Company, and/or their respective affiliates, members, employees or any person connected with them may be subject to various conflicts of interest in their relationships with the Company.

The Board of Directors has adopted and implemented a conflicts of interest policy in accordance with its Code of Conduct.

The Management Company, the Company, the Investment Manager and the Depositary have adopted and implemented a conflicts of interest policy and have made appropriate organisational and administrative arrangements to identify and manage conflicts of interests so as to minimise the risk of the Company's interests being prejudiced, and if they cannot be avoided, ensure that the Company's investors are treated fairly.

The Management Company and the Depositary are part of the SEB Group (the "**Affiliated Person**").

The Affiliated Person is a worldwide, full-service private banking, investment banking, asset management and financial services organization and a major participant in the global financial markets. As such, the Affiliated Person is active in various business activities and may have other direct or indirect interests in the financial markets in which the Company invests.

Entities of the Affiliated Person act as counterparty and in respect of financial derivative contracts entered into by the Company.

Potential conflicts of interest or duties may arise because the Affiliated Person may have invested directly or indirectly in the Company. The Affiliated Person could hold a relatively large proportion of shares in the Company. Furthermore, a potential conflict may arise because the Depositary is related to a legal entity of the Affiliated Person which provides other products or services to the Company.

In the conduct of its business the Management Company and the Affiliated Person's policy is to identify, manage and where necessary prohibit any action or transaction that may pose a conflict between the interests of the Affiliated Persons' various business activities and the Company or its investors. The Affiliated Person, as well as the Management Company strive to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. For this purpose, both have implemented procedures that shall ensure that any business activities involving a conflict which may harm the interests of the Company or its investors, are carried out with an appropriate level of independence and that any conflicts are resolved fairly. Details can be found on the following webpage:

[http://sebgroup.lu/siteassets/about-seb/policies/sebsa\\_conflict\\_of\\_interest.pdf](http://sebgroup.lu/siteassets/about-seb/policies/sebsa_conflict_of_interest.pdf) for the Depositary

[http://sebgroupp.com/siteassets/corporations\\_and\\_institutions/our\\_services/transaction\\_banking/for\\_institutional\\_clients/fund\\_services\\_and\\_fund\\_execution/conflicts\\_of\\_interest\\_seb\\_fund\\_service\\_s.pdf](http://sebgroupp.com/siteassets/corporations_and_institutions/our_services/transaction_banking/for_institutional_clients/fund_services_and_fund_execution/conflicts_of_interest_seb_fund_service_s.pdf) for FundRock Nordics S.A.

Notwithstanding its due care and best effort, there is a risk that the organizational or administrative arrangements made by the Management Company for the management of conflicts of interest are not sufficient to ensure with reasonable confidence, that risks of damage to the interests of the Company or its shareholders will be prevented. In such case these non-neutralized conflicts of interest as well as the decisions taken will be reported to investors in an appropriate manner (e.g. in the notes to the financial statements of the Company). Respective information will also be available free of charge at the registered office of the Management Company.

### ***Preferential treatment of investors***

Shareholders are being given a fair treatment by ensuring that they are subject to the same rights and, as the case may be, the same obligations vis-à-vis the Company (as such rights and obligations notably result from the Articles and this Prospectus) as those to which other Shareholders, having invested in, and equally or similarly contributed to, the same class of Shares, are subject to. Notwithstanding the foregoing paragraph, it cannot be excluded that a Shareholder be given a preferential treatment in the meaning of, and to the widest extent, allowed by the Articles. Whenever a Shareholder obtains preferential treatment or the right to obtain a preferential treatment, a description of that preferential treatment, the type of Shareholders who obtained such preferential treatment and, where relevant, their legal or economic links with the Company or the Management Company will be made available at the registered office of the Management Company subject the same limits required by the Law.

### ***Remuneration Policy***

The Management Company has implemented a remuneration policy, which is reviewed at least annually, that is designed to encourage good performance and behavior, and seeks to achieve a balanced risk-taking that goes in line with Shareholders' expectations.

In SEB Group, there is clear distinction between the criteria for setting fixed remuneration (e.g. base pay, pension and other benefits) and variable remuneration (e.g. short- and long-term variable remuneration). The individual total remuneration corresponds to requirements on task complexity, management and functional accountability and is also related to the individual's performance.

SEB Group provides a sound balance between fixed and variable remuneration and aligns the payout horizon of variable pay with the risk horizon. This implies that certain maximum levels and deferral arrangements apply for different categories of employees.

Details of the up-to-date remuneration policy are available to investors, free of charge, upon request at the registered office of the Management Company, and on the Website of the Management Company.

The policy shall secure that remuneration is in line with the business strategy, objectives, values and long term interest of the Shareholders, and includes measures to avoid conflicts of interests.

The assessment process of performance is based on the longer term performance of the Company and its investment risks and the actual payment of performance-based components of remuneration is spread over the same period.

The remuneration policy is available on

[http://sebgroupp.com/siteassets/corporations\\_and\\_institutions/our\\_services/transaction\\_banking/for\\_institutional\\_clients/fund\\_services\\_and\\_fund\\_execution/remuneration-policy-fund-services.pdf](http://sebgroupp.com/siteassets/corporations_and_institutions/our_services/transaction_banking/for_institutional_clients/fund_services_and_fund_execution/remuneration-policy-fund-services.pdf)

## ***Other Policies***

The Management Company will make the following additional information available at its registered office upon request in accordance with Luxembourg laws and regulations: the procedures relating to complaints handling, the strategy followed for the exercise of voting rights of the Fund, the best execution policy and the procedure for the giving and receiving of inducements.

## ***EU Benchmark Regulation***

Regulation (EU) 2016/1011 (also known as the "**EU Benchmark Regulation**") requires the Management Company to produce and maintain robust written plans setting out the actions that it would take in the event that a benchmark (as defined by the EU Benchmark Regulations) materially changes or ceases to be provided. The Management Company shall comply with this obligation. Further information on the plan is available on request and free of charge at the registered office of the Management Company.

The following benchmarks are used by the Sub-Funds indicated in the table below for the purpose of calculating the performance fee of the Sub-Funds.

<b><u>Sub-Funds</u></b>	<b><u>Benchmark</u></b>
<b><u>CARNEGIE Fonder Portfolio – Carnegie High Yield Select</u></b>	<b>STIBOR 90 days (STIBOR floor of 0) + 2%</b>

The benchmark is provided by an administrator which is currently not included in the ESMA register of benchmark administrators. However, the use of this benchmark is permitted during the transitional period provided for in article 51 of the EU Benchmark Regulation. The Prospectus will be updated at the first opportunity once further information on the benchmark administrator's authorisation becomes available. The inclusion of any further administrator of a benchmark used by a Sub-Fund within the meaning of the EU Benchmark Regulation in the ESMA register of benchmark administrators will be reflected in the Prospectus at its next update.

## **MANAGEMENT AND ADMINISTRATION**

### ***Board of Directors***

The Board of Directors of the Company has overall responsibility for the management and administration of the Company, its Sub-Funds, for authorising the creation of further Sub-Funds and for establishing and monitoring their investment policies and restrictions.

The Company's Board of Directors is sole responsible for the determination, execution and control of the Company's investment policies which are applied to the management of all the Sub-Funds.

### ***Management Company***

The Management Company FundRock Nordics S.A. was incorporated for an unlimited period on 2 August 1993 in the form of a "*société anonyme*" in Luxembourg with subsequent publication in the Mémorial C, taking place on 18 October 1993. The articles of incorporation were amended several times and for the last time on with effect of 15 November 2018. The Management Company is subject to chapter 15 of the 2010 Law, as may be amended from time to time.

The Management Company shall be in charge of the management, the administration and the distribution of the Company's shares.

The Management Company shall be responsible for the implementation of the investment policy of all Sub-Funds. The Management Company may at its own expense and under its control and supervision appoint one or more investment advisers, investment managers and if need would be, an investment policy committee.

The Management Company shall be responsible for the distribution and marketing of the Company's shares in those jurisdictions in which the Company obtains a marketing permission. The Management Company is empowered to appoint at its own expense and under its control and supervision distributors, sub-distributors and/or sales agents for the shares of the Company.

By the terms of the Service Agreement, the Company has designated FundRock Nordics S.A. as its Management Company in accordance with the 2010 Law, as may be amended from time to time.

By the terms of the same agreement, the Board of Directors has furthermore appointed FundRock Nordics S.A. as Central Administrator to generally administer the business and affairs of the Company, subject to the overall control and supervision of the Board of Directors.

In its function as Central Administrator, FundRock Nordics S.A. is responsible for the processing of the issue and redemption of the shares in the Company and settlement arrangements thereof, the calculation of the Net Asset Value per share, the maintenance of records and other general administrative functions. FundRock Nordics S.A. acts also as domiciliary, registrar and transfer agent of the Company.

The Management Company may, under its own responsibility, control and coordinate, transfer some or all its tasks to third parties for the purpose of efficient management.

The duties relating to administration, registrar and transfer agent functions may only be sub-delegated by the Management Company to entities domiciled in Luxembourg.

The Management Company has delegated, at its own expense, the duties relating to the administration of the Fund as well as the transfer and registrar function to European Fund Administration S.A. (the "**Sub-Administrative Agent**"). The Sub-Administrative Agent will carry out all administrative duties related to the administration of the Fund, including the calculation of the Net Asset Value of the shares and the provision of accounting services to the Fund. Furthermore, it will process all subscriptions, redemptions and transfers of shares and will cause these transactions to be registered in the register of the Fund.

The Management Company is entitled to a fee calculated on the average net assets of the respective Sub-Fund (the "**Management Fee**"). A twelfth of this rate is being payable at the end of each month by the Sub-Fund and based on the Sub-Fund's average net assets calculated on a daily basis during the relevant month. The fee applicable to each Sub-Fund is laid down in the respective Sub-Funds' Particulars.

In addition to this, the Management Company is entitled to a fee for its services rendered as Central Administrator based on the average net assets of the respective Sub-Fund (the "**Administration Fee**"). A twelfth of this rate is payable at the end of each month by the Sub-Fund calculated on a daily basis during the relevant month. The Administration Fee applicable is laid down in the respective Sub-Fund's Particulars.

## ***Investment Manager***

By the terms of an investment management agreement, the Management Company has appointed Carnegie Fonder AB with registered office in Stockholm, Regeringsgatan 56 as Investment Manager (the "**Investment Manager**").

Carnegie Fonder AB is a management company supervised by the *Finansinspektionen* with registered office in Stockholm.

Under the responsibility and the supervision of the Company's Board of Directors and the Management Company, the Investment Manager implements the investment policy, make investment decisions and continuously adapt them to market developments as appropriate, taking into account the interests of the Company.

In consideration for its services Carnegie Fonder AB shall be entitled to a fee paid out of the Management Fee. A twelfth of this rate is being payable at the end of each month by the Management Company and based on the Sub-Fund's average net assets calculated on a daily basis during the relevant month.

## ***Depository – Paying Agent***

Pursuant to a depository and paying agent services agreement dated 29 June 2016 (the "**Depository Agreement**"), Skandinaviska Enskilda Banken S.A. has been appointed as depository of the Company (the "**Depository**"). The Depository will also provide paying agent services to the Company.

Skandinaviska Enskilda Banken S.A. is a public limited company (société anonyme) under the laws of Luxembourg incorporated for an unlimited duration. Its registered and administrative offices are at 4, rue Peternelchen, L-2370 Howald, Luxembourg. It is licensed to engage in all banking operations under Luxembourg law.

The Depository has been appointed for the safe-keeping of the assets of the Company which comprises the custody of financial instruments, the record keeping and verification of ownership of other assets of the Company as well as the effective and proper monitoring of the Company's cash flows in accordance with the provisions of the 2010 Law, as amended from time to time, and the Depository Agreement.

