

## Prospectus

# Nordea Dedicated Investment Fund, SICAV-FIS

(the "Company")

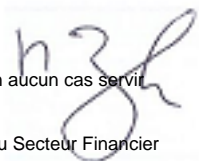
December 2018

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.

Investment in the Company is a high-risk investment. Investors may lose a substantial portion or all of the money they invest in the Company. Investment in the Company is only suitable for sophisticated investors who can afford the risks involved. Only capital that the investor can afford to lose should be invested in a fund of this nature and investors are recommended to consult their financial advisers before investing in the Company.

VISA 2018/114963-6448-0-PC

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité  
Luxembourg, le 2018-12-21  
Commission de Surveillance du Secteur Financier





# Prospectus

## Nordea Dedicated Investment Fund, SICAV-FIS

Société d'Investissement à Capital Variable  
R.C.S. Luxembourg B 150516

### Containing the following Sub-funds:

Nordea Dedicated Investment Fund, SICAV-FIS – X-Credit Fund  
Nordea Dedicated Investment Fund, SICAV-FIS – US High Yield Bond Fund II  
Nordea Dedicated Investment Fund, SICAV-FIS – Institutional Cross Over Fund  
Nordea Dedicated Investment Fund, SICAV-FIS – Diversified Growth Fund  
Nordea Dedicated Investment Fund, SICAV-FIS – Nordic Rates Opportunity Fund  
Nordea Dedicated Investment Fund, SICAV-FIS – Nordic Rates Opportunity Fund II  
Nordea Dedicated Investment Fund, SICAV-FIS – European Rates Opportunity Fund

Subscriptions can only be received on the basis of this Prospectus accompanied by the latest Annual Report. No information other than that contained in this Prospectus, in the Annual Report as well as in any other document mentioned in the Prospectus and which may be consulted by the public may be given in connection with the offer.

This Prospectus does not constitute an offer or solicitation in any country in which such offer or solicitation is not lawfully authorised.

**The Company is established as a specialised investment fund in accordance with the Luxembourg Law of 13<sup>th</sup> February 2007 as amended and is an alternative investment fund in the meaning of the AIFM Directive (as defined below).**

**The Shares of the Company are exclusively offered or sold to Professional Investors (as defined below) and, as a consequence, no key investor document for packaged retail and insurance-based investment products (PRIIPs KID) as defined in the PRIIPs Regulation (as defined below) shall be issued.**

The Shares of the Sub-funds of the Company may be listed on the Luxembourg Stock Exchange.

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# 1. Terms and Definitions used in this Prospectus

<b>Accumulating Shares</b>	Shares in the Company which are not entitled to any dividend payments. Holders of such Shares benefit from the capital appreciation resulting from the reinvestment of any income earned by the Shares.
<b>Administration Fee</b>	A fee payable to the Administrative Agent as a remuneration for its services rendered to the Company.
<b>Administrative Agent</b>	Nordea Investment Funds S.A., 562 rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg.
<b>AIF</b>	An alternative investment fund in the meaning of the AIFM Directive.
<b>AIFM Directive</b>	The Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, as may be amended from time to time.
<b>AIFM Regulation</b>	The Commission Delegated Regulation (EU) no 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU.
<b>Alternative Investment Fund Manager</b>	Nordea Investment Funds S.A., 562 rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg.
<b>Articles</b>	The articles of incorporation of the Company.
<b>Base Currency</b>	The currency in which the Net Asset Value of a given Sub-fund is expressed.
<b>Benchmark Regulation</b>	The Council Regulation (EU) 2016/1011 which came into force on 1 January 2018 requiring further transparency on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.
<b>Board of Directors</b>	The decision making body of the Company elected by the shareholders.
<b>Business Day</b>	Each day Nordea Investment Funds S.A. is open for business.  For the purpose of this definition, Nordea Investment Funds S.A. shall be considered as closed for business on all legal and bank holidays in Luxembourg, on the 24 <sup>th</sup> December and on Good Friday. Nordea Investment Funds S.A. may also be closed on other days as Nordea Investment Funds S.A. may decide. Closure for this later reason will be notified to the Shareholders in accordance with the law.
<b>Calculation Day</b>	Each day when the Net Asset Value per share of a specific Sub-fund of the Company is calculated.
<b>Class</b>	One or more classes of Shares within a Sub-fund whose assets shall be commonly invested according to the investment policy of that Sub-fund, but where a specific sales and redemption charge structure, fee structure, distribution policy, reference currency, category of investors, marketing country or other specificity shall apply.
<b>Company</b>	Nordea Dedicated Investment Fund, SICAV-FIS.
<b>Conversion</b>	Exchange of Shares of one Sub-fund and/or Class against Shares of another Sub-fund and/or Class.
<b>Debt Securities</b>	Bonds, warrants on bonds, notes, asset-backed securities, inter alia mortgage-backed securities & pass-through securities, certificates of deposit, debentures and contingent convertible bond. Such Debt Securities can appear in the form of fixed rate, floating rate, interest-bearing securities, zero coupon, inflation-linked, perpetual and/or dual currency bonds. Debt Securities can be issued by public authorities, supranational institutions, companies and/or credit institutions.
<b>Depository</b>	J.P. Morgan Bank Luxembourg S.A. 6 route de Trèves L-2633 Senningerberg Grand Duchy of Luxembourg.
<b>Depository Fee</b>	A fee levied on the assets of the Company, payable to J.P. Morgan Bank Luxembourg S.A. as remuneration for depository services to the Company.
<b>Derivatives Financial Derivative Instruments</b>	Financial instruments that derive their value in response to the change in value of an underlying investment; this value change itself caused by changes in prices for financial instruments, including but not limited to transferable securities (as defined below), commodity prices, interest rates, foreign exchange rates or currencies, credit risk, market risk, or financial indices. Such Derivatives can be divided into exchange-traded Derivatives and over-the-counter (OTC) Derivatives.
<b>Distributing Shares</b>	Shares in the Company which are entitled to payment of a dividend in case payment of a dividend is decided upon by the Shareholders' general meeting.
<b>Equity Related Securities</b>	Securities that encompass, inter alia, co-operative shares, participation certificates, equities, equity rights, dividend-right certificates, warrants on equities or on equity rights, and participatory notes.
<b>EU</b>	The European Union.
<b>EUR or Euro</b>	Euro, the single European currency adopted by a number of member states of the European Union.
<b>Europe</b>	For investment purpose defined as all Member States of the European Union together with Liechtenstein, Norway, Iceland and the Swiss Federation.

<b>Exchange Traded Fund ("ETF")</b>	An exchange traded fund is a form of investment fund (a UCI) which is traded on a stock exchange.
<b>FATCA</b>	The Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act enacted in March 2010.
<b>FATF</b>	Financial Action Task Force on money laundering and terrorist financing (also referred to as Groupe d'Action Financière Internationale "GAFI").
<b>General Data Protection Regulation ("GDPR")</b>	Regulation (EU) 2016/ 679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.
<b>High Yield Bond</b>	Corporate Debt Securities rated BB+/ Ba1 and below by a Rating Agency.
<b>Investor</b>	A potential Shareholder of the Company.
<b>Law of 10 August 1915</b>	The law of 10 August 1915 relating to commercial companies, as may be amended from time to time.
<b>Law of 13 February 2007</b>	The law of 13 February 2007 on specialised investment funds, as may be amended from time to time.
<b>Law of 17 December 2010</b>	The law of 17 December 2010 on undertakings for collective investment, as may be amended from time to time.
<b>Law of 12 July 2013</b>	The law of 12 July 2013 on alternative investment fund managers, as may be amended from time to time.
<b>Management Fee</b>	An annual fee levied on the net assets of the Company, payable to Nordea Investment Funds S.A. as remuneration for its investment management services rendered to the Company.
<b>Money Market Instruments</b>	Instruments normally traded on the money market as well as interest-bearing securities with a term or residual term of no more than 397 days at the time of their acquisition for the Investment Fund. If their term is more than 397 days, their interest rate must be regularly adjusted to reflect current market conditions, at least once in each 397-day period. Money market instruments include instruments whose risk profile corresponds to the risk profile of this type of securities.
<b>Net Asset Value</b>	(i) in relation to the Company, the value of the net assets of the Company (ii) in relation to each Sub-fund, the value of the net assets attributable to such Sub-fund, and (iii) in relation to each Class, the value of the net assets attributable to such Class, in each case calculated in accordance with the rules laid down in Chapter "Determination of the Net Asset Value of Shares; Suspension" of this Prospectus.
<b>Net Asset Value per Share</b>	(i) in relation to each Sub-fund, the Net Asset Value of such Sub-fund divided by the number of Shares of such Sub-fund in issue at the relevant time (ii) in relation to each Class, the Net Asset Value of such Class divided by the number of Shares of such Class in issue at the relevant time.
<b>OECD</b>	Organisation for Economic Co-operation and Development.
<b>Other Regulated Market</b>	A market which is regulated, operates regularly and is recognised and open to the public, namely a market that meets the following cumulative criteria: <ul style="list-style-type: none"> <li>• high liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions);</li> <li>• on which the securities are dealt in at a certain fixed frequency;</li> <li>• which is recognised by a state or by a public authority which has been delegated by that state or by another entity which is recognised by that state or by that public authority such as a professional association and;</li> <li>• on which the securities dealt are accessible to the public.</li> </ul>
<b>Performance Fee</b>	An annual fee levied on the assets of the Company that is payable to the Alternative Investment Fund Manager. The Alternative Investment Fund Manager will, out of the Performance Fee, remunerate certain investment managers appointed by the Alternative Investment Fund Manager in addition to the investment management fee as a remuneration for their investment management services rendered to the Alternative Investment Fund Manager. The Performance Fee, if any, shall be subject to conditions as described in the Prospectus.
<b>Personal Data</b>	Means any information relating to an identified or identifiable natural person within the meaning of GDPR.
<b>PRIIPs Regulation</b>	The Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products.
<b>Professional Investor</b>	An investor which is considered to be a professional client or may, on request, be treated as a professional client within the meaning of Annex II to Directive 2014/65/EU".
<b>Prospectus</b>	The prospectus of Nordea Dedicated Investment Funds, SICAV-FIS, this document.
<b>Rating Agency</b>	A Rating Agency is to provide credit ratings, used by the Investment Manager of any particular sub-fund, if/when approved by either the Securities and Exchange Commission ("Nationally Recognized Statistical Rating Organization") or by the European Securities and Markets Authority ("Credit Rating Agency").
<b>Redemption</b>	The sale of Shares of the Company owned by a Shareholder.
<b>Reference Index or "Index"</b>	An index solely used by a Sub-fund for performance comparison. The Board of Directors has the discretion to change the Reference Index for a given Sub-fund. In this case, the Prospectus and KIID will be updated at the next occasion.