In addition, the Depository shall also ensure that (i) the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with Luxembourg law and the Articles of Incorporation; (ii) the value of the Shares is calculated in accordance with Luxembourg law and the Articles of Incorporation; (iii) the instructions of the Management Company or the Company are carried out, unless they conflict with applicable Luxembourg law and/or the Articles of Incorporation; (iv) in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits; and (v) the Company's incomes are applied in accordance with Luxembourg law and the Articles of Incorporation.

In carrying out its functions the Depository acts honestly, fairly, professionally and independently and solely in the interest of the investors. The Depository is on an ongoing basis analysing, based

on applicable laws and regulations as well as its conflict of interest policy potential conflicts of interests that may arise while carrying out its functions. It has to be taken into account that the Management Company and the Depositary are members of the same SEB group. Thus, both have put in place policies and procedures ensuring that they (i) identify all conflicts of interests arising from that link and (ii) take all reasonable steps to avoid those conflicts of interest. Where a conflict of interest arising out of the group link between the Management Company and the Depositary cannot be avoided, the Management Company or the Depositary will manage, monitor and disclose that conflict of interest in order to prevent adverse effects on the interests of the Company and of the investors.

When performing its activities, the Depositary obtains information relating to funds which could theoretically be misused (and thus raise potential conflict of interests issues) in relation to e.g. the interests of other clients of the SEB Group, whether engaging in trading in the same securities or seeking other services, particularly in the area of offering services competing with the interests of other counterparties used by the funds/fund managers, and the interests of the Depositary's employees in personal account dealings. Potential conflicts of interests in the SEB Group can be further exemplified as not market equivalent pricing of the depositories' services and the undue influence in the management and board of directors of the funds/fund managers by the Depositary, and vice versa.

Consequently, to mitigate the potential conflicts of interest, it has been ensured that the activities of a depositary function are physically, hierarchically and systematically separated from other functions of the Depositary in order to establish information firewalls. Moreover, the depositary function has a mandate and a veto to approve or decline fund clients independent of other functions and has its own committees for escalation of matters connected to its role as a depositary, where other functions with potentially conflicting interests are not represented.

For further details on management, monitoring and disclosure of potential conflicts of interest please refer to Instruction for Handling of Conflicts of Interest in Skandinaviska Enskilda Banken S.A. which can be found on the following webpage:

[http://sebgroupl.lu/siteassets/about-seb/policies/sebsa\\_conflict\\_of\\_interest.pdf](http://sebgroupl.lu/siteassets/about-seb/policies/sebsa_conflict_of_interest.pdf)

In compliance with the provisions of the Depositary Agreement and the 2010 Law, as amended from time to time, the Depositary may, subject to certain conditions and in order to effectively conduct its duties, delegate part or all of its safe-keeping duties in relation to financial instruments that can be held in custody, duly entrusted to the Depositary for custody purposes, and/or all or part of its duties regarding the record keeping and verification of ownership of other assets of the Company to one or more delegate(s), as they are appointed by the Depositary from time to time.

In order to avoid any potential conflicts of interest, irrespective of whether a given delegate is part of the SEB Group or not, the Depositary exercise the same level of due skill, care and diligence both in relation to the selection and appointment as well as in the on-going monitoring of the relevant delegate. Furthermore, the conditions of any appointment of a delegate that is member of the SEB Group will be negotiated at arm's length in order to ensure the interests of the investors. Should a conflict of interest occur and in case such conflict of interest cannot be neutralized, such conflict of interest as well as the decisions taken will be disclosed to the investors and the Prospectus revised accordingly. An up-to-date list of these delegates can be found on the following webpage:

<http://sebgroupl.lu/siteassets/corporations-and-institutions/global-custody-network.pdf>

Where the law of a third country requires that financial instruments are held in custody by a local entity and no local entity satisfies the delegation requirements of article 34bis, paragraph 3, lit. b) i) of the 2010 Law, the Depositary may delegate its functions to such local entity to the extent required by the law of that third country for as long as there are no local entities satisfying the aforementioned requirements.

In order to ensure that its tasks are only delegated to delegates providing an adequate standard of protection, the Depositary has to exercise all due skill, care and diligence as required by the 2010 Law in the selection and the appointment of any delegate to whom it intends to delegate parts of its tasks and has to continue to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any delegate to which it has delegated parts of its tasks as well as of any arrangements of the delegate in respect of the matters delegated to it. In particular, any delegation is only possible when the delegate at all times during the performance of the tasks delegated to it segregates the assets of the Company from the Depositary's own assets and from assets belonging to the delegate in accordance with the 2010 Law. The Depositary's liability shall not be affected by any such delegation unless otherwise stipulated in the 2010 Law and/or the Depositary Agreement.

An up-to-date information regarding the Depositary, its duties and the conflicts of interest that may arise, any safekeeping functions delegated by the Depositary, the list of delegates and any conflicts of interests that may arise from such delegation, is available to the investors upon request at the registered office of the Management Company.

The Depositary is liable to the Company or its investors for the loss of a financial instrument held in custody by the Depositary and/or a delegate. In case of loss of such financial instrument, the Depositary has to return a financial instrument of an identical type or the corresponding amount to the Company without undue delay. In accordance with the provisions of the 2010 Law, the Depositary will not be liable for the loss of a financial instrument, if such loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depositary shall be liable to the Company and to the investors for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its duties in accordance with applicable law, in particular the 2010 Law and/or the Depositary Agreement.

The Company and the Depositary may terminate the Depositary Agreement at any time by giving ninety (90) days' notice in writing. In case of a voluntary withdrawal of the Depositary or of its removal by the Company, the Depositary must be replaced at the latest within two (2) months after the expiry of the aforementioned termination notice by a successor depositary to whom the Company's assets are to be delivered and who will take over the functions and responsibilities of the Depositary. If the Management Company/Company does not name such successor depositary in time the Depositary may notify the CSSF of the situation. The Management Company/Company will take the necessary steps, if any, to initiate the liquidation of the Fund/Company, if no successor depositary bank has been appointed within two (2) months after the expiry of the aforementioned termination notice of ninety (90) days.

## EXPENSES

The Company shall bear the following expenses:

1. a Management Company Fee payable to the Management Company at a maximum 0.088% p.a. based on the total net assets of each Sub-Fund as further described in the SUB-FUNDS section of this prospectus;
2. a Safekeeping fee payable out of certain Sub-Fund's asset as further described in the section "THE SUB-FUNDS", in the range between 0.008% and 0.4% depending on the market.  
The Depositary will further receive a supervisory fee of 0.0040% based on each Sub-Fund's assets.  
In addition, the Depositary is entitled to receive fees for proxy voting, cash management, fund execution and will be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements
3. An aggregate administration, depositary, management and distribution fees charges due on the basis of CARNEGIE Strategy Fund's and CARNEGIE Russia's assets at a maximum of 1.6 % p.a. payable to Carnegie Fonder A.B.

On this aggregate charge the following split will apply:

1. A Management Company Fee payable to the Management Company at a maximum 0.088% p.a. based on the total net assets of each Sub-Fund; the Management Company is entitled to be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements.
2. A Depositary fee payable out of each Sub-Fund's asset, in the range between 0.008% and 0.4% depending on the market.  
The Depositary will further receive a supervisory fee of 0.0040% based on each Sub-Fund's assets.  
In addition, the Depositary is entitled to receive fees for proxy voting, cash management, fund execution and will be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements."
3. An Investment Management Fee  
The Investment Manager will receive an investment management fee of 1,4 %, accrued daily and payable monthly in arrears, based on the net assets of the Sub-Fund
4. A Research Fee. The Investment Manager is entitled to receive a research fee if specified in the Sub-Fund Annex. This fee is payable quarterly in arrears based on a research budget approved by the Board of Directors. The effective research fee will not be higher than the maximum fee described in the Sub-Fund Annex.

Other costs charged to the Fund or to the different Sub-Funds or Classes include:

1. all taxes which may be payable on the assets, income and expenses chargeable to the Company;



2. standard brokerage and bank charges incurred by the Company's business transactions, as well as charges of correspondent banks in non-matured markets;
3. all fees due to the Auditors and the Legal Advisers to the Company;
4. all expenses connected with publications and supply of information to shareholders, in particular, the cost of printing and distributing the annual and semi-annual reports, as well as any prospectuses;
5. all expenses involved in registering and maintaining the Company registered with all governmental agencies and stock exchanges;

All recurring expenses will be charged first against current income, then should this not suffice, against realised capital gains, and, if need would be, against assets.

Formation expenses for each new Sub-Fund may be amortized over a period of 5 years.

Any costs, which are not attributable to a specific Sub-Fund, incurred by the Company will be charged to the Sub-Funds in proportion to their average Net Asset Value. Each Sub-Fund will be charged with all costs or expenses directly attributable to it.

Investment in target funds can lead to duplicate costs, in particular to double management fees, since fees are incurred both on the side of the Fund as well on the side of the target fund.

## ***Notices***

Notices to shareholders are available at the Company's registered office. They are also published in the *Recueil Electronique des Sociétés et Associations*, if required by law, and may be published in a daily newspaper in Luxembourg and in one newspaper of general circulation. Registered shareholders will be informed in writing.

The Net Asset Value of each Sub-Fund and the issue and redemption prices thereof will be available at all times at the Company's registered office.

Audited annual reports containing, inter alia, the Company's and each of its Sub-Funds' statement of condition, the number of outstanding shares and the number of shares issued and redeemed since the date of the preceding report, as well as semi-annual unaudited reports, will be made available at the registered office of the Company not later than four months after the end of the financial year in the case of annual reports and, two months after the end of such period in the case of semi-annual reports.

Separate financial statements shall be issued for each Sub-Fund in its relevant base currency. To establish the balance sheet of the Company these financial statements will be added after conversion into the currency of the Company.

All reports will be available at the Company's registered office.

## **DISSOLUTION OF THE COMPANY**

The Company may be dissolved by the general meeting of shareholders in the conditions that are required by law to amend the Articles of Incorporation. Any decision to wind up the Company will be published in accordance with the legal requirements.

As soon as the decision to wind up the Company is taken, the issue of shares in all Sub-Funds is prohibited and shall be deemed void; the redemption of Shares remains possible, if the equal treatment of the shareholders is ensured.

In the event of dissolution of the Company, by decision of the shareholders' meeting, liquidation shall be carried out by one or several liquidators appointed by the meeting of the shareholders deciding on such dissolution and which shall determine their powers and their compensation. The liquidator(s) shall realise the Company's assets in the best interest of the shareholders and shall distribute the net liquidation proceeds (after deduction of liquidation charges and expenses) to the shareholders in proportion to their shares held in the Company. Any amounts not claimed promptly by any shareholders will be deposited at the close of liquidation in escrow with the *Caisse de Consignation*. Amounts not claimed from escrow within the statute of limitations will forfeit according to the provisions of Luxembourg law.

The liquidation will be carried out in accordance with the 2010 Law, as may be amended from time to time, specifying how the net proceeds of the liquidation, less related costs and expenses, are to be distributed; such net proceeds will be distributed to the Shareholders in proportion to their entitlements.

## **DISSOLUTION / MERGER OF THE SUB-FUNDS**

A general meeting of shareholders of a Sub-Fund, acting under the same majority and quorum requirements as are required to amend the Articles of Incorporation, may decide to cancel shares in a given Sub-Fund and refund Shareholders for the value of their shares. As soon as the decision to wind up one of the Sub-Fund is taken, the issue of shares in this Sub-Fund and the conversion of shares into this Sub-Fund are prohibited and shall be deemed void; the redemption of shares remains possible, if the equal treatment of the shareholders is ensured.