<b>Registered Office</b>	The Company address, as notified to the “Registre de Commerce et des Sociétés”, Luxembourg, and where the records of the Company shall be kept and where official correspondence to the Company shall be sent.
<b>Regulated Market</b>	A regulated market as defined in Article 4 (1), 14 of the directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as may be amended from time to time.
<b>Regulation S</b>	A Regulation of the Securities Act, as below defined, that provides an exclusion from the registration obligations imposed under Section 5 of the Securities Act, for securities offerings made outside the United States by both U.S. and foreign issuers.  A securities offering, whether private or public, made by an issuer outside of the United States in reliance on this Regulation need not be registered under the Securities Act.
<b>Regulation S Securities</b>	Securities that are offered and sold outside of the United States of America and are not subject to the registration obligations imposed under Section 5 of the Securities Act, as below defined.
<b>Regulatory Authority</b>	The Luxembourg authority or its successor in charge of the supervision of the undertakings for collective investment in the Grand Duchy of Luxembourg.  Commission de Surveillance du Secteur Financier 283 route d'Arlon L-1150 Luxembourg Grand Duchy of Luxembourg (www.cssf.lu).
<b>Rule 144A Securities</b>	Rule 144A Securities are US securities transferable via a private placement regime (i.e. without registration with the Securities and Exchange Commission), to which a “registration right” registered under the Securities Act may be attached, such registration rights providing for an exchange right into equivalent Debt Securities or into equity shares. The selling of such Rule 144A Securities is restricted to Qualified Institutional Buyers (as defined by the Securities Act, itself below defined).
<b>SEB</b>	SKANDINAVISKA ENSKILDA BANKEN AB (PUBL), a company incorporated under the laws of Sweden, acting through its London branch at One Carter Lane, London EC4AV 5AN.
<b>Securities Act</b>	Refers to the US Securities Act of 1933, as may be amended from time to time.
<b>Share Class</b>	One or more classes of Shares within a Sub-fund whose assets shall be commonly invested according to the investment policy of that Sub-fund, but where a specific sales and redemption charge structure, fee structure, distribution policy, reference currency, category of Investors, marketing country or other specificity shall apply.
<b>Shareholder</b>	A person or company having invested in Shares.
<b>Shares</b>	Shares of the Company and any rights arising therefrom.
<b>SICAV</b>	Société d’Investissement à Capital Variable.
<b>Sub-fund</b>	An individual portfolio of assets and liabilities within Nordea Dedicated Investment Fund, SICAV-FIS where the assets are invested pursuant to the specific investment objective and policy.
<b>Subscription</b>	The purchase of Shares of the Company.
<b>Transferable Securities</b>	Transferable Securities include <ul style="list-style-type: none"> <li>• shares and other securities equivalent to shares,</li> <li>• bonds and other debt instruments,</li> <li>• any other negotiable securities which carry the right to acquire any such Transferable Securities by subscription or exchange, with the exclusion of techniques and instruments.</li> </ul>
<b>UCI</b>	An Undertaking for Collective Investment.
<b>UCITS</b>	An Undertaking for Collective Investment in Transferable Securities governed by the UCITS Directive.
<b>UCITS Directive</b>	The Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as may be amended from time to time.
<b>US Person</b>	As defined in Chapter 3 Important Information.
<b>Valuation Day</b>	Each day on which the Net Asset Value per Share is calculated for a specific Sub-fund of the Company.  Unless otherwise defined in relation to a particular Sub-fund, each day which is a Business Day and not a bank holiday in Luxembourg or in a market which is the principal market for a significant part of a Sub-fund’s investments.

## 2. Introduction

The main objectives of Nordea Dedicated Investment Fund, SICAV-FIS are to provide a range of Sub-funds with active and professional management and to obtain a satisfactory long-term yield, with due consideration to the risk profile of the Sub-funds.

The Company was incorporated in the Grand-Duchy of Luxembourg on 20 November 2009 based on the Law of 10 August 1915 under the form of a société anonyme (SA). The Company qualifies as a "specialised investment fund" ("SIF"), taking the form of a SICAV under the Law of 13 February 2007 and is an AIF in the meaning of the AIFM Directive. Therefore the Company is also subject to the requirements of AIFM Directive as implemented in Luxembourg law through the Law of 12 July 2013.

The Company is established for an indefinite period of time from the date of incorporation.

The Registered Office is at 562, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg.

The Company is registered with the Trade and Companies Register of Luxembourg under the number B 150516.

The Company is authorised and regulated by the CSSF.

The Articles were originally published in the Mémorial, Recueil des Sociétés et Associations (the "Mémorial") now replaced

with the Recueil Electronique des Sociétés et Associations ("RESA"). The Articles and any updated version of the Articles have been deposited with the Trade and Companies Register of Luxembourg, where they are available for inspection and where copies thereof can be obtained.

The Company is structured to provide investors a variety of different portfolios (Sub-funds) of specific assets. This "umbrella" structure enables Investors to select from a range of Sub-funds which best suit their individual requirements and thus make their own strategic allocation by combining holdings in various Sub-funds of their own choosing. Each Sub-fund shall be designated by a generic name.

The annual general meeting of the shareholders shall be held within six months from the end of the financial year. The date and place of such meeting will be announced in the convening notice. Other meetings of Shareholders may be held at such place and time as may be specified in the respective notices of meetings.

Notices will further be published as described in Chapter 22 "Notices and information to Shareholders".

Resolutions concerning the interests of the Shareholders of the Company shall be passed at a general meeting and resolutions concerning the particular rights of the shareholders of one specific Sub-fund shall be passed by that Sub-fund's general meeting.

## 3. Important Information

### Investment restrictions applying to US Persons

The Shares in the Company may not be directly or indirectly offered or sold in the United States of America. Unless otherwise decided by the Board of Directors or their delegate US Persons may not subscribe for Shares in the Company.

The term US Person, for the purpose of this Prospectus, means "U.S. Person" as defined by Rule 902 of Regulation S, and does not include any "Non-United States person" as used in Rule 4.7 under the U.S. Commodity Exchange Act, as amended.

"U.S. Person" as defined by Rule 902 of Regulation S includes, but is not limited to:

- i) any natural person resident in the United States of America;
- ii) any partnership or corporation organized or incorporated under the laws of the United States of America;
- iii) any estate of which any executor or administrator is a US Person;
- iv) any trust of which any trustee is a US Person;
- v) any agency or branch of a non-US entity located in the United States of America;
- vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States of America; and
- viii) any partnership or corporation if:
  - (1) organized or incorporated under the laws of any foreign jurisdiction; and
  - (2) formed by a US person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined under Rule 501a under the Securities Act) who are not natural persons, estates or trusts.

For the avoidance of doubt, US Taxpayers may subscribe for Shares in the Company, as long as they do not qualify as US Persons. As used herein, the term US Taxpayer refers to a "United States person", as defined for US federal income tax purposes. For example, an individual who is a US citizen residing outside of the United States of America is not a US Person but is a US Taxpayer for US federal income tax purposes.

For further information on restricted or prohibited Share ownership, please consult the Company or the Alternative Investment Fund Manager.

### Benchmark Regulation

The European Parliament and the Council published Regulation (EU) 2016/1011 which came into force on 1 January 2018 requiring further transparency on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmark Regulation").

Benchmarks may be used by some Sub-funds as a reference, for comparison purposes against which the performance of each Sub-fund is measured. The Sub-funds are actively managed, and the Investment Manager may freely select the securities that it will invest in and consequently the performance may differ substantially from that of the benchmark.

The Company does not have any tracker Sub-fund (being Sub-funds tracking the return of an index or combination of indices).

Sub-funds may use indices for the purpose of performance fee calculation as indicated in the performance fee paragraph of the respective sub-fund section.

In accordance with the provisions of the Benchmark Regulation, supervised entities may use benchmarks in the EU if the benchmark is provided by an administrator which is included in the register of administrators and benchmarks maintained by ESMA pursuant to the Benchmark Regulation (the "Register").

Benchmark administrators located in the EU whose indices are used by the Company benefit from transitional provisions under the Benchmark Regulation and accordingly may not yet appear on the Register. Benchmark administrators located in the EU should apply for authorisation or registration as an administrator under the Benchmark Regulation and be inscribed in the Register by 1 January 2020.

Updated information in relation to whether a benchmark is included in the Register will be disclosed once available.

The Alternative Investment Fund Manager maintains a written plan setting out the actions that will be taken in the event of the benchmark materially changing or ceasing to be provided. The



written plan is available upon request and free of charge at the registered office of the Alternative Investment Fund Manager.

#### **GDPR**

For the purposes of the General Data Protection Regulation (“**GDPR**”), any Personal Data contained in the application form and/or arising from contacts with the Company and/or the Alternative Investment Fund Manager may be stored, consulted, used, modified, transferred, or processed in any other way by the Company and/or the Alternative Investment Fund Manager, its agents, delegates, sub-delegates, any company within Nordea Group and third parties in any countries who provide services to the Nordea Group for the purpose of administering and developing the business relationship with Shareholders or Investors. To this end, data may be transmitted to financial

advisers working with the Alternative Investment Fund Manager, as well as to other companies being appointed to support the business relationship. Such processing may include the transfer of Personal Data to entities located in jurisdictions outside of the European Economic Area, which may not have equivalent data protection legislation. In such case, the Company and/or the Alternative Investment Fund Manager shall endeavour to ensure that such data transfer will be compliant with the rules set out in the GDPR. In accordance with the GDPR and any implementing national legislation, the Investor can request a statement of his Personal Data which is stored at the Alternative Investment Fund Manager, free of charge. The Data Privacy Policy, detailing the rights of Shareholders and Investors under GDPR, is available at [www.nordea.lu](http://www.nordea.lu).

## **4. The Sub-funds of the Company**

An umbrella investment fund constitutes a single legal entity. However, each Sub-Fund shall be exclusively responsible towards third parties for all debts, liabilities and obligations attributable to it. Further, for the purpose of the relationship between Shareholders, each Sub-fund operates independently. The Board of Directors may decide, at any time, to establish new Sub-funds for investment in securities. On the establishment of such additional Sub-funds, the present Prospectus shall be amended accordingly. The Board of Directors may decide, at any time, to close a Sub-Fund for further subscriptions or to liquidate a Sub-fund, as further described in Chapter 19 “Dissolution and Merger” of this Prospectus. Furthermore, in the case of Sub-funds created which are not yet opened for subscription, the Board of Directors is empowered to determine at any time the initial period of subscription and the initial subscription price; at the opening of such a Sub-fund, the Prospectus shall be amended accordingly to provide the Investors with the necessary information.

The investment strategy and/or investment policy of a Sub-fund can be changed if such change, in the opinion of the Board of Directors, is in the best interest of the Sub-fund and the Shareholders. In case a change of the investment policy and/or investment strategy is material, the Shareholders will be informed one month before the changes become effective and will be offered to redeem from the Company without a redemption fee being charged, provided a redemption order has been received by the Administrative Agent before the cut-off time as stated in the notice to Shareholders. The redemption order will be processed in accordance with the terms of this Prospectus. In this regard, Shareholders should be aware that in cases where a Shareholder invests in Shares through an intermediary investing into such Shares in his own name but on behalf of the Shareholder, the Shareholder’s may not receive such information directly from the Company. Investors are advised to take advice on their rights.

#### **Uncertainty Considerations**

The investments made in the Sub-funds may be subject to substantial fluctuations. Various factors may initially trigger such fluctuations or may influence the scale of a fluctuation. Such factors may be related to financial markets and investment management activities, including but not limited to:

- changes in interest rates
- changes in exchange rates
- changes to the liquidity profile of the portfolio
- changes to the level of leverage of the portfolio
- change of investor interest in investment strategies related to asset classes, such as a preference of either of Equity Related Securities, Debt Securities, or Cash
- change of investor interest in investment strategies related to markets, countries, industries or sectors

Factors may also be related to macroeconomic and geo-politic developments in the markets/countries the Sub-funds are invested into, including but not limited to:

- changes of employment, public expenditure and indebtedness, inflation
- changes in the legal environment
- changes in the political environment
- changes in regulatory matters which may influence a company or its sector
- changes in the competitive environment of an industry affecting a particular company and its suppliers or customers

By diversifying investments, the investment manager endeavours to partially mitigate the negative impact of such risks on the value of the Sub-fund. Although the Board of Directors makes every effort to achieve the investment objectives of the Company and its Sub-funds, no guarantee can be given as to whether the investment objectives will be achieved. Unless otherwise indicated in the following paragraphs, each Sub-fund is subject to the general regulations as set out in the following chapters of this Prospectus.