If the net assets of a Sub-Fund fall below any amount which the Board of Directors considers as insufficient to allow an efficient and rational management, or if a change in the economic, political or monetary situation relating to the Sub-Fund concerned would justify the liquidation, or if required in the interest of the shareholders of the relevant Sub-Fund, the Board of Directors may decide on a forced redemption of the remaining shares in the Sub-Fund concerned without approval of the Shareholders being necessary. Shareholders will be notified by mail of the decision to liquidate, prior to the effective date of the liquidation. The mail will indicate the reasons for, and the procedures of the liquidation operations. Unless the Board of Directors otherwise decides in the interests of, or to keep equal treatment between the shareholders, the shareholders of the Sub-Fund concerned may continue to request redemption or conversion of their shares free of charge, but the redemption or conversion prices will take into account liquidation expenses.

The amounts not claimed by the shareholders at the time of closure of the liquidation will be deposited with the *Caisse de Consignation* in Luxembourg where they will be available to them for the period established by law. At the end of such period unclaimed amounts will reverse to the Luxembourg State.

Under the same circumstances as provided above in relation to the liquidation of Sub-Funds, the Board of Directors may decide to close down any Sub-Fund by merger into another Sub-Fund of the Company, the new Sub-Fund. In addition, such merger may be decided by the Directors if required in the interests of the shareholder of any of the Sub-Funds concerned. Shareholders will be informed of such decision in the same manner as for liquidation and, in addition, the publication will contain information in relation to the new Sub-Fund. Such publication will be made at least one month before the date on which the merger becomes effective in order to enable shareholders to request redemption of their shares, free of charge, before the operation involving contribution into the new Sub-Fund becomes effective.

Under the same circumstances, the Board of Directors may decide to merge one or more Sub-Funds with another undertaking for collective investment governed by part I of the 2010 Law, in exchange for the distribution to shareholders of shares in this undertaking for collective investment. Publication of the decision will be made in accordance with legal requirements. The publication shall contain information on the undertaking for collective investment and on the new Sub-Fund, if any, and shall be released one month before the merger so as to give shareholders the time to request redemption without charge, prior to the effective transaction date. The decision to merge or liquidate a Sub-Fund may also be made at a meeting of shareholders of the particular Sub-Fund concerned.

In the case of a merger with another open-ended undertaking for collective investment of the contractual form (mutual investment fund) governed by part I of the 2010 Law, as may be amended from time to time, or a foreign undertaking for collective investment, the decisions of the shareholders' meeting only bind those shareholders who voted in favour of this merger.

Under the same circumstances as described above, the Board of Directors may also decide upon the reorganisation of any Sub-Fund by means of a division into two or more separate Sub-Funds. Such decision will be published in the same manner as described above and, in addition, the publication will contain information in relation to the two or more separate Sub-Funds resulting from the reorganisation. Such publication will be made at least one month before the date on which the reorganisation becomes effective in order to enable Shareholders to request redemption or switch of their shares, free of charge, before the reorganisation becomes effective.

Additional or alternative provisions may be included in the Articles of Incorporation as a result of the 2010 Law.

## **DOCUMENTS**

The following documents may be consulted at the Company's registered office, the offices of the Management Company and of the Depositary:

- a) the Articles of Incorporation;
- b) the Investment Management Agreement between the Management Company and Carnegie Fonder AB;
- c) the Depositary Agreement between the Company and Skandinaviska Enskilda Banken S.A;
- d) the Management Company Agreement between the Company and the Management Company;

e) the Global Distribution Agreement between the Management Company and Carnegie Fonder AB;

f) the periodic financial reports.

A copy of the Articles of Incorporation, the KIIDs and the periodic financial reports may also be obtained, free of charge, at the Company's registered office, the offices of the Management Company and of the Depositary.

## The Sub-Funds

### ***CARNEGIE Fonder Portfolio – CARNEGIE Strategy Fund (feeder fund)***

The Sub-Fund is registered under the name CARNEGIE Fonder Portfolio – CARNEGIE Strategy Fund (feeder fund) with the following features:

CARNEGIE Fonder Portfolio - CARNEGIE Strategy Fund (the "Sub-Fund") is a feeder of the Swedish UCITS Carnegie Strategiefond.

#### **Master-feeder structure**

The objective of the Sub-Fund (the "**Feeder**" or the "**Sub-Fund**") is to invest in Carnegie Strategifond (the "**Master**"). The Feeder will exclusively invest in share class A of the Master (ISIN SE0000429813).

Carnegie Strategiefond is a UCITS fund registered with the Swedish Act on Investment Funds (2004:46).

Carnegie Fonder Sverige AB (Corp reg n°556266-6049) acts as management company of the Master.

Carnegie Fonder AB acts as Investment Manager of the Master and of the Feeder.

Skandinaviska Enskilda Banken AB (publ) acts as depositary of the Master.

Price Waterhouse Coopers A.B. has been appointed as statutory auditor of the Master.

The Prospectus (fund statutes) of the Master is available on [www.carnegiefonder.se](http://www.carnegiefonder.se)

## Investment Policy

### ***Investment policy of the Master***

The Master is an equity fund that invests in stocks, without limitation with regard to company or sector, as well as bonds and treasury bills. The Master strives to create a long term high return at a lower level of risk than pure equity funds. The master has a distinct Nordic focus in its investments.

The Master may invest its assets in transferable securities, money market instruments, derivative instruments, fund units and accounts with credit institutions.

The Master is actively managed and does not have a benchmark index.

The Master may, with regard to the equity-related portion, be invested in Nordic or Nordic-related financial instruments. The master may also to a limited extent, up to a maximum of 5% of its net assets, invest its equity-related-portion in financial instruments with exposure outside the Nordic area. The Master's assets may, with regard to the money-market related portion, be invested in Nordic or Nordic-related financial instruments. The Master may also to a limited extent, up to a maximum of 10% of its net assets, invest its money-market-related portion in

financial instruments with exposure outside the Nordica area. The Master may invest a maximum of 10% of its net asset value in fund units.

The Master's assets may be invested in such derivatives where the underlying assets are transferable securities, money market instruments, financial indexes, interest rates, exchange rates or foreign currencies.

The Master will normally utilise currency forwards for foreign hedging of the Master's money-market-related portion against SEK if the investment is quoted in a currency other than SEK.

The Master's trading in financial instruments may take place on a regulated market within the EEA or equivalent market outside the EEA and on other markets, within or outside the EEA, that are regulated and open to the public and that are covered by the Master's investment policy mentioned above.

The Master's assets may also be invested in transferable securities and money market instruments up to a maximum of 10 % of the value of the Master.

The Master may invest in derivatives. Derivatives may be used to improve the efficiency of the management with the intention of reducing risk and costs as well as to increase returns and generate leverage. The Master may invest in OTC derivatives and into agreements regarding securities loans.

#### ***Securities financing transactions***

The Sub-Fund does currently neither make use of securities financing transactions nor enter into total return swaps or instruments with similar characteristics and as such the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 is not applicable. The Prospectus will be updated accordingly prior to the use of any such techniques or instruments.

### **Investment objective of the Feeder**

The Feeder will at all times invest at least 85% of its assets into the Master.

The Feeder may hold up to 15% of its assets in ancillary liquid assets, including cash, cash equivalents and short term bank deposits.

### **Risk profile**

The risk and performance of the Feeder will be largely dependent upon the risk and performance of the Master. However the performance of the Feeder might deviate from the performance of the Master, due to, inter alia, cash holding or transaction costs.

#### ***Risk profile of the Master***

The Master invests in companies listed on stock markets that are characterised by high risk, but also by the possibility of high returns. The Master also invests in interest-bearing securities that are generally associated with lower risk and therefore also a lower risk of losses. The Master's returns are also impacted by currency fluctuations since the Master's holdings may be quoted in foreign currencies.

### ***Risk profile of the Feeder***

#### ***Risk related to Master Feeder structure:***

The Feeder invests in the Master, and as such, the investment of the Feeder is not diversified. However the Master's investments meet the diversification requirement of the UCITS Directive 2009/65/EC, as amended.

For further descriptions of the other risks involved in the investment in the Feeder, please refer to section "information on Risk" above.

### **Typical Investor**

The Sub-Fund is intended for investors who seek capital appreciation over the long-term. Investors must be able to accept substantial year-to-year volatility and significant temporary decrease in value. Investors should consider their long-term investment goals and financial needs when making an investment decision about this Sub-Fund. As a consequence, this Sub-Fund is suitable to investors who can afford to set aside the capital invested for a long term period.

### **Fees charges and expenses born by the Feeder investing in the Master:**

Fees / expenses	At the level of the Master	At the level of the Feeder	Total
Due to the Management Company *: Management Company fee	None	Maximum 0.088 % p.a based on the total net assets of the Feeder	Maximum 0.088 % p.a based on the total net assets of the Feeder
Due to the Depositary **: Custody fee	None	in the range between 0.008% and 0.4% depending on the market.	in the range between 0.008% and 0.4% depending on the market.
Supervisory fee	None	0.0040% based on the Feeder's assets	0.0040% based on the Feeder's assets
Due to the Investment Manager			
Investment management fee accrued daily and payable monthly in	None	Max 1% p.a. for Classes 1 and 2 Max 1.40% p.a. for Class 3	Max 1% p.a. for Classes 1 and 2 Max 1.40% p.a. for Class 3

arrears based on the net assets of the sub-fund		Max 1.15% p.a. for Class 4	Max 1.15% p.a. for Class 4
Distributor	None	None	None
Brokerage fees and other fees associated with the trade in financial instruments	Applicable rates	None	Applicable rates

- \* In addition to the above fees the Management Company is entitled to be reimbursed out of the assets of the Feeder for its reasonable out of pocket expenses and disbursements;
- \*\*In addition to the above fees, the Depositary is entitled to receive fees for proxy voting, cash management, fund execution and will be reimbursed out of the assets of the Feeder for its reasonable out of pocket expenses and disbursements.
- The Master does not charge investment management fee to the Feeder, nor any share dealing charges, subscription or redemption fees for the Feeder investing in its shares.
- The investors others than Feeder, investing into the Master, will bear up to 1.6 % (depending on their share classes) of overall fees comprising depositary, management and investment management fee out of the net assets of their respective share class.

## Net Asset Value

The net asset value per share is expressed in Swedish Krona (SEK)

## Share classes

The Sub-Fund may offer Class 1, Class 2, Class 3, and Class 4 shares in various currencies, hedged or unhedged, distributing or capitalisation. Please visit <http://fundinfo.sebfundservices.lu/CarnegieFP/> for a complete list of Classes currently available in the Sub-Fund. The share classes which are not denominated in SEK and that are hedged will hedge their currency exposure against the reference currency of the Feeder, as described in the section "Hedging Policy" of the General Part of the Prospectus.

## Sub-Fund's performance

The Sub-Fund's performance is disclosed in the KIID which is updated at least on an annual frequency.

## Cut-off Time/Order processing

Notwithstanding the general rules laid down in the General Part of the Prospectus, subscription, redemption and/or conversion orders must reach FundRock Nordics S.A. on the Valuation Day before 10:00am (Luxembourg time) in order to be processed on the applicable Valuation Day; otherwise the order will be executed on the next Valuation Day.



Notwithstanding the general rules laid down in the General Part of the Prospectus, payment for subscription must be received by the Company not later than 10:00am (Luxembourg time) on the relevant Valuation Day. Otherwise subscriptions may be cancelled without prejudice to the Company's right to recover any charges due to losses incurred.

Notwithstanding the general rules laid down in the General Part of the Prospectus, redemption proceeds will be despatched within two (2) bank business days after the relevant Valuation Day and after receipt of the proper documentation.

## **Conversions**

Notwithstanding the general rules laid down in the section "Conversions and switching between sub-funds" in the general part of the Prospectus, conversions from and to the Feeder are not allowed.