# Nordea Dedicated Investment Fund, SICAV-FIS – X-Credit Fund

## Objective and investment policy

The Sub-fund's objective is to prudently invest the Shareholder's capital and to provide a return on the investment, primarily consisting of interest income and long-term capital appreciation.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its total assets (after deduction of cash) in Debt Securities, including High Yield Bonds, and loans.

This Sub-fund may invest up to one-third of its total assets (after deduction of cash) in loans.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Rating

At the time of the investment, the issues or the issuer must have a long-term rating between BBB+/Baa1 and B-/B3 or equivalent by any Rating Agency.

The Sub-fund may invest up to 10% of its total assets (after deduction of cash) in non-rated securities.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section 2. "Use of Financial Derivative Instruments" in Chapter 10. "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

This Sub-fund is in particular exposed to interest and credit risk via exposure to the corporate and High Yield Bond market.

Investors must read carefully the sub-section "Uncertainty Considerations" as described in this Chapter 4 "The Sub-funds of the Company" and the special risk considerations as described in Chapter 9 "Risk" before investing in the Sub-fund. Special attention must be drawn to the risks associated with lower rated Debt Securities and with High Yield Bonds.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference Index

The Sub-fund does not measure its performance against any Reference Index.

## Prime broker

As per the day of this Prospectus, the Sub-fund does not use any prime broker.

# Nordea Dedicated Investment Fund, SICAV-FIS – US High Yield Bond Fund II

## Objective and investment policy

The Sub-fund's objective is to prudently invest the Shareholder's capital and to provide a return exceeding the average return of the US High Yield Bond market.

## Eligible assets

The Sub-fund shall invest a minimum of two-thirds of its total assets (after deduction of cash) in High Yield Bonds as well as any Debt Securities (senior or subordinated) including loans issued by companies (including special purpose entities) which are domiciled or exercise the predominant part of their economic activity in the United States of America.

This Sub-fund may invest up to 10% of its total assets (after deduction of cash) in loans.

The Sub-fund may further invest in ETF's and in other investment funds.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section 2. "Use of Financial Derivative Instruments" in Chapter 10. "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

This Sub-fund is in particular exposed to interest and credit risk via exposure to the High Yield Bond market.

Investors must read carefully the sub-section "Uncertainty Considerations" as described in this Chapter 4 "The Sub-funds of the Company" and the special risk considerations as described in Chapter 9 "Risk" before investing in the Sub-fund. Special attention must be drawn to the risks associated with Derivatives, and the risks associated with High Yield Bonds.

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference Index

This Sub-fund compares its performance against the ICE BOF AML US High Yield Master II Index.

## Prime broker

As per the day of this Prospectus, the Sub-fund does not use any prime broker.

# Nordea Dedicated Investment Fund, SICAV-FIS – Institutional Cross Over Fund

## Objective and investment policy

The Sub-fund's objective is to prudently invest the Shareholder's capital and to provide a return on the investment, primarily consisting of interest income and long-term capital appreciation.

In the context of ethical screening, international norms and guidelines for environmental, social and governance issues are considered. Furthermore, consideration is given to try to exclude companies within the following sectors: weapons, anti-personnel mines, alcohol, tobacco, gambling and pornography.

## Eligible Assets

The Sub-fund shall invest a minimum of two-thirds of its total assets (after deduction of cash) in fixed coupon, fixed and contingent coupon or variable coupon corporate bonds.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings.

In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Rating

At the time of the investment, the issues or the issuer must have a long-term rating between BBB+/Baa1 and B-/B3 or equivalent by any Rating Agency.

The Sub-fund may also invest a maximum 10% of its total assets (after deduction of cash) in non-rated securities.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section 2. "Use of Financial Derivative Instruments" in Chapter 10. "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

This Sub-fund is in particular exposed to interest and credit risk via exposure to the corporate and High Yield Bond market.

Investors must read carefully the sub-section "Uncertainty Considerations" as described in this Chapter 4 "The Sub-funds of the Company" and the special risk considerations as described in Chapter 9 "Risk" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with lower rated Debt Securities and with High Yield Bonds.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference Index

The Sub-fund does not measure its performance against any Reference Index.

## Prime broker

As per the day of this Prospectus, the Sub-fund does not use any prime broker.

# Nordea Dedicated Investment Fund, SICAV-FIS – Diversified Growth Fund

## Objective and investment policy

This Sub-fund's objective is to preserve the Shareholder's capital and to provide a stable growth to the Shareholders over a full investment cycle.

## Eligible Assets

Within the general investment restrictions of the Prospectus, this Sub-fund invests, either directly or via the use of Derivatives, in all permissible types of asset classes such as Equity Related Securities, Debt Securities, and Money Market Instruments.

The asset allocation will vary over time and will typically consist of Equity Related Securities and Debt Securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section 2. "Use of Financial Derivative Instruments" in Chapter 10. "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

Investors must read carefully the sub-section "Uncertainty Considerations" as described in this Chapter 4 "The Sub-funds of the Company" and the special risk considerations as described in Chapter 9 "Risk" before investing in the Sub-fund. Special attention must be drawn to the risks associated with the use of Derivatives, the risks associated with investment in credit default swap ("CDS") transactions and the risks associated with transactions in options, futures, swaps and contract for differences (CFDs).

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference Index

The Sub-fund does not measure its performance against any Reference Index.

## Prime broker

As per the day of this Prospectus, the Sub-fund does not use any prime broker.

# Nordea Dedicated Investment Fund, SICAV-FIS – Nordic Rates Opportunity Fund

## Objective and investment policy

The Sub-fund's objective is to maximise its total return. It generally seeks to identify investment opportunities within and across sectors of the fixed income markets, with a focus on Nordic markets.

The Sub-fund aims to achieve its objectives by taking long and short positions in bond markets, directly or through the use of Derivatives.

The Sub-fund will as part of the investment policy use sell-buy back transactions to leverage its exposure in order to increase the expected return of the Sub-fund. Leverage in nominal terms will also be generated by the use of derivatives described in the "Derivatives" section for the Sub-fund.

The investment policy of the Sub-fund is aligned with the redemption policy of the Sub-fund, in order to secure that the liquidity in the Sub-fund is managed prudently.

## Eligible Assets

The Sub-fund invests a minimum of two-thirds of its total assets (after deduction of cash) in Nordic covered bonds or Debt Securities guaranteed by the governments or local governments of Denmark, Sweden, Norway or Finland.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Rating

At all times, at least two-thirds of the total assets (after deduction of cash) shall be invested in securities that have a minimum rating of A-/A3 or equivalent, as issued by a Rating Agency.

Maximum 10% of the net assets may be invested in bonds with a rating lower than BBB-/Baa3 or equivalent, as issued by a Rating Agency, and/or in non-rated bonds.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, in order to apply efficient portfolio management techniques, or for hedging purposes.

Derivatives used as part of the investment strategy and efficient portfolio management techniques will either increase the risk of the Sub-fund or keep the risk of the Sub-Fund unchanged.

Derivatives used for hedging will have the effect of reducing the risk of the Sub-fund.

A non-exhaustive list of examples of how derivatives could be used in the Sub-fund includes the following:

- Take an active duration position by using an Interest Rate Swap or Futures,
- Hedge against credit risk from covered bonds by using a Credit Default Swap,
- Hedge against an unwanted duration position by using an Interest Rate Swap or Futures,
- Hedge against a currency risk by using an FX Forward.

The derivatives used in the Sub-fund will mainly be subject to market risk, credit risk, interest rate risk, currency risk.

Section 2. "Use of Financial Derivative Instruments" in Chapter 10. "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

Investors must read carefully the sub-section "Uncertainty Considerations" as described in this Chapter 4 "The Sub-funds of the Company" and the special risk considerations as described in Chapter 9 "Risk" before investing in the Sub-fund. Special attention must be drawn to the paragraphs describing Liquidity Management and the risks associated with investments in

Derivatives, Covered Bonds, buy-sell back and sell-buy back transactions.

Further information on sell-buy back, buy-sell back transactions and collateral management can be found in Chapter 10 "Investment Restrictions".

The Sub-fund will be highly leveraged, which means that the exposure to underlying markets and/or securities generated by the instruments in the Sub-fund's portfolio may be much larger than 100%. Leverage techniques may amplify the effects of adverse market movements or weaken the effects of favourable market movements.

The Alternative Investment Fund Manager will calculate the exposure of the Sub-Fund in accordance with the gross method, and the commitment method, in accordance with Art.7 and 8 of the AIFM Regulation. The maximum level of leverage applied to each Sub-fund is communicated in accordance with the Law of 12 July 2013 and the AIFM Regulation and shown in below table:

Maximum level of leverage (in % of NAV), using gross method	Maximum level of leverage (in % of NAV), using commitment method
15,000	10,000

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference Index

The Sub-fund does not measure its performance against any Reference Index.

## Prime broker

SEB has been appointed as prime broker.

SEB will also act as sub-custodian of the Depositary in respect of certain custody account of the Company opened pursuant to the prime brokerage agreement with SEB. In this context the Depositary discharges itself of liability in case of loss of financial instruments held in custody by SEB in accordance with Article 21 (12) and (13) of AIFMD.

## Performance fee

The Alternative Investment Fund Manager is entitled to receive a Performance Fee, calculated and accrued daily and paid yearly in arrears, in respect of each calendar year. The full Performance Fee will be passed on to the Investment Manager of this Sub-fund; Nordea Investment Management AB.

Performance Fee will be calculated as follows: at the end of the calendar year for which Performance Fee is to be calculated, the Performance Fee for each Share will be equal to maximum 20% of the appreciation of the Net Asset Value per Share (net of Performance Fee) as at the end of such calendar year, after deduction of Euribor 1 Month ("Hurdle Rate"). The Performance Fee shall be calculated only on the performance exceeding the all-time highest end of year Net Asset Value per Share ("High Watermark").

Share Classes	Performance fee rate
I-Shares	20%
X-Shares and Z-Shares	Please see Chapter 17 of this Prospectus.
Y-Shares	N/A

In case of net redemptions as observed on any Valuation Day, the pro rata of the year-to-date performance accrual that relates to such net redeemed Shares will be considered as due regardless of the performance of the Sub-fund after such net redemption.

The initial Subscription price represents the first High Watermark. If, at the end of the first financial period (determined separately for each Share Class), the Net Asset Value per Share of the Share Class exceeds its respective High Watermark (i.e. its initial

Subscription price) and its Hurdle Rate, a Performance Fee is due. Otherwise, no Performance Fee is due for the first financial period.

For the subsequent financial periods, entitlement to a Performance Fee arises only when the following two conditions are met:

- the Net Asset Value per Share has exceeded the Hurdle Rate in the relevant calendar year; or, in case of net redemption on any Valuation Day, if the Net Asset Value per Share has exceeded the Hurdle Rate on the period starting at the beginning of the calendar year and finishing on the Valuation Day where the redemption price is fixed; and
- the Net Asset Value per Share exceeds the highest of (i) the first High Watermark, or (ii) the previous all-time high year end Net Asset Value per Share.

The Hurdle Rate applied for non-hedged Share Classes is a variable EUR short-term interest rate. For hedged Share Classes, an equivalent variable short-term interest rate expressed in the relevant currency will be applied for the respective currency. A floor of 0% shall be applied to the Hurdle Rate, i.e. as long as the interest rate used as Hurdle Rate for any Share Class is negative, the Hurdle Rate shall be considered to be 0%.

# Nordea Dedicated Investment Fund, SICAV-FIS – Nordic Rates Opportunity Fund II

## Objective and investment policy

The Subfund's objective is to maximise its total return. It generally seeks to identify investment opportunities within and across sectors of the fixed income markets, with a focus on Nordic markets.

The Sub-fund aims to achieve its objectives by taking long and short positions in bond markets, directly or through the use of Derivatives.

The Sub-fund will as part of the investment policy use sell-buy back transactions to leverage its exposure in order to increase the expected return of the Sub-fund. Leverage in nominal terms will also be generated by the use of derivatives described in the "Derivatives" section for the Sub-fund.

The investment policy of the Sub-fund is aligned with the redemption policy of the Sub-fund, in order to secure that the liquidity in the Sub-fund is managed prudently.

## Eligible Assets

The Sub-fund invests a minimum of two-thirds of its total assets (after deduction of cash) in Nordic covered bonds or Debt Securities guaranteed by the governments or local governments of Denmark, Sweden, Norway or Finland.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Rating

At all times, at least two-thirds of the total assets (after deduction of cash) shall be invested in securities that have a minimum rating of A-/A3 or equivalent, as issued by a Rating Agency.

Maximum 10% of the net assets may be invested in bonds with a rating lower than BBB-/Baa3 or equivalent, as issued by a Rating Agency, and/or in non-rated bonds.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, in order to apply efficient portfolio management techniques, or for hedging purposes.

Derivatives used as part of the investment strategy and efficient portfolio management techniques will either increase the risk of the Sub-fund or keep the risk of the Sub-Fund unchanged.

Derivatives used for hedging will have the effect of reducing the risk of the Sub-fund.

A non-exhaustive list of examples of how derivatives could be used in the Sub-fund includes the following:

- Take an active duration position by using an Interest Rate Swap or Futures,
- Hedge against credit risk from covered bonds by using a Credit Default Swap,
- Hedge against an unwanted duration position by using an Interest Rate Swap or Futures,
- Hedge against a currency risk by using an FX Forward.

The derivatives used in the Sub-fund will mainly be subject to market risk, credit risk, interest rate risk, currency risk.

Section 2. "Use of Financial Derivative Instruments" in Chapter 10. "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

Investors must read carefully the sub-section "Uncertainty Considerations" as described in this Chapter 4 "The Sub-funds of the Company" and the special risk considerations as described in Chapter 9 "Risk" before investing in the Sub-fund. Special attention must be drawn to the paragraphs describing Liquidity Management and the risks associated with investments in

Derivatives, Covered Bonds, sell-buy back and buy-sell back transactions.

Further information on sell-buy back, buy-sell back transactions and collateral management can be found in Chapter 10 "Investment Restrictions".

The Sub-fund will be highly leveraged, which means that the exposure to underlying markets and/or securities generated by the instruments in the Sub-fund's portfolio may be much larger than 100%. Leverage techniques may amplify the effects of adverse market movements or weaken the effects of favourable market movements.

The Alternative Investment Fund Manager will calculate the exposure of the Sub-Fund in accordance with the gross method, and the commitment method, in accordance with Art.7 and 8 of the AIFM Regulation. The maximum level of leverage applied to each Sub-fund is communicated in accordance with the Law of 12 July 2013 and the AIFM Regulation and shown in below table:

Maximum level of leverage (in % of NAV), using gross method	Maximum level of leverage (in % of NAV), using commitment method
15,000	10,000

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference Index

The Sub-fund does not measure its performance against any Reference Index.

## Prime broker

SEB has been appointed as prime broker.

SEB will also act as sub-custodian of the Depositary in respect of certain custody account of the Company opened pursuant to the prime brokerage agreement with SEB. In this context the Depositary discharges itself of liability in case of loss of financial instruments held in custody by SEB in accordance with Article 21 (12) and (13) of AIFMD.

## Performance fee

The Alternative Investment Fund Manager is entitled to receive a Performance Fee, calculated and accrued daily and paid yearly in arrears, in respect of each calendar year. The full Performance Fee will be passed on to the Investment Manager of this Sub-fund; Nordea Investment Management AB.

Performance Fee will be calculated as follows: at the end of the calendar year for which Performance Fee is to be calculated, the Performance Fee for each Share will be equal to maximum 20% of the appreciation of the Net Asset Value per Share (net of Performance Fee) as at the end of such calendar year, after deduction of Euribor 1 Month ("Hurdle Rate"). The Performance Fee shall be calculated only on the performance exceeding the all-time highest end of year Net Asset Value per Share ("High Watermark").

Share Classes	Performance fee rate
Institutional Shares, excluding X-Shares I-Shares	20%
X-Shares and Z-Shares	Please see Chapter 17 of this Prospectus.
Y-Shares	N/A

In case of net redemptions as observed on any Valuation Day, the pro rata of the year-to-date performance accrual that relates to such net redeemed Shares will be considered as due regardless of the performance of the Sub-fund after such net redemption.



The initial Subscription price represents the first High Watermark. If, at the end of the first financial period (determined separately for each Share Class), the Net Asset Value per Share of the Share Class exceeds its respective High Watermark (i.e. its initial Subscription price) and its Hurdle Rate, a Performance Fee is due. Otherwise, no Performance Fee is due for the first financial period.

For the subsequent financial periods, entitlement to a Performance Fee arises only when the following two conditions are met:

- the Net Asset Value per Share has exceeded the Hurdle Rate in the relevant calendar year; or, in case of net redemption on any Valuation Day, if the Net Asset Value per Share has exceeded the Hurdle Rate on the period starting at the beginning of the calendar year and finishing on the Valuation Day where the redemption price is fixed; and

- the Net Asset Value per Share exceeds the highest of (i) the first High Watermark, or (ii) the previous all-time high year end Net Asset Value per Share.

The Hurdle Rate applied for non-hedged Share Classes is a variable EUR short-term interest rate. For hedged Share Classes, an equivalent variable short-term interest rate expressed in the relevant currency will be applied for the respective currency. A floor of 0% shall be applied to the Hurdle Rate, i.e. as long as the interest rate used as Hurdle Rate for any Share Class is negative, the Hurdle Rate shall be considered to be 0%.

# Nordea Dedicated Investment Fund, SICAV-FIS – European Rates Opportunity Fund

## Objective and investment policy

The Sub-fund's objective is to maximise its total return. It generally seeks to identify investment opportunities within and across sectors of the fixed income markets, with a focus on European markets.

The Sub-fund aims to achieve its objectives by taking long and short positions in bond markets, directly or through the use of Derivatives.

The Sub-fund will as part of the investment policy use sell-buy back transactions to leverage its exposure in order to increase the expected return of the Sub-fund. Leverage in nominal terms will also be generated by the use of derivatives described in the "Derivatives" section for the Sub-fund.

The investment policy of the Sub-fund is aligned with the redemption policy of the Sub-fund, in order to secure that the liquidity in the Sub-fund is managed prudently.

## Eligible Assets

The Sub-fund invests a minimum of two-thirds of its total assets (after deduction of cash) in European covered bonds or Debt Securities guaranteed by the governments or local governments of a European country.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Rating

At all times, at least one-third of the total assets (after deduction of cash) shall be invested in securities that have a minimum rating of AA-/Aa3 or equivalent, as issued by a Rating Agency.

Maximum 50% of the net assets may be invested in bonds with a rating lower than BBB-/Baa3 or equivalent, including non-rated bonds. Furthermore, a maximum of 10% of net assets may be invested in bonds with a rating of B-/B3 or equivalent as issued by a Rating Agency, and/or in non-rated bonds.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, in order to apply efficient portfolio management techniques, or for hedging purposes.

Derivatives used as part of the investment strategy and efficient portfolio management techniques will either increase the risk of the Sub-fund or keep the risk of the Sub-Fund unchanged.

Derivatives used for hedging will have the effect of reducing the risk of the Sub-fund.

A non-exhaustive list of examples of how derivatives could be used in the Sub-fund includes the following:

- Take an active duration position by using an Interest Rate Swap or Futures,
- Hedge against credit risk from covered bonds by using a Credit Default Swap,
- Hedge against an unwanted duration position by using an Interest Rate Swap or Futures,
- Hedge against a currency risk by using an FX Forward.

The derivatives used in the Sub-fund will mainly be subject to market risk, credit risk, interest rate risk, currency risk.

Section 2. "Use of Financial Derivative Instruments" in Chapter 10. "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

Investors must read carefully the sub-section "Uncertainty Considerations" as described in this Chapter 4 "The Sub-funds of the Company" and the special risk considerations as described in Chapter 9 "Risk before investing in the Sub-fund. Special

attention must be drawn to the paragraphs describing Liquidity Management and the risks associated with investments in Derivatives, Covered Bonds, sell-buy back and buy-sell back transactions.

Further information on sell-buy back, buy-sell back transactions and collateral management can be found in Chapter 10 "Investment Restrictions".

The Sub-fund will be highly leveraged, which means that the exposure to underlying markets and/or securities generated by the instruments in the Sub-fund's portfolio may be much larger than 100%. Leverage techniques may amplify the effects of adverse market movements or weaken the effects of favourable market movements.

The Alternative Investment Fund Manager will calculate the exposure of the Sub-Fund in accordance with the gross method, and the commitment method, in accordance with Art.7 and 8 of the AIFM Regulation. The maximum level of leverage applied to each Sub-fund is communicated in accordance with the Law of 12 July 2013 and the AIFM Regulation and shown in below table:

Maximum level of leverage (in % of NAV), using gross method	Maximum level of leverage (in % of NAV), using commitment method
15,000	10,000

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference Index

The Sub-fund does not measure its performance against any Reference Index.

## Prime broker

SEB will be appointed as prime broker.

SEB will also act as sub-custodian of the Depositary in respect of certain custody account of the Company opened pursuant to the prime brokerage agreement with SEB. In this context the Depositary discharges itself of liability in case of loss of financial instruments held in custody by SEB in accordance with Article 21 (12) and (13) of AIFMD.

## Performance fee

The Alternative Investment Fund Manager is entitled to receive a Performance Fee, calculated and accrued daily and paid yearly in arrears, in respect of each calendar year. The full Performance Fee will be passed on to the Investment Manager of this Sub-fund; Nordea Investment Management AB.

Performance Fee will be calculated as follows: at the end of the calendar year for which Performance Fee is to be calculated, the Performance Fee for each Share will be equal to maximum 20% of the appreciation of the Net Asset Value per Share (net of Performance Fee) as at the end of such calendar year, after deduction of Euribor 1 Month ("Hurdle Rate"). The Performance Fee shall be calculated only on the performance exceeding the all-time highest end of year Net Asset Value per Share ("High Watermark").