## **Tax implication**

The investment of the Feeder into the Master has no specific Luxembourg tax impact.

Potential investors are recommended to seek full information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment.

## **Additional information**

The following agreements have been entered into in order to ensure compliance with the relevant provisions of Article 79 paragraph (1) the 2010 Law, as amended:

- a- The Company and the Management Company of the Master Fund have entered into an information sharing agreement regarding the Master Fund. This agreement describes, inter alia, appropriate measures to mitigate conflicts of interest that may arise between the Feeder and the Master, the basis of investment and divestment by the Feeder and standard arrangements for the audit report.
- b- The depositary of the Master and the depositary of the Feeder have entered into an information and cooperation agreement regarding the Master Fund. This agreement describes, inter alia, the documents and categories of information to be routinely shared between both depositaries or available upon request, the manner and timing of transmission, the coordination of involvement of each depositary in operational matters in view of their duties under their respective national law, the coordination of accounting year-end procedures, reportable breaches committed by the Master Fund, the procedure for ad hoc requests for assistance, and particular contingent events reportable on an ad hoc basis.
- c- The Auditor of the Feeder and the auditor of the Master have entered into an agreement in order to share information regarding the Master Fund. This agreement describes, inter alia, the documents and categories of information to be routinely shared between auditors or available upon request, the manner and timing of transmission of information, the coordination of involvement of each auditor in accounting year-end procedures of the Feeder and the Master, reportable irregularities identified in the Master and standard arrangement for ad hoc requests for assistance.

The information sharing agreement between the Master and the Feeder, the information and cooperation agreement between the depositary of the Master and the depositary of the Feeder and the information sharing agreement between the auditor of the Master and of the Feeder and

further information such as the Prospectus, the KIID and the annual and half-yearly reports of the Master are available upon request at the registered office of the Company.

## ***CARNEGIE Fonder Portfolio – CARNEGIE Corporate Bond***

### **Investment Policy**

The Sub-Fund is seeking to create both return from the yield and/or capital appreciation by investing in bonds, money market instruments and other interest bearing instruments which are admitted to trading on a Regulated Market. The maximum average duration of such investments will be up to ten (10) years.

Bonds and other debt instruments with issuers from Nordic countries and with a minimum credit rating of S&P B- (or equivalent for non-rated issuers) shall represent at least 50% of the total amount invested by the Sub-Fund in bonds and other debt instruments.

In addition to this, the Sub-Fund will also invest in financial derivatives such as futures, options, swaps, CDS (Credit Default Swaps) and other derivatives both for hedging and investment purposes.

The Sub-Fund may hedge the FX exposure to non-Swedish Krona.

The Sub-Fund may invest up to 100 % of its assets in different transferable securities issued or guaranteed by any Member State of the EU, its local authorities, or public international bodies of which one or more of such Member States are members, or by any other State of the OECD or by Singapore or Brazil. The Sub-Fund can only make use of this provision if it holds securities from at least six different issues, and if securities from any one issue may not account for more than 30 % of the Sub-Fund's total net assets.

The Sub-Fund may also invest in Linked Investment Funds.

The Sub-Fund may further also invest in other Sub-Funds of the Company subject to the provisions set out in the General Guidelines for the Investment Policy.

The Sub-Fund will not invest more than 10% of its net assets in units / shares of other UCITS or UCIs or Linked Investment Funds or other Sub-Funds.

The above investment policies and objectives do not constitute a guarantee of performance.

### ***Securities financing transactions***

The Sub-Fund does currently neither make use of securities financing transactions nor enter into total return swaps or instruments with similar characteristics and as such the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 is not applicable. The Prospectus will be updated accordingly prior to the use of any such techniques or instruments.

### **Risk Profile**

This Sub-Fund faces the same risks as those normally associated with investment in bonds, money market and other interest bearing instrument.

In accordance with the investment policy the Sub-Fund's assets are risk exposed primarily to the Nordic Fixed Income market and thus to a limited part of the world. This normally results in a higher risk than for a bond fund with global exposure.

For further descriptions of the other risks involved in the investment in the Sub-Fund, please refer to section "Information on Risk" above.

## Typical Investor

The Sub-Fund is intended for investors who seek capital appreciation over the long-term. Investors must be able to accept substantial year-to-year volatility and significant temporary decrease in value. Investors should consider their long-term investment goals and financial needs when making an investment decision about this Sub-Fund. As a consequence, this Sub-Fund is suitable to investors who can afford to set aside the capital invested for a long term period.

## Investment Manager

Carnegie Fonder AB

## Fees

The Company shall bear the following:

1. a Management Company Fee payable to the Management Company at a maximum 0.088% p.a. based on the total net assets of each Sub-Fund; the Management Company is entitled to be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements.
2. a Depositary fee payable out of each Sub-Fund's asset, in the range between 0.008% and 0.4% depending on the market.  
The Depositary will further receive a supervisory fee of 0.0040% based on each Sub-Fund's assets.  
In addition, the Depositary is entitled to receive fees for proxy voting, cash management, fund execution and will be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements.
3. Investment Management Fee  
The Investment Manager will receive an investment management fee, accrued daily and payable monthly in arrears, based on the net assets of the Sub-Fund attributable to each share class.

Share classes	Investment Management Fee
Class 1	max. 0.70%
Class 2	max. 0.70%
Class 3	max. 1.05%
Class 4	max. 0.70%

4. Research Fee The Investment Manager is entitled to receive a research fee of maximum 0.04% p.a. (excluding VAT, if any) of the Sub-Fund's net assets. This fee is payable quarterly in arrears.

## **Net Asset Value**

The net asset value per share is expressed in Swedish Krona (SEK).

## **Share classes**

The Sub-Fund may offer Class 1, Class 2, Class 3, Class 4 and Class 5 shares in various currencies, hedged or unhedged, distributing or capitalisation. Please visit <http://fundinfo.sebfundservices.lu/CarnegieFP/> for a complete list of Classes currently available in the Sub-Fund. The share classes which are not denominated in SEK and that are hedged will hedge their currency exposure against the reference currency of the Fund as described in the section "Hedging Policy" of the General Part of the Prospectus.

The minimum investment amount for Class 1 shares shall be decided by the Board of Directors and the information shall be published on <http://fundinfo.sebfundservices.lu/CarnegieFP/>

Please refer to the general part of the prospectus under section "Capital Stock" for a further description of the specifics of these share classes.

## **Sub-Fund's performance**

The Sub-Fund's performance is disclosed in the KIID which is updated at least on an annual frequency.

## ***CARNEGIE Fonder Portfolio – Carnegie Total***

### **Investment objective**

The objective of the Sub-Fund is to achieve capital appreciation by investing primarily in a selection of UCITS, UCIs or ETFs, subject to the limitations as outlined in Section "Investment restrictions applicable to Eligible Assets" in the general part of the Prospectus.

The targeted assets are equity funds, fixed-income funds, alternative investment funds type hedge and other with focus on equities and/or bonds investment and balanced funds which are predominantly investing in the Nordic markets (Norway, Finland, Sweden, Denmark and Iceland). The Sub-Fund might also hold assets in funds that are investing in other regions of the world (i.e. emerging markets, North-American and Asian geographical zones).

### **Investment strategy**

In pursuing this investment objective, the Sub-Fund follows a value investing strategy aimed at identifying funds investing in equities that are believed to be either undervalued or mispriced.

The Sub-Fund will also invest its assets in fixed-income funds which may be composed of high-yield, money market instrument, investment grade bond funds, governments bonds, municipal bonds, covered bonds and convertibles. The duration of the fixed-income funds ranges between 0 years and 6 years with an estimated average of 3 years.

As a general guideline and depending on the market conditions, the target asset allocation of the Sub-Fund is as follows:

- (i) between 40% and 80% of the assets invested in equity funds
- (ii) between 20% and 60% of the assets invested in fixed income funds
- (iii) up to 40% of the assets invested in alternative investment funds
- (iv) up to 30% of the assets invested in balanced funds

The Sub-Fund may invest up to 100 % of its assets in different transferable securities issued or guaranteed by any Member State of the EU, its local authorities, or public international bodies of which one or more of such Member States are members, or by any other State of the OECD or by Singapore or Brazil. The Sub-Fund can only make use of this provision if it holds securities from at least six different issues, and if securities from any one issue may not account for more than 30 % of the Sub-Fund's total net assets.

The Sub-Fund is also allowed to invest in liquid assets on an ancillary basis. From time to time, a maximum of 20% of the Sub-Fund's net assets might be invested in liquid assets. These assets might either be cash deposits or money market instruments.

In addition, the Sub-Fund may also invest in financial derivatives such as futures, options, for hedging and/or investment purposes. The Sub-Fund will not make any use of Efficient Portfolio Management techniques.

### ***Securities financing transactions***

The Sub-Fund does currently neither make use of securities financing transactions nor enter into total return swaps or instruments with similar characteristics and as such the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 is not applicable. The Prospectus will be updated accordingly prior to the use of any such techniques or instruments.

## **Risk Profile**

This Sub-Fund faces the same risks as those normally associated with investment in equities, fixed income or other alternative investment funds. As the allocation of the Sub-Fund's assets will vary between asset groups depending on market conditions but will have a significant proportion of its assets invested in equities. This normally results in a higher risk than for a fixed income fund and a lower risk than an equity fund.

For further descriptions of the other risks involved in the investment in the Sub-Fund, please refer to section "information on Risk" above.

## **Typical Investor**

The Sub-Fund is intended for investors who seek capital appreciation over the long-term. Investors must be able to accept substantial year-to-year volatility and significant temporary decrease in value. Investors should consider their long-term investment goals and financial needs when making an investment decision about this Sub-Fund. As a consequence, this Sub-Fund is suitable to investors who can afford to set aside the capital invested for a long term period.

## **Investment Manager**

Carnegie Fonder AB

## **Fees**

The Company shall bear the following:

1. a Management Company Fee payable to the Management Company at a maximum 0.088% p.a. based on the total net assets of each Sub-Fund; the Management Company is entitled to be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements.
2. a Depositary fee payable out of each Sub-Fund's asset, in the range between 0.008% and 0.4% depending on the market.  
The Depositary will further receive a supervisory fee of 0.0040% based on each Sub-Fund's assets.  
In addition, the Depositary is entitled to receive fees for proxy voting, cash management, fund execution and will be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements."
3. Investment Management Fee  
The Investment Manager will receive an investment management fee, accrued daily and payable monthly in arrears, based on the net assets of the Sub-Fund attributable to each share class.
4. Research Fee The Investment Manager is entitled to receive a research fee of maximum 0.04% p.a. (excluding VAT, if any) of the Sub-Fund's net assets. This fee is payable quarterly in arrears.

The Investment Manager will receive an investment management fee of maximum 1.50% p.a. for Class 4 shares and 1.80 % p.a. for all other classes, accrued daily and payable monthly in arrears, based on the net assets of the Sub-Fund attributable to each share class.

## **Net Asset Value**

The net asset value per share is expressed in Swedish Krona (SEK)

## **Share classes**

The Sub-Fund may offer Class 1, Class 2, Class 3, and Class 4 shares in various currencies, hedged or unhedged, distributing or capitalisation. Please visit <http://fundinfo.sebfundservices.lu/CarnegieFP/> for a complete list of Classes currently available in the Sub-Fund. The share classes which are not denominated in SEK and that are hedged will hedge their currency exposure against the reference currency of the Fund as described in the section "Hedging Policy" of the General Part of the Prospectus.

## **Sub-Fund's performance**

The Sub-Fund's performance is disclosed in the KIID which is updated at least on an annual frequency.

## **Cut-off Time/Order processing**

Notwithstanding the general rules laid down in the General Part of the Prospectus, subscription, redemption and/or conversion orders must reach FundRock Nordics S.A. one Business Day prior to the Valuation Day before 4:30 p.m. (Luxembourg time) in order to be processed on the applicable Valuation Day; otherwise the order will be executed on the next Valuation Day. However, should the Valuation Day fall on an official half day where the Swedish Stock Exchange is closing at 1:00 p.m. (each referred to as a "**Swedish Half Day**"), written instructions have to reach FundRock Nordics S.A. before 1:00 p.m. (Luxembourg time) one Business Day prior to such Valuation Day; otherwise the order will be executed on the next Valuation Day.

Notwithstanding the general rules laid down in the General Part of the Prospectus, payment for subscription must be received by the Company not later than two (2) Business Days following the relevant Valuation Day. Otherwise subscriptions may be cancelled without prejudice to the Company's right to recover any charges due to losses incurred.

Notwithstanding the general rules laid down in the General Part of the Prospectus, redemption proceeds will be despatched within two (2) bank business days after the relevant Valuation Day and after receipt of the proper documentation.



## ***CARNEGIE Fonder Portfolio – Carnegie High Yield Select***

### **Investment Objective and Strategy**

The Sub-Fund is seeking to achieve a long-term capital growth by investing primarily in a diversified portfolio of fixed income securities which will be mainly composed of High Yield Bonds (having a credit risk equivalent to a Standard & Poors credit rating below the BBB- grade, excluding investing in Distressed Debt Securities where less than 100 % of the principal is expected to be paid back at maturity) and Floating Rates Notes instruments of Nordic Corporate Bonds.

The Sub-Fund shall invest its assets in fixed income securities, convertible bonds, fixed income related instruments, preferred shares and Payment-in-Kind (PIK) bonds<sup>1</sup> of corporates having a higher credit risk and issued predominantly by companies that are domiciled or operating in the Nordic Markets (i.e. Sweden, Denmark, Norway, Finland and Iceland).

The Sub-Fund will not invest its assets in Payment-in-Kind Bonds where less than 100% of the principal is expected to be paid back at maturity. The minimum Standard & Poor's rating (or equivalent for other rating institutes or for non-rated issuers) of the fixed income instrument shall be equivalent or above the CCC- grade.

The Sub-Fund may invest up to 50% of its assets in listed companies that are quoted on other regulated markets in EU or the OECD countries.

The Sub-Fund may also invest in Investment Grade Fixed Income instruments.

The Sub-Fund may also invest in shares and similar instruments (e.g. following a process of restructuring or similar process) and/or holds company shares as a result of transactions involving securities or the conversion of convertible bonds.

The Sub-Fund may also invest up to 20% of its assets in Contingent Convertible Bonds (Coco's) and up to 10% of its assets in Asset-Backed Securities and Mortgage-Backed Securities (ABS' or MBS').

The Sub-Fund will primarily use derivatives (i.e. FX Spot, FX Forwards or Basis Swaps) to hedge against unfavourable Foreign Exchange Market movements. In addition, the Sub-Fund may invest in Fixed Income derivatives for hedging the interest rate duration risk. Depending on the market conditions and in accordance to the investment policy, the Sub-Fund may invest in Credit Default Swaps (CDS'), Credit Indices and Dividend Swaps instruments.

The Sub-Fund may further invest in liquid assets on an ancillary basis. Such assets may be kept in the form of cash deposits or money market instruments.

The Sub-Fund may invest up to 10% of its net assets in units of UCITS and/or other UCIs.

### ***Securities financing transactions.***

The Sub-Fund does currently neither make use of securities financing transactions nor enter into total return swaps or instruments with similar characteristics and as such the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 is not applicable.

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<sup>1</sup> A Payment-in-Kind Bond is a fixed income security where the interest is accumulated over the time and is paid back to the investor when either the bond matures or when the bond is called.

The Prospectus will be updated accordingly prior to the use of any such techniques or instruments.

## **Risk Profile**

This Sub-Fund faces the same risks as those normally associated with investment in preferred shares, convertibles, corporate bonds, money market and other interest bearing instruments.

In accordance with the investment policy, the Sub-Fund's assets are risk exposed mainly to the Nordic markets and thus to a limited part of the world. This normally results in a higher risk than for a fund with worldwide exposure

For further descriptions of the other risks involved in the investment in the Sub-Fund, please refer to section "Information on Risk" above.

## **Typical Investor**

The Sub-Fund is intended for investors who seek capital appreciation over the long-term. Investors must be able to accept substantial year-to-year volatility and significant temporary decrease in value. Investors should consider their long-term investment goals and financial needs when making an investment decision about this Sub-Fund. Therefore, this Sub-Fund is suitable to investors who can afford to set aside the capital invested for a medium to long term period.

### ***Risks related to the investment in high-yield bonds***

High-yield bonds are debt securities having a lower credit rating, but usually offering higher yields. Investing in such instruments generally implies greater risks compared to investment-grade debt securities, in particular. High-yield bonds are subject to greater credit and market risk than lower yielding securities. Generally, lower rated securities pay higher yields than more highly rated securities to compensate investors for the higher risk. Such securities are subject to the risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity and as a result may be less liquid than lower yielding securities

Credit and default risk: high-yield bonds are generally more sensitive to changes in the financial conditions of the issuer and may have a higher incidence of default.

Liquidity risk: high-yield bonds tend to have a higher liquidity risk, which may make difficult for the sub-fund to sell such securities at the most opportunistic time and price.

### ***Risks relating to the investment in Contingent Convertible bonds***

Contingent Convertible Bonds are instruments issued by banking and/or insurance institutions to increase their capital buffers. They are a type of convertible debt that turns into equity when a specified event has occurred. While normal convertible bonds have a strike price for their conversion into equity, Coco's Bonds have a second upside contingency that must be met before the investor can make the conversion and are aimed at strengthening the tier one capital of a financial institution.

Under the terms of a Contingent Convertible Bond, events that trigger the conversion from debt into equity are designed so that conversion occurs when the issuer of the Contingent Convertible

Bonds is in crisis. Investing in Contingent Convertible Bonds involves risks, such as, but not limited to:

- **Write-down risk:** Under the terms of Contingent Convertible Bond, certain events could cause the permanent write-down to zero of principal investment and/or accrued interest. Should a Contingent Convertible Bond undergo a write-down, the fund may lose some or all of its original investment in the Contingent Convertible Bonds
- **Capital Structure inversion risk:** In certain scenarios, and unlike classic capital hierarchy, holders of Contingent Convertible Bonds may suffer a loss of capital when equity holders do not.
- **Liquidity risk:** Contingent Convertible Bonds or equity, upon conversion, may be difficult to sell at an opportunistic time and price.
- **Coupon cancellation:** for some Contingent Convertible Bonds, coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time;
- **Call extension risk:** some Contingent Convertible Bonds are issued as perpetual instruments, callable at pre-determined levels only with approval of the competent authority.
- **Industry Concentration Risk:** Coco's Bonds are primarily issued by financial institutions that are seeking to increase their Tier One Capital Ratio , improving their ability to absorb losses in order to satisfying the regulatory capital requirements. This implies that an investment in such instruments will be exposed to the risks incurred by holding assets from financial institutions.
- **Trigger Level Risk:** This is the risk associated to the level below which the conversion into equities will take place. The most common trigger conditions include the Common Equity Tier 1 Capital ratio of a financial institution which is dropping below a specific value. Triggers can be based on a mechanical rule or supervisors' discretion. In the former case, the loss absorption mechanism is activated when the capital of the Financial Institution is falling below a pre-specified fraction of its risk-weighted assets. The capital measure, in turn, can be based on book values or market values.  
The activation of the loss absorption mechanism might result in a partial – or even total – loss of the capital invested since the bond would have to be converted into shares or be written down, either permanently or temporarily.
- **Conversion risk:** it might be difficult for the Investment Manager of the relevant Sub-Fund to assess how the securities will behave upon conversion. In case of conversion into equity, the Investment Manager might have to sell all or part of these new equity shares in order to ensure compliance with the investment policy of the Sub-Fund. This sale may itself lead to liquidity issue for these shares.
- **Yield / Valuation Risk:** Coco's Bonds are issued with no maturity date and are therefore behaving like hybrid and equity- linked instruments which remain sensitive to the interest rate and credit spread market movements.
- In addition, the investment in Coco's Bonds is subject to a Valuation risk since they may be terminated, redeemed or repurchased by the issuer provided that an authorisation has been given by the relevant supervisory authorities. In addition, the payment of coupons remains at the sole discretion of the issuer.
- **Unknown Risk:** Investors should be well aware that the regulatory capital ratio's development depends on a large number of factors and is therefore exceedingly difficult to forecast. For instance, a loss of capital combined with an increase in additional risk-weighted assets can result in a reduction of the regulatory capital ratio to below the threshold which was set as the trigger

### ***Risks relating to the investment in asset-backed securities and mortgage-backed securities***

ABS and MBS are securities that entitle the holders to receive payments that are primarily dependent upon the cash flow arising from a specified pool of financial assets (e.g. residential or commercial mortgages, credit card loans, auto loans). Such instruments may involve higher risks compared to other traditional debt securities, in particular

Credit risk: certain borrowers may default on their mortgage obligations or the guarantees underlying the mortgage backed securities may default.

Liquidity risk: ABS and MBS may be more difficult to sell than other type of securities

Interest rate risk: changes in the interest rate may have a significant impact on a Sub-Fund investing in ABS or MBS, since interest rate change usually affects the value of fixed income securities.

Extension and prepayment risk: an interest rate change may induce extension and prepayment risk. In period of interest rate rise, the average maturity of the Sub-Fund's portfolio may lengthen due to borrower's payment obligations occurring at a slower pace than expected. As a result, the duration of the ABS and MBS may be affected which in turn increase the risk for price decline and the Sub-Fund's sensitivity to rising rates. On the other hand, in period of interest rate decline, ABS or MBS are more likely to be prepaid, reducing thereby the potential for price gains. Besides, it requires the Sub-Fund to reinvest the proceeds at lower interest rates, hence potentially reducing the Sub-Fund's return.

Insolvency risk: in case of default, enforcing rights against the underlying assets or collateral may be difficult.

## **Investment Manager**

Carnegie Fonder AB

## **Fees**

The Company shall bear the following expenses:

1. a Management Company Fee payable to the Management Company at a maximum 0.088% p.a. based on the total net assets of each Sub-Fund; the Management Company is entitled to be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements.
2. a Depositary fee payable out of each Sub-Fund's asset, in the range between 0.008% and 0.4% depending on the market.  
The Depositary will further receive a supervisory fee of 0.0040% based on each Sub-Fund's assets.  
In addition, the Depositary is entitled to receive fees for proxy voting, cash management, fund execution and will be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements."
3. Investment Management Fee

The Investment Manager will receive an investment management fee, accrued daily and payable monthly in arrears, based on the net assets of the Sub-Fund attributable to each share class as follows:

4. **Research Fee** The Investment Manager is entitled to receive a research fee of maximum 0.04% p.a. (excluding VAT, if any) of the Sub-Fund's net assets. This fee is payable quarterly in arrears.

Share classes	Investment Management Fee
Class 1	max. 0,5% + performance fee
Class 2	max. 0,5% + performance fee
Class 3	max. 0,85% + performance fee
Class 4	max. 0,85% + performance fee

### ***Performance fee***

Performance fee of 20% over the hurdle rate of STIBOR 90 days (STIBOR floor of 0) + 2%. Maximum management fee and performance fee set to 2% (not including potential other charges for example (but not limited to) tax, audit, custody fee etc.) on a 12-month rolling basis with high water mark. The Performance Fee is calculated after all other fees have been accrued. The Performance Fee will be calculated daily and drawn from the Sub-Fund on a collective basis. The accrued Performance Fee will be paid to the Investment Manager monthly in arrears.

### **Net Asset Value**

The net asset value per share is expressed in Swedish Krona (SEK).