Share Classes	Performance fee rate
Institutional Shares, excluding X-Shares I-Shares	20%
X-Shares and Z-Shares	Please see Chapter 17 of this Prospectus.
Y-Shares	N/A

In case of net redemptions as observed on any Valuation Day, the pro rata of the year-to-date performance accrual that relates to such net redeemed Shares will be considered as due regardless of the performance of the Sub-fund after such net redemption.

The initial Subscription price represents the first High Watermark. If, at the end of the first financial period (determined separately for each Share Class), the Net Asset Value per Share of the Share Class exceeds its respective High Watermark (i.e. its initial Subscription price) and its Hurdle Rate, a Performance Fee is due. Otherwise, no Performance Fee is due for the first financial period.

For the subsequent financial periods, entitlement to a Performance Fee arises only when the following two conditions are met:

- the Net Asset Value per Share has exceeded the Hurdle Rate in the relevant calendar year; or, in case of net redemption on any Valuation Day, if the Net Asset Value per Share has exceeded the Hurdle Rate on the period starting at the beginning of the calendar year and finishing on the Valuation Day where the redemption price is fixed; and

- the Net Asset Value per Share exceeds the highest of (i) the first High Watermark, or (ii) the previous all-time high year end Net Asset Value per Share.

The Hurdle Rate applied for non-hedged Share Classes is a variable EUR short-term interest rate. For hedged Share Classes, an equivalent variable short-term interest rate expressed in the relevant currency will be applied for the respective currency. A floor of 0% shall be applied to the Hurdle Rate, i.e. as long as the interest rate used as Hurdle Rate for any Share Class is negative, the Hurdle Rate shall be considered to be 0%.

## 5. Share Capital

The capital of the Company shall at all times be equal to the value of the net assets of the Company. The minimum capital of the Company shall be EUR 1,250,000.

All Shares of the Company are issued and fully paid-up and have no par value.

Each Share carries one vote, irrespective of its Net Asset Value and of the Sub-fund and/or Share Class to which it relates.

Shares are only available in registered shares in non-certificated form. Shares issued will be evidenced by a transaction confirmation. Shares may also be held and transferred through accounts maintained with clearing systems.

Registered shares are issued as fractions of Shares with up to 4 decimal places (rounding up or down of the last decimal). Fractions of Shares will have no voting rights but will participate in the distribution of dividends, if any, and in the liquidation distribution.

Shares of this Company may only be acquired by Professional Investors. Please refer to the definition of Professional Investor in Chapter 1 "Terms and Definitions used in this Prospectus".

The denomination currency of the share capital of the Company is the Euro.

The Shares are freely transferable.

If the capital of the Company falls below two-thirds of the legal minimum, the Board of Directors must submit the question of the dissolution of the Company to a general meeting of Shareholders. The meeting does not require a quorum, and decisions are taken by simple majority. If the capital falls below one quarter of the legal minimum, a decision regarding the dissolution of the Company may be passed by Shareholders present or represented holding one quarter of the Shares at the meeting. The meeting 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.

The Board of Directors may decide to issue with each Sub-fund different Share Classes whose assets should be commonly invested according to the investment policy of that Sub-fund but which may be differentiated by a specific sales and redemption charge structure, fee structure, distribution policy, reference currency, category of investor, marketing country or other specificity as further described below. The characteristic of a Share Class is expressed through a combination of letters in the Share Class name. The meaning of these letters is described below. For example an HBI-Share Class is hedged against foreign exchange risk (Share Class with prefix "H"), is an Accumulating Share (Share Class with prefix "B") and is only available to Professional Investors (I-Share Class).

### 5.1. Definitions and core types

Shares available may be issued as I, Z or X – Shares.

#### I-Shares

I-Shares are available to Professional Investors.

#### Z-Shares.

Z-Shares are available to Professional Investors at the discretion of the Alternative Investment Fund Manager, who are willing to seed newly launched Sub-funds. Minimum investment, holding amounts and target asset size will be determined by the Alternative Investment Fund Manager.

#### X-Shares

X-Shares are available at the discretion of the Alternative Investment Fund Manager to Professional Investor who, as a minimum requirement

- (i) meet the minimum account maintenance or qualification requirements established from time to time;
- (ii) maintain X-Shares on a safe custody account in the name of the Administrative Agent exclusively for said X-Shares

investment, such account being subject to a separate charging structure whereby all or part of the fees, normally charged to the Share Class and expressed in the Net Asset Value per Share, are administratively levied and collected by the Alternative Investment Fund Manager directly from the Shareholder; and

- (iii) who, as a result of point (ii) above, conclude a written agreement with the Alternative Investment Fund Manager, prior to the Shareholder's initial subscription into such Share Class, in which the relevant fees and charging procedure are agreed between the Shareholder and the Alternative Investment Fund Manager. The Company and/or the Administrative Agent reserve the right to refuse a subscription if a relevant written agreement is not validly concluded between the Shareholder and the Alternative Investment Fund Manager at the time the subscription is received.

#### Y-Shares

Y-Shares are available at the discretion of the Alternative Investment Fund Manager to Professional Investors being:

- (i) Specialised Investment Funds (governed by the Law of 13 February 2007) or UCIs that have appointed Nordea Investment Funds S.A. as Management Company or Alternative Investment Fund Manager; or,
- (ii) UCIs that have appointed a Nordea entity as Management Company,
- (iii) Other entities belonging to the Nordea Group, for strategic purposes.

#### Minimum Investment Amounts

Core types	Minimum Investment Amount
I-Shares	EUR 1,000,000 or the equivalent amount in the currency in which the subscription is processed.
X-Shares	EUR 25,000,000 or the equivalent amount in the currency in which the subscription is processed.
Z-Shares	Minimum initial and subsequent investment amounts are on application and subject to separate client agreement.
Y-Shares	N/A

For each Investor, the Minimum Investment Amount disclosed in the above table applies to the initial subscription or the initial conversion of Shares or any holding amount in each Share Class of a Sub-fund.

Unless indicated otherwise, no Minimum Investment Amount applies to any subsequent subscription of Shares after the initial subscription in the same Share Class.

The Alternative Investment Fund Manager may decide at any time to further reduce the Minimum Investment Amount for any of the Share Classes of a Sub-fund or to, upon request, waive this amount for financial intermediaries or distribution partners, or alike, that by law or regulation, are ineligible to, or do not wish to receive commission based payments or alike.

### 5.2. Accumulating and Distributing Shares

Shares are issued as either Accumulating Shares or Distributing Shares as described below:

#### 5.2.1. Accumulating Shares: Share Classes with prefix "B"

Accumulating Shares are not entitled to any distribution payments. Holders of such Shares benefit from the capital appreciation resulting from the reinvestment of any income earned by the Shares. Accumulating Shares give priority to capital growth and are not entitled to any dividend distribution.

#### 5.2.2. Distributing Shares

Distributing Shares are entitled to payment of a distribution in case a payment of a distribution is decided upon by the Annual General Meeting or by the Board of Directors, as relevant. There may be different categories of Distributing Shares. Distributions may be paid out of capital and further reduce the Net Asset Value of the relevant Share Class. Distribution paid out of capital could be taxed as income in certain jurisdictions.

### Share Classes with prefix "A"

These Shares will be eligible for annual dividends, as decided by the Annual General Meeting.

### 5.3. Hedging

Shares may be issued in combination with hedging features.

### Share Classes with prefix "H" – Currency Hedged Shares Classes

Each Currency Hedged Share Class is associated with a specific denominative currency. For each Currency Hedged Share Class the Company seeks to hedge the Net Asset Value (NAV), expressed in the Sub-fund's Base Currency, to the denominative currency of the Currency Hedged Share Class.

Ex: in a Sub-fund with a HBI SEK-Share Class (Currency Hedged Share Class) the Company seeks to hedge most of the exchange-rate risk between the Base Currency of the respective Sub-fund to SEK.

Special attention should be drawn to the risks associated with currency hedging. Please refer to Chapter 9 "Risk" of this Prospectus.

## 6. Shareholding

Shares are exclusively restricted to Professional Investors.

Any Investor becoming aware that he is not a Professional Investor shall inform immediately the Board of Directors. Any Investor who is not a Professional Investor has to redeem all its Shares within **three (3)** Business Days after having informed the Board of Directors. After three (3) Business Days, the Shares will be redeemed by default upon decision of the Board of Directors. The redemption price will be calculated on the basis of the NAV as determined at the Valuation Day following the redemption request from the Investor or the decision by the Board of Directors to redeem the Shares.

In the interest of the Company, the Board of Directors may restrict or prevent the ownership of Shares in the Company by certain physical person or legal entity as described in this Prospectus.

Subject to Chapter 7 "Share Dealing", the Board of Directors or its delegate may suspend or interrupt the issue of Shares of a Sub-Fund or Share Class at any time. Moreover, for whatever reason and without having to justify its actions, the Board of Directors also reserves the right to:

- reject any subscription of Shares;
- proceed at any time to the mandatory repurchase of Shares which have been wrongfully subscribed or held, or where the Shareholder does not provide necessary information requested by the Board of Directors in order to comply with the applicable legal and/or regulatory rules.

### Fair treatment of Shareholders

The Alternative Investment Fund Manager has not granted to any Shareholder any rights not disclosed in this Prospectus.

## 7. Share Dealing

The Board of Directors emphasises that:

- all Investors and Shareholders are bound to place their Subscription, Redemption or Conversion order(s) before the applicable cut-off time for transactions in the Shares;
- orders are being placed for execution on the basis of still unknown prices;
- the repeated purchase and sale of Shares designed to take advantage of pricing inefficiencies in the Sub-funds, also known as "market timing", may disrupt portfolio investment strategies and increase the Sub-funds' expenses and adversely affect the interests of the Sub-funds' long term Shareholders. Market timing practices and excessive trading practices are not allowed. In addition, the Sub-funds are not intended for short-term investments;

### 5.4. Currencies available for subscription

Share Classes shall be denominated and may be available for subscription in any of the following currencies:

Abbreviations	Currencies
CHF	Swiss Franc
DKK	Danish Kroner
EUR	Euro
GBP	British Pound
NOK	Norwegian Kroner
SEK	Swedish Kronor
SGD	Singapore Dollar
USD	United States Dollar

The Board of Directors has the discretion to decide on additional currencies.

Thereby the Alternative Investment Fund Manager ensures a fair treatment of the investors and shareholders. Whenever a Shareholder obtains preferential treatment or the right to obtain preferential treatment, a description of that preferential treatment, the type of Shareholders who obtain such preferential treatment and, where relevant, their legal or economic links with the Company or with the Alternative Investment Fund Manager will be described in this Prospectus. Any preferential treatment accorded to one or more Shareholders of a Sub-fund shall not result in an overall material disadvantage to the other Shareholders of such Sub-fund.

### Certain information on Shareholders' rights

Shareholder of the Company have the right to participate in and vote at Shareholder meetings, as further described in Chapter 22 "Notices and Information to Shareholders" of this Prospectus and in the Articles.

The Company draws the Investors' attention to the fact that any Investor will only be able to fully exercise his investor rights directly against the Company, notably the right to participate in general Shareholders' meetings, if the Investor is registered himself and in his own name in the Shareholders' register of the Company. In cases where an Investor invests in Shares of the Company through an intermediary investing into such Shares in his 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.

- to deter such practice, the Company and its duly appointed agents reserve the right, in case of reasonable doubt and whenever an investment is suspected to be related to market timing, to suspend, revoke or cancel any subscription or conversion order placed by investors who have been identified as frequently trading in and out of a particular Sub-fund.