### **Share classes**

The Sub-Fund may offer Class 1, Class 2, Class 3, and Class 4 shares in various currencies, hedged or unhedged, distributing or capitalisation. Please visit <http://fundinfo.sebfundservices.lu/CarnegieFP/> for a complete list of Classes currently available in the Sub-Fund. The share classes which are not denominated in SEK and that are hedged will hedge their currency exposure against the reference currency of the Feeder as described in the section "Hedging Policy" of the General Part of the Prospectus.

The minimum investment amount for class 1 shares is at least 25,000,000 SEK, 25,000,000 NOK, 25,000.000 DKK, 2,500,000 EUR, 2,500,000 USD, 2,500,000 CHF or 2,500,000 GBP depending on the currency of the share class.

The minimum investment amount for class 3 shares is at least 250,000 SEK, 250,000 NOK, 250.000 DKK, 25,000 EUR, 25,000 USD, 25,000 CHF or 25,000 GBP depending on the currency of the share class.

Please refer to the general part of the prospectus under section "Capital Stock" for a further description of the specifics of the listed share classes.

## **Sub-Fund's performance**

The Sub-Fund's performance is disclosed in the KIID which is updated at least on an annual frequency.

### **Cut –off Time/ Order processing**

Notwithstanding the general rules laid down in the General Part of the Prospectus, redemption and/or conversion orders must reach FundRock Nordics S.A. five Business Days prior to the Valuation Day before 4:30 p.m. (Luxembourg time) in order to be processed on the applicable Valuation Day; otherwise the order will be executed on the next Valuation Day. However, should the Valuation Day fall on an official half day where the Swedish Stock Exchange is closing at 1:00 p.m. (each referred to as a "Swedish Half Day"), written instructions have to reach FundRock Nordics S.A. before 1:00 p.m. (Luxembourg time) five Business Days prior to such Valuation Day; otherwise the order will be executed on the next Valuation Day.

Notwithstanding the general rules laid down in the General Part of the Prospectus, subscription orders must reach FundRock Nordics S.A. on the Valuation Day before 4:30 p.m. (Luxembourg time) in order to be processed on the applicable Valuation Day; otherwise the order will be executed on the next Valuation Day. However, should the Valuation Day fall on an official half day where the Swedish Stock Exchange is closing at 1:00 p.m. (each referred to as a "Swedish Half Day"), written instructions have to reach FundRock Nordics S.A. before 1:00 p.m. (Luxembourg time) on the Valuation Day; otherwise the order will be executed on the next Valuation Day.

Notwithstanding the general rules laid down in the General Part of the Prospectus, payment for subscription must be received by the Company not later than two (2) Business Days following the relevant Valuation Day. Otherwise subscriptions may be cancelled without prejudice to the Company's right to recover any charges due to losses incurred.

Notwithstanding the general rules laid down in the General Part of the Prospectus, redemption proceeds will be despatched within two (2) bank business days after the relevant Valuation Day and after receipt of the proper documentation.

## ***CARNEGIE Fonder Portfolio – Carnegie Russia (feeder fund)***

### **Master-feeder structure**

The objective of the Sub-Fund (the "**Feeder**" or the "**Sub-Fund**") is to invest in Carnegie Rysslandsfond (the "**Master**"). The feeder will exclusively invest in the share class of the Master with ISIN: SE0000429821.

Carnegie Rysslandsfond is a UCITS fund registered with the Swedish Act on Investment Funds (2004:46), which is open to private pension savings pursuant to the Swedish Individual Pension Sings Act (1993:931).

Carnegie Fonder Sverige AB (Corp reg n°556266-6049) acts as *Management Company of the Master*.

Skandinaviska Enskilda Banken AB (publ) acts as depositary of the Master.

Price Waterhouse Coopers A.B. has been appointed as statutory auditor of the Master.

The Prospectus (fund statutes) of the Master is available on [www.carnegiefonder.se](http://www.carnegiefonder.se)

### **Investment policy**

#### ***Investment policy of the Master***

The Master aims to create a positive and stable return by investing in Russian equities without specific restrictions regarding the industrial sector or type of company.

The Master invests in companies whose shares or stock-related securities are traded on a regulated market in countries within the Commonwealth of Independent States (the former Soviet Union excluding the Baltic States) as well as Estonia, Latvia and Lithuania, or on another regulated market provided that the company's domicile or principal operating activities are located in the region defined above.

The Master may invest a maximum of 10% of its asset value in fund units.

The Master may invest a maximum of 10% of its asset value in accounts with credit institutions. The Master's assets will always invest at least 80% of its assets in market-listed equities and may invest a maximum of 10% of its assets in unlisted equities.

The Master may make use of derivatives for hedging purpose only to reduce currency risks to minimise the effects of currency fluctuations.

The Master may further invest in liquid assets on an ancillary basis. Such assets may be kept in the form of cash deposits or money market instruments.

The Master will not make use of efficient portfolio management techniques.

### ***Securities financing transactions***

The Sub-Fund does currently neither make use of securities financing transactions nor enter into total return swaps or instruments with similar characteristics and as such the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 is not applicable. The Prospectus will be updated accordingly prior to the use of any such techniques or instruments.

### ***Investment policy of the Feeder***

The Feeder will at all times invest at least 85% of its assets into the Master (ISIN SE 0000429821).

The Feeder may hold up to 15% of its assets in ancillary liquid assets, including cash, cash equivalents and short term bank deposits.

## **Risk profile**

The risk and performance of the Feeder will be largely dependent upon the risk and performance of the Master. However the performance of the Feeder might deviate from the performance of the Master, due to, inter alia, cash holding or transaction costs.

### ***Risk profile of the Master***

The Master invests in companies listed on stock markets that are characterised by high risk, but also by the possibility of high returns. Since the Master's investments are concentrated to emerging markets, the Master has a higher risk than a fund that spreads holdings over more established markets. The Master's returns are also impacted by currency fluctuations since its holdings are quoted in foreign currency.

### ***Risk profile of the Feeder***

#### ***Risk related to Master Feeder structure:***

The Feeder invests in the Master, and as such, the investment of the Feeder is not diversified. However the Master's investments meet the diversification requirement of the UCITS Directive 2009/65/EC, as amended.

For further descriptions of the other risks involved in the investment in the Sub-Fund, please refer to section "information on Risk" above.

## **Typical Investor**

The Feeder is intended for investors who seek capital appreciation over the long-term. Investors must be able to accept substantial year-to-year volatility and significant temporary decrease in value. Investors should consider their long-term investment goals and financial needs when making an investment decision about the Feeder. As a consequence, this Feeder is suitable to investors who can afford to set aside the capital invested for a long term period.



## Investment Manager of the Master and of the Feeder

Carnegie Fonder AB

### Fees charges and expenses associated with the Feeder investing in the Master

Fees charges and expenses born by the Feeder investing in the Master:

Fees / expenses	At the level of the Master	At the level of the Feeder	Total
Due to the Management Company *: Management Company fee	None	Maximum 0.088 % p.a based on the total net assets of the Feeder	Maximum 0.088 % p.a based on the total net assets of the Feeder
Due to the Depositary **: Custody fee	None	in the range between 0.008% and 0.4% depending on the market.	in the range between 0.008% and 0.4% depending on the market.
Supervisory fee	None	0.0040% based on the Feeder's assets	0.0040% based on the Feeder's assets
Due to the Investment Manager  Investment management fee accrued daily and payable monthly in arrears based on the net assets of the sub-fund	None	Max 1.75 % p.a. for Classes 1, 2 and 4  Max 2.50% p.a. for Class 3	Max 1.75 % p.a. for Classes 1, 2 and 4  Max 2.50% p.a. for Class 3
Distributor	None	None	None
Brokerage fees and other fees associated with the trade in financial instruments	Applicable rates	None	Applicable rates

- \* In addition to the above fees the Management Company is entitled to be reimbursed out of the assets of the Feeder for its reasonable out of pocket expenses and disbursements;
- \*\*In addition to the above fees, the Depositary is entitled to receive fees for proxy voting, cash management, fund execution and will be reimbursed out of the assets of the Feeder for its reasonable out of pocket expenses and disbursements.
- The Master does not charge investment management fee to the Feeder, nor any share dealing charges, subscription or redemption fees for the Feeder investing in its shares.
- The investors others than Feeder, investing into the Master, will bear up to 2.5 % of overall fees comprising: depositary, management and investment management fee, out of the net assets of their respective share class.

#### Share classes

The Sub-Fund may offer Class 1, Class 2, Class 3, Class 4 and Class 5 shares in various currencies, hedged or unhedged, distributing or capitalisation. Please visit <http://fundinfo.sebfundservices.lu/CarnegieFP/> for a complete list of Classes currently available in the Sub-Fund. The share classes which are not denominated in SEK and that are hedged will hedge their currency exposure against the reference currency of the Feeder as described in the section "Hedging Policy" of the General Part of the Prospectus.

### Net Asset Value

The net asset value per share is expressed in Swedish Krona (SEK)

### Sub-Fund's performance

The Sub-Fund's performance is disclosed in the KIID which is updated at least on an annual frequency.

### Cut-off Time/Order processing

Notwithstanding the general rules laid down in the General Part of the Prospectus, subscription, redemption and/or conversion orders must reach FundRock Nordics S.A. on the Valuation Day before 10:00am (Luxembourg time) in order to be processed on the applicable Valuation Day; otherwise the order will be executed on the next Valuation Day.

Notwithstanding the general rules laid down in the General Part of the Prospectus, payment for subscription must be received by the Company not later than 10:00am (Luxembourg time) on the relevant Valuation Day. Otherwise subscriptions may be cancelled without prejudice to the Company's right to recover any charges due to losses incurred.

Notwithstanding the general rules laid down in the General Part of the Prospectus, redemption proceeds will be despatched within two (2) bank business days after the relevant Valuation Day and after receipt of the proper documentation.

### Conversions

Notwithstanding the general rules laid down in the section "Conversions and switching between sub-funds" in the general part of the Prospectus, conversions from and to the Feeder are not allowed.

## **Tax implication**

The investment of the Feeder into the Master has no specific Luxembourg tax impact.

Potential investors are recommended to seek full information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment.

## **Additional information**

The following agreements have been entered into in order to ensure compliance with the relevant provisions of Article 79 paragraph (1) the 2010 Law, as amended:

- a- The Company and the management company of the Master Fund have entered into an information sharing agreement regarding the Master Fund. This agreement describes, inter alia, appropriate measures to mitigate conflicts of interest that may arise between the Feeder and the Master, the basis of investment and divestment by the Feeder and standard arrangements for the audit report.
- b- The depositary of the Master and the depositary of the Feeder have entered into an information and cooperation agreement regarding the Master Fund. This agreement describes, inter alia, the documents and categories of information to be routinely shared between both depositaries or available upon request, the manner and timing of transmission, the coordination of involvement of each depositary in operational matters in view of their duties under their respective national law, the coordination of accounting year-end procedures, reportable breaches committed by the Master Fund, the procedure for ad hoc requests for assistance, and particular contingent events reportable on an ad hoc basis.
- c- The Auditor of the Feeder and the auditor of the Master have entered into an agreement in order to share information regarding the Master Fund. This agreement describes, inter alia, the documents and categories of information to be routinely shared between auditors or available upon request, the manner and timing of transmission of information, the coordination of involvement of each auditor in accounting year-end procedures of the Feeder and the Master, reportable irregularities identified in the Master and standard arrangement for ad hoc requests for assistance.

The information sharing agreement between the Master and the Feeder, the information and cooperation agreement between the depositary of the Master and the depositary of the Feeder and the information sharing agreement between the auditor of the Master and of the Feeder and further information such as the Prospectus, the KIID of the Master and the annual and half-yearly reports of the Master are available upon request at the registered office of the Company.

## ***CARNEGIE Fonder Portfolio – Carnegie Sverigefond (feeder fund)***

### **Master-feeder structure**

The objective of the Sub-Fund (the "**Feeder**" or the "**Sub-Fund**") is to invest in Carnegie Sverigefond (the "**Master**"). The feeder will exclusively invest in the share class of the Master with ISIN: SE0000429789.

Carnegie Sverigefond a UCITS fund registered with the Swedish Act on Investment Funds (2004:46), which is open to private pension savings pursuant to the Swedish Individual Pension Sings Act (1993:931).

Carnegie Fonder Sverige AB (Corp reg n°556266-6049) acts as *Management Company of the Master*.

Skandinaviska Enskilda Banken AB (publ) acts as depositary of the Master.

Price Waterhouse Coopers A.B. has been appointed as statutory auditor of the Master.

The Prospectus (fund statutes) of the Master is available on [www.carnegiefonder.se](http://www.carnegiefonder.se)

### **Investment policy**

#### ***Investment policy of the Master***

The Master is an equity fund that invests without limitation regarding company or industry in Sweden. The Master's objective is firstly to create a positive and stable return.

The Master may invest its assets in securities, money market instruments, derivatives, fund units and accounts with credit institutions. The Master invests in companies whose shares or equity-related securities are traded on a regulated market in Sweden or at another regulated market as long as its head office or principal place of business is located in Sweden.

The Master may invest up to 10 percent of its value in fund units.

The Master may invest up to 10 percent of its value in accounts with credit institutions...

The Master may make use of derivatives for hedging purposes.

#### ***Securities financing transactions***

The Sub-Fund does currently neither make use of securities financing transactions nor enter into total return swaps or instruments with similar characteristics and as such the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 is not applicable. The Prospectus will be updated accordingly prior to the use of any such techniques or instruments.

### ***Investment policy of the Feeder***

The Feeder will at all times invest at least 85% of its assets into the Master (ISIN SE SE0000429789).

The Feeder may hold up to 15% of its assets in ancillary liquid assets, including cash, cash equivalents and short term bank deposits.

### **Risk profile**

The risk and performance of the Feeder will be largely dependent upon the risk and performance of the Master. However the performance of the Feeder might deviate from the performance of the Master, due to, inter alia, cash holding or transaction costs.

#### ***Risk profile of the Master***

The Master invests in companies listed on stock markets that are characterised by high risk, but also by the possibility of high returns. Since the Master's investments are concentrated to a single country, the Master has a higher risk than a fund that spreads holdings over several countries.

#### ***Risk profile of the Feeder***

##### ***Risk related to Master Feeder structure:***

The Feeder invests in the Master, and as such, the investment of the Feeder is not diversified. However the Master's investments meet the diversification requirement of the UCITS Directive 2009/65/EC, as amended.

For further descriptions of the other risks involved in the investment in the Sub-Fund, please refer to section "information on Risk" above.

### **Typical Investor**

The Feeder is intended for investors who seek capital appreciation over the long-term. Investors must be able to accept substantial year-to-year volatility and significant temporary decrease in value. Investors should consider their long-term investment goals and financial needs when making an investment decision about the Feeder. As a consequence, this Feeder is suitable to investors who can afford to set aside the capital invested for a long term period.

### **Investment Manager of the Master and of the Feeder**

Carnegie Fonder AB

### **Fees charges and expenses associated with the Feeder investing in the Master**

Fees charges and expenses born by the Feeder investing in the Master:

Fees / expenses	At the level of the Master	At the level of the Feeder	Total
Due to the Management Company *:			
Management Company fee	None	Maximum 0.088 % p.a based on the total net assets of the Feeder	Maximum 0.088 % p.a based on the total net assets of the Feeder
Due to the Depositary**:			
Custody fee	None	in the range between 0.008% and 0.4% depending on the market.	in the range between 0.008% and 0.4% depending on the market.
Supervisory fee	None	0.0040% based on the Feeder's assets	0.0040% based on the Feeder's assets
Due to the Investment Manager			
Investment management fee accrued daily and payable monthly in arrears based on the net assets of the sub-fund	None	Max 1.05 % p.a. for Classes 1, 2 and 4  Max 1.50% p.a. for Class 3	Max 1.05 % p.a. for Classes 1, 2 and 4  Max 1.50% p.a. for Class 3
Distributor	None	None	None
Brokerage fees and other fees associated with the trade in financial instruments	Applicable rates	None	Applicable rates

- \* In addition to the above fees the Management Company is entitled to be reimbursed out of the assets of the Feeder for its reasonable out of pocket expenses and disbursements;
- \*\*In addition to the above fees, the Depositary is entitled to receive fees for proxy voting, cash management, fund execution and will be reimbursed out of the assets of the Feeder for its reasonable out of pocket expenses and disbursements.
- The Master does not charge investment management fee to the Feeder, nor any share dealing charges, subscription or redemption fees for the Feeder investing in its shares.

- The investors others than Feeder, investing into the Master, will bear up to 2.5 % of overall fees comprising: depositary, management and investment management fee, out of the net assets of their respective share class. Share classes

The Sub-Fund may offer Class 1, Class 2, Class 3, Class 4 and Class 5 shares in various currencies, hedged or unhedged, distributing or capitalisation. Please visit <http://fundinfo.sebfundservices.lu/CarnegieFP/> for a complete list of Classes currently available in the Sub-Fund. The share classes which are not denominated in SEK and that are hedged will hedge their currency exposure against the reference currency of the Feeder as described in the section "Hedging Policy" of the General Part of the Prospectus.

## **Net Asset Value**

The net asset value per share is expressed in Swedish Krona (SEK)

## **Sub-Fund's performance**

The Sub-Fund's performance is disclosed in the KIID which is updated at least on an annual frequency.

## **Cut-off Time/Order processing**

Notwithstanding the general rules laid down in the General Part of the Prospectus, subscription, redemption and/or conversion orders must reach FundRock Nordics S.A. on the Valuation Day before 10:00am (Luxembourg time) in order to be processed on the applicable Valuation Day; otherwise the order will be executed on the next Valuation Day.

Notwithstanding the general rules laid down in the General Part of the Prospectus, payment for subscription must be received by the Company not later than 10:00am (Luxembourg time) on the relevant Valuation Day. Otherwise subscriptions may be cancelled without prejudice to the Company's right to recover any charges due to losses incurred.

Notwithstanding the general rules laid down in the General Part of the Prospectus, redemption proceeds will be despatched within two (2) bank business days after the relevant Valuation Day and after receipt of the proper documentation.

## **Conversions**

Notwithstanding the general rules laid down in the section "Conversions and switching between sub-funds" in the general part of the Prospectus, conversions from and to the Feeder are not allowed.

## **Tax implication**

The investment of the Feeder into the Master has no specific Luxembourg tax impact.

Potential investors are recommended to seek full information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment.

## **Additional information**

The following agreements have been entered into in order to ensure compliance with the relevant provisions of Article 79 paragraph (1) the 2010 Law, as amended:

- d- The Company and the management company of the Master Fund have entered into an information sharing agreement regarding the Master Fund. This agreement describes, inter alia, appropriate measures to mitigate conflicts of interest that may arise between the Feeder and the Master, the basis of investment and divestment by the Feeder and standard arrangements for the audit report.
- e- The depositary of the Master and the depositary of the Feeder have entered into an information and cooperation agreement regarding the Master Fund. This agreement describes, inter alia, the documents and categories of information to be routinely shared between both depositaries or available upon request, the manner and timing of transmission, the coordination of involvement of each depositary in operational matters in view of their duties under their respective national law, the coordination of accounting year-end procedures, reportable breaches committed by the Master Fund, the procedure for ad hoc requests for assistance, and particular contingent events reportable on an ad hoc basis.
- f- The Auditor of the Feeder and the auditor of the Master have entered into an agreement in order to share information regarding the Master Fund. This agreement describes, inter alia, the documents and categories of information to be routinely shared between auditors or available upon request, the manner and timing of transmission of information, the coordination of involvement of each auditor in accounting year-end procedures of the Feeder and the Master, reportable irregularities identified in the Master and standard arrangement for ad hoc requests for assistance.

The information sharing agreement between the Master and the Feeder, the information and cooperation agreement between the depositary of the Master and the depositary of the Feeder and the information sharing agreement between the auditor of the Master and of the Feeder and further information such as the Prospectus, the KIID of the Master and the annual and half-yearly reports of the Master are available upon request at the registered office of the Company.



## ***CARNEGIE Fonder Portfolio – Carnegie Småbolagsfond (feeder fund)***

### **Master-feeder structure**

The objective of the Sub-Fund (the "**Feeder**" or the "**Sub-Fund**") is to invest in Carnegie Småbolagsfond (the "**Master**"). The feeder will exclusively invest in the share class of the Master with ISIN: SE0004392025.

Carnegie Småbolagsfond is a UCITS fund registered with the Swedish Act on Investment Funds (2004:46), which is open to private pension savings pursuant to the Swedish Individual Pension Sings Act (1993:931).

Carnegie Fonder Sverige AB (Corp reg n°556266-6049) acts as *Management Company of the Master*.

Skandinaviska Enskilda Banken AB (publ) acts as depositary of the Master.

Price Waterhouse Coopers A.B. has been appointed as statutory auditor of the Master.

The Prospectus (fund statutes) of the Master is available on [www.carnegiefonder.se](http://www.carnegiefonder.se)

### **Investment policy**

#### ***Investment policy of the Master***

The Master is an equity fund that invests in Swedish and Nordic securities. The Master is actively managed and does not track any index. Stocks are selected based on the Master's own assessments. The objective is to maximise long-term returns with consideration of the Master's level of risk.

The Master invests in small and medium-sized enterprises, without limitation regarding company or industry.

The Master invests at least 90 percent of its net asset value on the Swedish stock market and is able to place up to 10 percent in the Nordic equity market.

The Master may invest its assets in securities, money market instruments, derivatives, fund units and accounts with credit institutions.

#### ***Securities financing transactions***

The Sub-Fund does currently neither make use of securities financing transactions nor enter into total return swaps or instruments with similar characteristics and as such the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 is not applicable. The Prospectus will be updated accordingly prior to the use of any such techniques or instruments.

#### ***Investment policy of the Feeder***

The Feeder will at all times invest at least 85% of its assets into the Master (ISIN SE0004392025).

The Feeder may hold up to 15% of its assets in ancillary liquid assets, including cash, cash equivalents and short term bank deposits.

## **Risk profile**

The risk and performance of the Feeder will be largely dependent upon the risk and performance of the Master. However the performance of the Feeder might deviate from the performance of the Master, due to, inter alia, cash holding or transaction costs.

### ***Risk profile of the Master***

The Master invests in companies listed on stock markets that are characterised by high risk, but also by the possibility of high returns. Since the Master's investments are concentrated to emerging markets, the Master has a higher risk than a fund that spreads holdings over more established markets. The Master's returns are also impacted by currency fluctuations since its holdings are quoted in foreign currency.

### ***Risk profile of the Feeder***

#### ***Risk related to Master Feeder structure:***

The Feeder invests in the Master, and as such, the investment of the Feeder is not diversified. However the Master's investments meet the diversification requirement of the UCITS Directive 2009/65/EC, as amended.

For further descriptions of the other risks involved in the investment in the Sub-Fund, please refer to section "information on Risk" above.

## **Typical Investor**

The Feeder is intended for investors who seek capital appreciation over the long-term. Investors must be able to accept substantial year-to-year volatility and significant temporary decrease in value. Investors should consider their long-term investment goals and financial needs when making an investment decision about the Feeder. As a consequence, this Feeder is suitable to investors who can afford to set aside the capital invested for a long term period.