Instructions for Subscription, Redemption and Conversion which the Company considers unclear or incomplete may result in Subscription, Redemption and Conversion being processed with delay.

Each Subscription, Conversion and Redemption shall be processed at the Net Asset Value of the said Shares.

The Board of Directors may decide that some Sub-funds shall only be open for Subscription during the initial subscription period. After the expiration of such initial subscription period, there shall be no further issue of Shares.

The Subscription, Redemption and Conversion of Shares of any Sub-fund shall be suspended when the calculation of the Net Asset Value thereof is suspended.

Dealing dates of the Sub-funds of the Company and deadlines for the receipt of the Subscription, Redemption or Conversion requests are:

#### **X-Credit Fund:**

- Dealing day (subscriptions, redemptions, conversions): each 15<sup>th</sup> day of the month (each such day being a "Valuation Day") at a price corresponding to the Net Asset Value per Share as determined on that day.
- Deadline for the receipt of dealing requests: before 15:30 CET 8 (eight) Business Days before the applicable Valuation Day.

#### **Institutional Cross Over Fund:**

- Dealing day (subscriptions, redemptions, conversions): each 1<sup>st</sup> day and 15<sup>th</sup> day of a month (each such day being a "Valuation Day") at a price corresponding to the Net Asset Value per Share as determined for that day.
- Deadline for the receipt of dealing requests: before 15:30 CET 8 (eight) Business Days before the applicable Valuation Day.

#### **US High Yield Bond Fund II and Diversified Growth Fund:**

- Dealing day (subscriptions, redemptions, conversions): each Business Day (each such day being a "Valuation Day") at a price corresponding to the Net Asset Value per Share as determined on that day.
- Deadline for the receipt of dealing requests: before 15:30 CET on the applicable Valuation Day.

#### **Nordic Rates Opportunity Fund, Nordic Rates Opportunity Fund II and European Rates Opportunity Fund:**

- Dealing day subscriptions, redemptions, conversions: each 1<sup>st</sup> day of the month (each such day being a "Valuation Day") at a price corresponding to the Net Asset Value per Share as determined on that day.
- Deadline for the receipt of subscription requests: before 15:30 CET 5 (five) Business Days before the applicable Valuation Day.
- Deadline for the receipt of redemption and conversion requests: before 15:30 CET on the 1<sup>st</sup> day of the month preceding the applicable Valuation Day.

If a Valuation Day for Subscriptions, Conversions and Redemptions is not a Business Day, the Valuation Day shall be the next following Business Day. Conversion will only take place on the first possible, common Valuation Day for the Shares redeemed and the Shares subscribed.

Subscription, Redemption or Conversion requests received after the above-mentioned deadlines will be processed on the following Valuation Day.

### **7.1. Subscription for Shares**

The Board of Directors shall be authorised without limitation and at any time, to issue additional Shares for all Sub-funds without granting existing Shareholders a preferential right to subscribe for the Shares.

All orders shall be made in the reference currency of the Share Class the Investor wishes to invest in.

The Board of Directors reserves the right to accept or refuse any Subscription in whole or in part and for any reason.

#### **7.1.1. Subscription Request**

##### **• Form of Subscription Request**

Initial Subscription for Shares must be made by Investors by forwarding to the Registered Office, Administrative Agent or a paying agent a duly completed application form which may be found on [www.nordea.lu](http://www.nordea.lu) or by contacting their financial advisor or the Alternative Investment Fund Manager.

Subsequent Subscriptions for Shares may be made either

- (i) on the application form or
- (ii) in electronic order format like Swift or other predefined proprietary format, or
- (iii) by letter or facsimile addressed to the Registered Office, or the Administrative Agent or
- (iv) by transfer of an amount (not less than the minimum subscription amount as specified further below) to the account in the name of the Administrative Agent and clearly indicating the Investor identification details (customer number and name) and the name of Sub-fund, Share Class and the denominative currency applied for.

Such subscription requests are deemed to be final and conclusive for the Company and are executed at the entire risk of the applicant.

#### **7.1.2. Subscription Payment**

The Company does not accept third party payments.

Payments shall be made by bank transfer and in the reference currency of the relevant Share Class.

Payment by cheque will not be accepted.

The Board of Directors may from time to time accept Subscriptions for Shares against contribution in kind of securities or other assets which could be also acquired by the relevant Sub-fund pursuant to its investment policy and restrictions. Any such contribution in kind will be made at the net asset value of the assets contributed calculated in accordance with the rules set out in Chapter 8 "Net Asset Value" of this Prospectus and will be the subject of an auditor's report drawn up in accordance with the requirements of Luxembourg law. Should the Company not receive good title on the assets contributed this may result in the Company bringing an action against the defaulting Investor or his/her financial intermediary or deducting any costs or losses incurred by the Company or Manager against any existing holding of the applicant in the Company.

#### **7.1.3. Settlement of Subscription**

The allotment of Shares is conditional upon payment at the latest three (3) Business Days in principle, from the respective Sub-fund's Valuation Day in relation to which the Subscription has been received. The agreed period for Subscription payments may, in case of currency holidays, exceptionally exceed 3 (three) Business Days from the above mentioned date.

If timely payment has not been received within the settlement period, the Subscription may lapse and be cancelled at the cost of the Investor or the Investor's financial intermediary.

Failure to make payment on the agreed payment date may result in the Company bringing an action against the defaulting Investor or the Investor's financial intermediary or deducting any costs or losses incurred by the Company or the Administrative Agent against any existing holding of the Investor in the Company.

In all cases, any money returnable to the Investor will be held on behalf of the Administrative Agent without payment of interest pending receipt of the remittance.

The Net Asset Value for settlement purposes is not known when the order is placed (forward pricing). It will be calculated on the basis of the latest market prices (i.e. closing prices or if such do not reflect reasonable market value in the opinion of the Company, at the last prices available at the time of valuation).

### **7.2. Redemption of Shares**

Any Shareholder has the right, except where there is a suspension of the valuation of the assets of the Company and subject to the limitations set forth by law, to request that the Company repurchases any or all of its Shares at the Net Asset Value per Share as determined on the relevant Valuation Day.

A Redemption request will only be executed after the identity of the Shareholder and/or the beneficial owner has been established to the complete satisfaction of the Company. Payment will only be made to the respective Shareholder.

### 7.2.1. Redemption Request

- **Form of Redemption Request**

Shareholders wishing to have any or all of their Shares redeemed shall deliver by letter, by facsimile or by electronic order format like Swift or other predefined proprietary format to the Registered Office, Administrative Agent, an irrevocable, written and duly signed redemption request specifying the name, address and account identification of the Shareholder(s), the name of the Sub-fund and the number of Shares to be redeemed as well as payment details for the redemption proceeds (name of bank, bank identification number, account number and name of the account holder(s)).

### 7.2.2. Settlement of Redemption

All Redemptions shall be processed at the Net Asset Value of the said Shares.

The settlement date for Redemption is in principle the third Business Day from the relevant Valuation Day on which the order has been accepted (without, however, exceeding 8 (eight) Business Days). The Board of Directors or the Alternative Investment Fund Manager may, however, decide to defer the settlement date to the next reasonably practicable Business Day in exceptional circumstances, for example, if the liquidity of a Sub-fund is not sufficient to enable the payment to be made.

Neither the Company nor the Alternative Investment Fund Manager are responsible for any delays or charges incurred at any receiving bank or settlement system.

Redemption proceeds will only be paid in the reference currency of the relevant Share Class, except where the reference currency is a non-deliverable currency. In such cases, redemption proceeds will be paid in the Base Currency of the Sub-fund.

Shareholders should note that any Redemption of Shares by the Company will take place at a price that may be higher or lower than the original acquisition amount.

### 7.3. Conversion of Shares

Any Shareholder has the right to request, at any time, that the Company converts any or all of its Shares without capital guarantee at their respective Net Asset Value per Share, unless decided otherwise by the Board of Directors.

#### 7.3.1. Conversion Request

- **Form of Conversion Request**

Shareholders wishing to have any or all of their Shares converted to another Share Class of the same Sub-fund shall deliver, by letter, or by facsimile, or in electronic order format like Swift or other predefined proprietary format, addressed to the Registered Office, the Administrative Agent or a paying agent, an irrevocable, written and duly signed conversion request specifying the name, address and account identification of the Shareholder(s), the name of the Share Class and the number of Shares and the denominative currency into which the Shares shall be converted. Conversions are only allowed between Share Classes with the same reference currency.

Conversions into Z-Shares and X-Shares are subject to approval of the Alternative Investment Fund Manager.

### 7.3.2. Settlement of Conversion

The settlement date for Conversion is in principle the third Business Day after the date of acceptance of the Conversion (without, however, exceeding 8 (eight) Business Days). The Board of Directors or its delegate may however decide to defer the settlement date to the next reasonably practicable Business Day, in exceptional circumstances, for example, if the liquidity of a Sub-fund is not sufficient to enable the payment to be made.

### 7.4. Swinging single pricing methodology

The Board of Directors may determine that a swinging single pricing methodology will be applied in the calculation of the daily Net Asset Value of the relevant Sub-fund in order to compensate for the costs generated by the purchase or sale of the Sub-fund's assets caused by Subscriptions and Redemptions. These costs reflect both the estimated fiscal

charges and dealing costs that may be incurred by the Sub-fund and the estimated bid/offer spread of the assets in which the Sub-fund invests.

The swinging single pricing methodology will be applied for the relevant Sub-fund by adjusting upwards and/or downwards its Net Asset Value by an amount, relating to the cost of market dealing for that Sub-fund, determined as a percentage of that Net Asset Value (the "**Swing Factor**"). The maximum Swing Factor is determined by the Board of Directors (or any delegate duly appointed by the Board of Directors) and is, under normal market conditions, set at a maximum of **3.00%** of the Net Asset Value.

Application of swing factor is a function of the net flow into the relevant Sub-fund as well as which price (bid/mid/ask) that is used for pricing underlying assets. As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the resulting Swing Factor may be different for net inflows than for net outflows.

The above swinging single pricing methodology will have to be applied when the aggregate transactions result in a net investment amount which, in percentage of the Net Asset Value of the Sub-fund on the relevant Valuation Day, exceeds a threshold fixed by the Board of Directors.

Instead of the swinging single pricing methodology, the Board of Directors may decide to charge to the investor a dilution levy as detailed in Chapter 7.5 "Dilution levy".

### 7.5. Dilution levy

The Board of Directors may determine that a dilution levy will be applied to the gross subscription, conversion and redemption amounts to compensate for the costs generated by the purchase and sale of the Sub-fund's assets caused by Subscriptions, Conversions and Redemptions.

The Board of Directors will ensure that the dilution levy is applied in a fair and consistent manner, so that the equal treatment of Shareholders is respected at all times. The level of the dilution levy is determined by the Board of Directors (or any delegate duly appointed by the Board of Directors) and reflects both the estimated fiscal charges and dealing costs that may be incurred by the Sub-fund and the estimated bid/offer spread of the assets in which the Sub-fund invests. The level of the dilution levy shall, under normal market conditions, not exceed 5.00% of the subscription, conversion or redemption amounts. As certain markets and jurisdictions may have different charging structures on the buy and sell sides, the resulting dilution levy levels may be different for subscriptions and redemptions.

When applicable, the dilution levy is payable to the Sub-fund.