## **Investment Manager of the Master and of the Feeder**

Carnegie Fonder AB

## **Fees charges and expenses associated with the Feeder investing in the Master**

Fees charges and expenses born by the Feeder investing in the Master:

Fees / expenses	At the level of the Master	At the level of the Feeder	Total
Due to the Management Company *:			

Management Company fee	None	Maximum 0.088 % p.a based on the total net assets of the Feeder	Maximum 0.088 % p.a based on the total net assets of the Feeder
Due to the Depositary**:			
Custody fee	None	in the range between 0.008% and 0.4% depending on the market.	in the range between 0.008% and 0.4% depending on the market.
Supervisory fee	None	0.0040% based on the Feeder's assets	0.0040% based on the Feeder's assets
Due to the Investment Manager			
Investment management fee accrued daily and payable monthly in arrears based on the net assets of the sub-fund	None	Max 1.15 % p.a. for Classes 1, 2 and 4  Max 1.60% p.a. for Class 3	Max 1.15 % p.a. for Classes 1, 2 and 4  Max 1.60% p.a. for Class 3
Distributor	None	None	None
Brokerage fees and other fees associated with the trade in financial instruments	Applicable rates	None	Applicable rates

- \* In addition to the above fees the Management Company is entitled to be reimbursed out of the assets of the Feeder for its reasonable out of pocket expenses and disbursements;
- \*\*In addition to the above fees, the Depositary is entitled to receive fees for proxy voting, cash management, fund execution and will be reimbursed out of the assets of the Feeder for its reasonable out of pocket expenses and disbursements.
- The Master does not charge investment management fee to the Feeder, nor any share dealing charges, subscription or redemption fees for the Feeder investing in its shares.
- The investors others than Feeder, investing into the Master, will bear up to 2.5 % of overall fees comprising: depositary, management and investment management fee, out of the net assets of their respective share class. Share classes

The Sub-Fund may offer Class 1, Class 2, Class 3, Class 4 and Class 5 shares in various currencies, hedged or unhedged, distributing or capitalisation. Please visit <http://fundinfo.sebfundservices.lu/CarnegieFP/> for a complete list of Classes currently available in the Sub-Fund. The share classes which are not denominated in SEK and that are hedged will

hedge their currency exposure against the reference currency of the Feeder as described in the section "Hedging Policy" of the General Part of the Prospectus.

### **Net Asset Value**

The net asset value per share is expressed in Swedish Krona (SEK)

### **Sub-Fund's performance**

The Sub-Fund's performance is disclosed in the KIID which is updated at least on an annual frequency.

### **Cut-off Time/Order processing**

Notwithstanding the general rules laid down in the General Part of the Prospectus, subscription, redemption and/or conversion orders must reach FundRock Nordics S.A. on the Valuation Day before 10:00am (Luxembourg time) in order to be processed on the applicable Valuation Day; otherwise the order will be executed on the next Valuation Day.

Notwithstanding the general rules laid down in the General Part of the Prospectus, payment for subscription must be received by the Company not later than 10:00am (Luxembourg time) on the relevant Valuation Day. Otherwise subscriptions may be cancelled without prejudice to the Company's right to recover any charges due to losses incurred.

Notwithstanding the general rules laid down in the General Part of the Prospectus, redemption proceeds will be despatched within two (2) bank business days after the relevant Valuation Day and after receipt of the proper documentation.

### **Conversions**

Notwithstanding the general rules laid down in the section "Conversions and switching between sub-funds" in the general part of the Prospectus, conversions from and to the Feeder are not allowed.

### **Tax implication**

The investment of the Feeder into the Master has no specific Luxembourg tax impact.

Potential investors are recommended to seek full information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment.

### **Additional information**

The following agreements have been entered into in order to ensure compliance with the relevant provisions of Article 79 paragraph (1) the 2010 Law, as amended:

- g- The Company and the management company of the Master Fund have entered into an information sharing agreement regarding the Master Fund. This agreement describes, inter alia, appropriate measures to mitigate conflicts of interest that may arise between the Feeder and the Master, the basis of investment and divestment by the Feeder and standard arrangements for the audit report.

- h- The depositary of the Master and the depositary of the Feeder have entered into an information and cooperation agreement regarding the Master Fund. This agreement describes, inter alia, the documents and categories of information to be routinely shared between both depositaries or available upon request, the manner and timing of transmission, the coordination of involvement of each depositary in operational matters in view of their duties under their respective national law, the coordination of accounting year-end procedures, reportable breaches committed by the Master Fund, the procedure for ad hoc requests for assistance, and particular contingent events reportable on an ad hoc basis.
- i- The Auditor of the Feeder and the auditor of the Master have entered into an agreement in order to share information regarding the Master Fund. This agreement describes, inter alia, the documents and categories of information to be routinely shared between auditors or available upon request, the manner and timing of transmission of information, the coordination of involvement of each auditor in accounting year-end procedures of the Feeder and the Master, reportable irregularities identified in the Master and standard arrangement for ad hoc requests for assistance.

The information sharing agreement between the Master and the Feeder, the information and cooperation agreement between the depositary of the Master and the depositary of the Feeder and the information sharing agreement between the auditor of the Master and of the Feeder and further information such as the Prospectus, the KIID of the Master and the annual and half-yearly reports of the Master are available upon request at the registered office of the Company.

## ***CARNEGIE Fonder Portfolio – CARNEGIE Total Plus***

### **Investment objective**

The objective of the Sub-Fund is to achieve capital appreciation by investing primarily in a selection of UCITS and/or other UCIs (including exchange traded funds ETFs), subject to the limitations as outlined in Section "Investment restrictions applicable to Eligible Assets" in the general part of the Prospectus.

The targeted funds are equity funds, fixed-income funds, UCITS and/or other UCIs pursuing alternative investment strategies and UCITS and/or other UCIs other with focus on equities and/or bonds investment and/or pursuing a balanced investment strategy (i.e. investing to a large extent in equities and bonds) which are predominantly investing in the Nordic markets (Norway, Finland, Sweden, Denmark and Iceland).

The Sub-Fund may also hold assets in funds that are investing in other regions of the world (i.e. emerging markets, European, North-American and Asian geographical zones).

The Sub-Fund may invest in fixed-income funds which may be composed of high-yield fixed income securities, money market instruments, investment grade bonds, governments bonds, municipal bonds, covered bonds and convertible bonds. The duration of the fixed-income funds ranges between 0 years and 6 years with an estimated average of 3 years of these fixed income funds.

### **Investment strategy**

In pursuing this investment objective, the Sub-Fund follows a value investing strategy aimed at identifying funds investing principally in equities that are believed to be either undervalued or mispriced.

### **Investment policy**

As a general guideline and depending on the market conditions, the target asset allocation of the Sub-Fund is as follows:

- (i) between 60% and 100% of the net assets invested in equity funds
- (ii) between 0% and 40% of the net assets invested in fixed income funds
- (iii) up to 60% of the net assets invested in UCITS and/or other UCIs pursuing alternative investment strategies
- (iv) up to 50% of the net assets invested in investment funds pursuing a balanced investment strategy

The Sub-Fund is also allowed to invest directly in liquid assets on an ancillary basis. From time to time, a maximum of 20% of the Sub-Fund's net assets might be invested in liquid assets. These assets might either be cash deposits or money market instruments.

In adverse market conditions, the Sub-Fund may invest up to 100 % of its net assets in different transferable securities issued or guaranteed by any Member State of the EU, its local authorities, or public international bodies of which one or more of such Member States are members, or by any other State of the OECD or by Singapore or Brazil. The Sub-Fund can only make use of this

provision if it holds securities from at least six different issues, and if securities from any one issue may not account for more than 30 % of the Sub-Fund's total net assets.

In addition, the Sub-Fund may also use eligible financial derivatives such as futures and options, for hedging and/or investment purposes.

### ***Securities financing transactions***

The Sub-Fund does currently neither make use of securities financing transactions nor enter into total return swaps or instruments with similar characteristics and as such the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 is not applicable. The Prospectus will be updated accordingly prior to the use of any such techniques or instruments.

## **Risk Profile**

This Sub-Fund faces the same risks as those normally associated with investment in equities, fixed income or other alternative investment strategies. As the allocation of the Sub-Fund's assets will vary between asset groups depending on market conditions but will have a significant proportion of its assets invested in equities. This normally results in a higher risk than for a fixed income fund and a lower risk than an equity fund.

For further descriptions of the other risks involved in the investment in the Sub-Fund, please refer to section "information on Risk" above.

## **Typical Investor**

The Sub-Fund is intended for investors who seek capital appreciation over the long-term. Investors must be able to accept substantial year-to-year volatility and significant temporary decrease in value. Investors should consider their long-term investment goals and financial needs when making an investment decision about this Sub-Fund. As a consequence, this Sub-Fund is suitable to investors who can afford to set aside the capital invested for a long term period.

## **Investment Manager**

Carnegie Fonder AB

## **Fees**

The Company shall bear the following:

1. a Management Company Fee payable to the Management Company at a maximum 0.088% p.a. based on the total net assets of each Sub-Fund; the Management Company is entitled to be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements.
2. a Depositary fee payable out of each Sub-Fund's asset, in the range between 0.008% and 0.4% depending on the market.  
The Depositary will further receive a supervisory fee of 0.0040% based on each Sub-Fund's assets.

In addition, the Depositary is entitled to receive fees for proxy voting, cash management, fund execution and will be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements.”

3. **Investment Management Fee**

The Investment Manager will receive an investment management fee, accrued daily and payable monthly in arrears, based on the net assets of the Sub-Fund attributable to each share class.

4. **Research Fee** The Investment Manager is entitled to receive a research fee of maximum 0.04% p.a. (excluding VAT, if any) of the Sub-Fund’s net assets. This fee is payable quarterly in arrears.

The Investment Manager will receive an investment management fee of maximum 1.50% p.a. for Class 4 shares and 1.80 % p.a. for all other classes, accrued daily and payable monthly in arrears, based on the net assets of the Sub-Fund attributable to each share class.

## **Net Asset Value**

The net asset value per share is expressed in Swedish Krona (SEK)

## **Share classes**

The Sub-Fund may offer Class 1, Class 2, Class 3, and Class 4 shares in various currencies, hedged or unhedged, distributing or capitalisation. Please visit <http://fundinfo.sebfundservices.lu/CarnegieFP/> for a complete list of Classes currently available in the Sub-Fund. The share classes which are not denominated in SEK and that are hedged will hedge their currency exposure against the reference currency of the Fund as described in the section "Hedging Policy" of the General Part of the Prospectus.

## **Sub-Fund’s performance**

The Sub-Fund’s performance is disclosed in the KIID which is updated at least on an annual frequency.

## **Cut-off Time/Order processing**

Notwithstanding the general rules laid down in the General Part of the Prospectus, subscription, redemption and/or conversion orders must reach FundRock Nordics S.A. one Business Day prior to the Valuation Day before 4:30 p.m. (Luxembourg time) in order to be processed on the applicable Valuation Day; otherwise the order will be executed on the next Valuation Day. However, should the Valuation Day fall on an official half day where the Swedish Stock Exchange is closing at 1:00 p.m. (each referred to as a "**Swedish Half Day**"), written instructions have to reach FundRock Nordics S.A. before 1:00 p.m. (Luxembourg time) one Business Day prior to such Valuation Day; otherwise the order will be executed on the next Valuation Day.

Notwithstanding the general rules laid down in the General Part of the Prospectus, payment for subscription must be received by the Company not later than two (2) Business Days following the relevant Valuation Day. Otherwise subscriptions may be cancelled without prejudice to the Company's right to recover any charges due to losses incurred.



Notwithstanding the general rules laid down in the General Part of the Prospectus, redemption proceeds will be despatched within two (2) bank business days after the relevant Valuation Day and after receipt of the proper documentation.