On any day, where the swinging single pricing methodology is applied as further described under Chapter 7.4 "Swinging single pricing methodology", the dilution levy will not be applied.

### 7.6. Further Details on Share Dealing

#### Deferral of Share Dealing

The Company reserves the right to limit the number of Shares which may be subscribed on any one Valuation Day to a number representing no more than 10% of the Sub-fund's total Net Asset Value. In these circumstances and provided that the Net Asset Value is calculated on each Business Day, the Board of Directors or its delegate may declare that part or all of the Subscription requests will be processed during a period not exceeding **8 (eight)** Valuation Days and will be priced at the Net Asset Value determined on the Valuation Day the Shares are subscribed.

The Company reserves the right to limit the number of Shares which may be converted and/or redeemed on any one Valuation Day to a number representing no more than 10% of the Sub-fund's total Net Asset Value. In these circumstances and provided that the Net Asset Value is calculated on each Business Day, the Board of Directors or its delegate may declare that part or all of such Shares for Conversion and/or Redemption will be converted and/or redeemed during a period not exceeding **8 (eight)** Valuation Days and will be priced at the Net Asset Value determined on the Valuation Day the Shares are converted and/or redeemed.

### Restrictions on Subscriptions and Conversions

In order to inter alia protect existing Shareholders, the Board of Directors (or any delegate duly appointed by the Board of Directors) may, at any time, decide to close a Sub-fund or a Share Class and not to accept any further Subscriptions and Conversions into the relevant Sub-fund or Share Class i) from new Investors who have not yet already invested into the said Sub-fund or into the said Share Class ("Soft Closure") or (ii) from all any Investors ("Hard Closure").

Decisions taken by the Board of Directors or its delegate on a closure may have immediate or non-immediate effect and be effective for non-determined period of time. Any Sub-fund or Share Class may be closed to Subscriptions and Conversions in without notice to Shareholders.

In relation thereto, a notification will be displayed on the website [www.nordea.lu](http://www.nordea.lu) and if applicable on other Nordea websites, and will be updated according to the status of the said Shares or Sub-funds. Indeed, the closed Sub-fund or Share Class may be re-opened when the Board of Directors or its delegate deems the reasons to have the latter closed no longer applying.

A reason for a closure may be, among others, that the size of a given Sub-fund has reached such a level that the market it is invested into has also reached its capacity level and thus the Sub-fund can no longer be managed according to the defined objectives and investment policy.

### Mandatory repurchase of Shares

Where the Board of Directors becomes aware that a Shareholder in the Company

- (a) is a US Person or is holding Shares for the account of a US Person; or
- (b) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax or fiscal consequences for the Company or its Shareholders or for any other reasons as provided for in the Articles of the Company;

the Board of Directors may

- (i) direct such Shareholder to dispose of the relevant Shares to a person who is qualified or entitled to own or hold such Shares; or
- (ii) redeem the relevant Shares at the Net Asset Value of the Shares as at the Valuation Day immediately following the date of notification of such mandatory Redemption to the relevant Shareholder.

### Anti-money laundering

**In the context of money laundering prevention and in compliance with Luxembourg and international regulations applicable thereto, any Investor will have to establish its identity to the Company or to the intermediary which collects the Subscription, provided that the intermediary is located in a country that applies the recommendations of the Financial Action Task Force (FATF) – also called Groupe d'Action Financière Internationale (GAFI). Such identification shall be evidenced when subscribing for Shares. Redemption or transfer of Shares will only be executed after the identity of the Investor and/or the beneficial owner has been established to the complete satisfaction of the Company.**

## 8. Net Asset Value

### Determination of the Net Asset Value of Shares

The Net Asset Value of Shares of each Sub-fund shall be calculated on each Business Day following the Valuation Day, in the Base Currency of the relevant Sub-fund, on the basis of the latest market prices received by the Administrative Agent on the said Valuation Day.

The Net Asset Value which is calculated for a Valuation Day which is not a Valuation Day for Subscription and Redemption is indicative of the level of the Sub-fund's net assets for that day but is not used as part of the processing of any Subscription or Redemption.

The Net Asset Value of each Sub-fund shall be determined by the Administrative Agent by dividing the value of the total assets of the Company properly allocable to such Sub-fund less the liabilities of the Company properly allocable to such Sub-fund by the total number of Shares of such Sub-fund outstanding on the Valuation Day.

If a Sub-fund has more than one Share Class in issue, the Administrative Agent calculates the Net Asset Value for each Share Class by dividing the portion of the Net Asset Value of the relevant Sub-fund attributable to a particular Share Class by the number of Shares of such Class in the relevant Sub-fund outstanding on such Valuation Day.

### Valuation principles

The Alternative Investment Fund Manager has established Valuation Principles providing for a proper and independent valuation of the assets of the Sub-funds. The main methods to determine fair value of an asset are mark-to-market and mark-to-model. Depending on the asset class a market quote or traded price from an exchange or a broker is the first priority. Should these prices not be available indicative broker prices, pricing services or models taking into consideration the relevant observable in-put will be used. Where valuation models are used these are reviewed periodically.

The valuation principles define the appropriate valuation process for each asset class to ensure consistent application of principles for the same type of securities. In case the Alternative Investment Fund Manager is forced to deviate from standard principles, specific processes will be established by decision of the Alternative Investment Fund Manager. Such specific decision might be required in cases where exceptional market or issue/ issuer specific circumstances apply.

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

- Securities and Money Market Instruments admitted for official listing on a stock exchange or traded in another regulated market within Europe, North or South America, Asia, Australia, New Zealand or Africa, which operates regularly and is recognised and open to the public are valued on the basis of the last available price at the time when the valuation is carried out. If the same security or money market instrument is quoted on different markets, the quotation of the main market for this security or money market instrument 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 bid price for such securities;
- unlisted securities or unlisted Money Market Instruments are valued on the base of their probable bid price as determined in good faith by the Board of Directors or its delegate;
- liquid assets are valued at their nominal value plus accrued interest;
- Shares of UCITS authorised according to UCITS Directive as amended and/or other assimilated UCI will be valued at their last available net asset value;
- Derivatives are valued at market value;
- the Company will value other debt securities not traded in an organized market on the basis of valuations provided by dealers or by a pricing service, approved by the board and the AIFM, which uses information with respect to transactions in such securities, quotations from dealers, market transactions in comparable securities, various relationships between securities and yield to maturity in determining value.



In addition appropriate provisions will be made to account for the charges and fees levied on the Sub-funds.

In the event that it is impossible or incorrect to carry out a valuation in accordance with the above rules owing to particular circumstances, the Board of Directors or their delegate shall be entitled to use other generally recognised valuation principles which can be examined by an auditor, in order to reach a proper valuation of the total assets of each Sub-fund.

When a Valuation Day falls on a day which is not a Business Day in Luxembourg or in a market which is the principal market for a significant part of a Sub-fund's investments the Valuation Day shall be the next Business Day, which is a Business Day in Luxembourg or in a market affecting a Sub-fund.

Suspension of the determination of the Net Asset Value of Shares  
The calculation of the Net Asset Value of the Shares of any Sub-fund and the Subscription, Redemption and Conversion thereof may be suspended in the following circumstances, in addition to any circumstances provided for by law:

- during any period (other than ordinary holidays or customary weekend closings) when any market or stock exchange is closed which is the principal market or stock exchange for a significant part of the Sub-fund's investments, or in which trading 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 the Sub-

fund, or it is impossible to transfer money involved in the acquisition or disposal of investments at normal rates of exchange, or it is impossible to fairly determine the value of any assets in the Sub-fund;

- during any breakdown in the means of communication normally employed in determining the price of any of the Sub-fund's investments or the current prices on any stock exchange;
- when for any reason the prices of any investment held by the Sub-fund cannot be reasonably, promptly or accurately ascertained;
- during any period when remittance of money 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 effected at normal rates of exchange;
- following a possible decision to liquidate or dissolve the Company or one or several Sub-Funds.

The suspension of the calculation of the Net Asset Value and of the Subscription, Redemption and Conversion of Shares will be published on Nordea website, as appropriate.

The suspension of the calculation of the Net Asset Value of Shares in a Sub-fund and of the Subscription, Redemption and Conversion of Shares in a Sub-fund does not affect the calculation of the Net Asset Value or the Subscription, Redemption and Conversion of Shares in another Sub-fund, if such other Sub-fund is not affected by the above circumstances.

## 9. Risk

**The risks inherent to alternative investments, the use of investment techniques and investments in private equity are significant and differ in kind and degree from the risks presented by traditional investments in transferable securities. In particular investors must accept the possibility of major capital losses. Although the Company and the Alternative Investment Fund Manager make every effort to minimise such risks by an adequate spreading of the risks involved and effective liquidity and risk management functions, an entire loss of any investment in the Company cannot be ruled out. Although the Investment Manager has been successfully involved in the development and management of funds, there can be no assurance that the Sub-fund will achieve its investment objective. There can be no assurance that the Investors will not suffer a full or substantial loss as a result of an investment in the relevant Sub-fund.**

### Liquidity and risk management functions

#### **Liquidity Management**

The Alternative Investment Fund Manager ensures for each Sub-fund it manages (other than unleveraged closed-ended Sub-funds) that the investment strategy, the liquidity profile and the redemption policy of such Sub-Fund are consistent. All Sub-funds are classified and monitored accordingly. An appropriate liquidity management system is employed and procedures are adopted which enable the monitoring of the liquidity of each Sub-fund to ensure that the level of liquidity reflects the liquidity profile of each Sub-Fund complying with its underlying obligations and anticipated outflows under normal and exceptional conditions. Liquidity is hereby understood as the ability of an asset to be converted into cash with a limited price discount. The liquidity of an asset is a function of how fast and cost-efficient it can be converted into cash under different market conditions. The Alternative Investment Fund Manager is obligated to manage the liquidity in all Sub-funds to secure that any redemption request from Shareholders could be met, but also to protect the remaining Shareholders from a deteriorating liquidity quality in the Sub-fund.

#### **Risk Management**

The Alternative Investment Fund Manager has established and maintains a permanent risk management function that implements effective risk management policies and procedures in order to identify, measure, manage and monitor appropriately all risks relevant to each Sub-Fund's investment policy. The

risk management procedure covers in particular market, credit, liquidity, counterparty, and operational risk, as well as other risk deemed to be relevant to a particular Sub-fund. The risk management procedure ensures an independent review of the valuation principles applied to each Sub-fund.

The risk profile of each Sub-fund shall correspond to the size, portfolio structure and investment strategy of each respective Sub-Fund. The Alternative Investment Fund Manager applies a comprehensive process based on qualitative and quantitative risk measures in order to assess the risks borne by each Sub-fund.

### Risk Factors

#### **Dependence on the Investment Manager's key personnel**

The Investment Manager's ability to manage the portfolios will depend on the quality of its specialized and experienced staff. There is no assurance that these individuals will remain employed with the Investment Manager or will otherwise continue to be able to carry on their current duties throughout the term of the Sub-fund.

#### **Business Risk**

Despite the fact that the investment strategy and the Alternative Investment Fund Manager have a long and well-proven track record there can be no assurance that the investment objectives of the Company will be achieved.

No guarantee or representation is made that the investment program carried out by the Alternative Investment Fund Manager or by the Investment Managers will be successful, that the various investment strategies utilised will have low correlation with each other or that the Company's returns will exhibit low correlation with an investor's traditional securities portfolio.

#### **Potential Loss of Invested Capital**

A Shareholder could lose all or substantially all of its investment in the Company. The Shares are only suitable for investors willing to accept this risk. Prospective investors should carefully consider their portfolio objectives and their need to minimize the risk of large losses in evaluating an investment in the Company.

No Investor should invest in the Company more than such Investor can afford to lose. As a non-traditional investment, the Company is suitable only for a limited portion of an investor's

portfolio. The Company does not purport to constitute a complete investment program, but rather only to serve as a diversification alternative intended to complement an investor's core holdings.

### **Hedging Transactions**

The Company may utilise a variety of financial instruments, such as derivatives, options, interest rate swap, caps and floors, futures and forward contracts, or any combination thereof, both for investment purposes and for risk management purposes. However, the Alternative Investment Fund Manager is not obligated, and will not attempt to hedge all market or other risks inherent in the Company's positions. While the Company may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Company than if it had not engaged in any such hedging transaction. Moreover, it should be noted that the portfolio will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counter-parties).

### **Risks associated with Currency Hedged Share Classes**

While the Company may attempt to reduce the effect of exchange rate fluctuations between the Base Currency of the Sub-fund and denominative currency of the Currency Hedged Share Class there can be no guarantee that it will be successful in doing so. The currency hedging on the Hedged Share Classes has no correlation with the currency exposure of the Sub-fund's portfolio holdings. Investors in the Currency Hedged Share Classes may have exposure to currencies other than the denominative currency of their Currency Hedged Share Class. All gains/losses or expenses arising from the currency hedge transactions will be borne by the Shareholders in the Currency Hedged Share Class(es).

### **Potential illiquidity of exchange traded instruments**

It may not always be possible for the Company to execute a buy and sell order on exchanges at the desired price or to liquidate an open position due to market conditions including the operation of daily price fluctuation limits. If trading on an exchange is suspended or restricted, the Company may not be able to execute trades or close out positions on terms which the Alternative Investment Fund Manager believes are desirable.

### **Counterparty Risk**

Some of the markets in which the Company may effect its transactions are "over-the-counter" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based markets". To the extent it invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, the Company may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counter-parties generally do not benefit from such protections. This exposes the Company to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing the Company to suffer a loss. Such "counterparty risk" is accentuated for with longer maturities where events may intervene to prevent settlement, or where the Company has concentrated its transactions with a single or small group of counter-parties. The Company is not restricted from dealing with any particular counter-party or from concentrating any or all of its transactions with one counterparty. The ability of the Company to transact business with any one or number of counter-parties, the lack of any independent evaluation of such counter-parties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Company.

### **Redemptions of Shares**

Because of the limitation of the Redemption of Shares that may be applicable to certain Sub-funds as set forth in Chapter 7 "Share Dealing" of this Prospectus, investor's Redemption requests may be deferred and only be dealt with at a succeeding period.

### **Accounting, Auditing and Financial Reporting, etc.**

Standards regarding publicity, accounting, auditing, reporting and legal conditions may be less stringent in countries where certain investments are acquired. This means that the reported value of such investments may deviate from that which would be reported in countries with more stringent standards.

### **Multiple Levels of Expenses**

In addition to considerations set out above, it has to be noted that both the Sub-funds investing in Funds and the target funds may impose management and/or administrative costs, expenses and fees allocations. This will result in greater expense than if such fees were not charged. Any investor in such Sub-funds must be aware that the Alternative Investment Fund Manager's fees will also be paid in case the Sub-funds' investments perform negatively. All rebates and benefits such Sub-funds will be able to negotiate with the underlying funds of funds concerning fees will directly accrue with the Sub-funds and therefore benefit the Shareholders.

If such funds of funds are affiliated to or managed by Nordea group, such Sub-funds will either (i) obtain a waiver of the management charges otherwise applicable at the level of these funds of funds or (ii) charge no Alternative Investment Fund Manager's fees at the level of such Sub-funds for those investments. No subscription or redemption charges will be levied by those funds of funds in connection with transactions with such Sub-funds.

### **Risks connected with the use of Derivatives**

Financial Derivative Instruments are not in themselves investment instruments but rights whose valuation mainly derives from the price and the price fluctuations and expectations of an underlying instrument. Investments in Derivatives are subject to the general market risk, management risk, credit and liquidity risk.

Depending on the specific characteristics of Financial Derivative Instruments, however, the aforementioned risks may be of a different kind and occasionally turn out to be higher than the risks with an investment in the underlying instruments.

That is why the employment of derivatives not only requires an understanding of the underlying instrument but also in-depth knowledge of the derivatives themselves.

The risk of default in the case of derivatives traded on an exchange is generally lower than the risk associated with derivatives that are traded over-the-counter on the open market, because the clearing agents, which assume the function of issuer or counterparty in relation to each derivative traded on an exchange, assume a performance guarantee. To reduce the overall risk of default, such guarantee is supported by a daily payment system maintained by the clearing agent, in which the assets required for cover are calculated. In the case of derivatives traded over-the counter on the open market, there is no comparable clearing agent guarantee and in assessing the potential risk of default, the Company must take account of the creditworthiness of each counterparty.

There are also liquidity risks since it may be difficult to buy or sell certain instruments. When derivative transactions are particularly large, or the corresponding market is illiquid (as may be the case with derivatives traded over-the-counter on the open market), it may, under certain circumstances, not always be possible to fully execute a transaction or it may only be possible to liquidate a position by incurring increased costs.

Additional risks connected with the employment of derivatives lie in the incorrect determination of prices or valuation of derivatives. There is also the possibility that derivatives do not completely correlate with their underlying assets, interest rates or indices. Many derivatives are complex and frequently valued subjectively. Inappropriate valuations can result in higher demands for cash by counterparties or in a loss of value for the Company. There is not always a direct or parallel relationship between a derivative and the value of the assets, interest rates or indices from which it is derived. For these reasons, the use of derivatives by the Company is not always an effective means of attaining the Company's investment objective and can at times even have the opposite effect.

### **Special risk consideration regarding investments in lower rated Debt Securities**

Securities rated below investment grade or assigned equivalent ratings by the Alternative Investment Fund Manager are considered speculative and may be questionable as to repayment of principal and interest. Such securities involve higher credit or liquidity risk.

**High Credit Risk:** lower rated debt securities, commonly referred to as “junk bonds” are subject to a substantially higher degree of credit risk than investment grade debt securities. During recessions, a high percentage of issuers of lower rated debt securities may default on payments of principal and interest. The price of a lower rated debt security may therefore fluctuate drastically due to unfavourable news about the issuer or the economy in general.

**High Liquidity Risk:** during recessions and periods of broad market declines, lower rated debt securities could become less liquid, meaning that they will be harder to value or sell at a fair price.

### **Special risk consideration regarding investments in High-Yield Bonds**

Certain High Yield Bonds rated Ba1 or BB+ and below by some Rating Agencies are very speculative, involve comparatively greater risks than higher quality securities, including price volatility, and may be questionable as to principal and interest payments. The attention of the potential investor is drawn to the type of high-risk investment that certain Sub-funds are authorised to make.

Compared to higher-rated securities, lower-rated High Yield Bonds generally tend to be more affected by economic and legislative developments, changes in the financial condition of their issuers, have a higher incidence of default and be less liquid. Certain Sub-funds may also invest in High Yield Bonds placed by emerging market issuers that may be subject to greater social, economic and political uncertainties or may be economically based on relatively few or closely interdependent industries.

Corporate Debt Securities may bear Fixed Coupon or Fixed and Contingent Coupon or Variable Coupon and may involve equity features such as conversion or exchange rights or warrants for the acquisition of stock of the same or a different issuer (e.g. synthetic convertibles) or participation based on revenue, sales or profits.

### **Special risk consideration regarding investment in emerging and less developed markets**

In emerging and less developed markets the legal, judicial and regulatory infrastructure is still developing but there is much legal uncertainty both for local market participants and their overseas counterparts. Some markets may carry higher risks for investors who should therefore ensure that, before investing, they understand the risks involved and are satisfied that an investment is suitable as part of their portfolio. These risks may include any or all of the following elements: Political or economic risks, legal risks, accounting practices, lacking or insufficient protection of shareholders, market and settlement risks, unclear tax rules, execution and counterparty risk, as well as an uncertain status of nomineehip. This list may not be exhaustive and other risks may occur. Investors' attention is also pointed to the fact that significant currency movements may occur and that the convertibility of a currency may be revoked.

Hence, investments in emerging and less developed markets should be made only by sophisticated investors or professionals who have independent knowledge of the relevant markets, are able to consider and weight the various risks presented by such investments and have the financial resources necessary to bear the substantial risk of loss of investment in such investments.

### **Special risk consideration regarding investments in Covered Bonds**

Covered bonds are debt securities issued by a bank or mortgage institution and collateralised against a pool of assets (cover pool) that, in case of failure of the issuer, can cover claims at any point of time.

Covered bonds are subject to specific legislation to protect bondholders. Unlike asset-backed securities created in securitization, the covered bonds continue as obligations of the issuer (in essence, the bondholder has recourse against the issuer and the collateral).

In the event of default, a Sub-fund has recourse against both the issuer and the cover pool. A Sub-fund will have first priority interest in the cover pool.

In particular attention should be paid to the fact that the vast majority of covered bonds are backed by mortgage pools.

Specifically for the Nordic Covered Bonds the following should be observed.

The Swedish and Danish covered bonds markets are the main markets for Nordic covered bonds.

Unlike other covered bonds, Danish covered bonds have a “balance principle” whereby each new loan is in principle funded by the issuance of new bonds of equal size, identical cash flow and maturity characteristics thereby reducing the default risk of covered bond a Sub-fund may invest into.

Due to the fact that a significant part of the Danish covered bonds are callable at par by the relevant borrower, there will be a prepayment risk as a borrower may either choose to repay his mortgage early or purchase bonds to deliver to the relevant lender in satisfaction of the mortgage.

The liquidity in the market for Danish and Swedish covered bonds is in general considered to be high and the liquidity has also persisted during stressed periods due to local and global events.

The market is important for financial stability of Denmark and Sweden, so the liquidity is under close scrutiny of the local regulators.

However, there is no guarantee that the market will remain liquid going forward. Furthermore it is fair to assume that in particular smaller bond issuances might become less liquid faster than larger bond issuances.

Therefore a Sub-fund investing into Nordic covered bonds will potentially be exposed to a risk of high sector and regional concentration, prepayment risk as well as liquidity risk in case the market does not function as it has done historically.

### **Special risk consideration regarding investments in mortgage- or asset-backed securities**

**Credit risk:** Certain borrowers may default on their mortgage obligations or the guarantees underlying the mortgage-backed securities may default. A Sub-fund may partly invest in mortgage or asset-backed securities which are not guaranteed by a government, which may make this Sub-fund subject to substantial credit risk.

**Interest rate risk:** Changes in interest rate may have a significant impact on a Sub-fund investing in mortgage-or asset-backed securities. Indeed, should interest rates rise, the investments value of a Sub-fund's portfolio may fall since fixed income securities generally fall in value when interest rates rise.

A Sub-fund investing in mortgage- or assets-backed securities may face extension risk and prepayment risk, both being a type of interest rate risk:

- during periods of rising interest rates, underlying borrowers may pay off their obligations at a slower pace than expected, thus extending the average life of mortgage- or assets-backed securities. Such increase of the securities' duration may change these securities from short- or intermediate-term into long-term securities and therefore reduce the value of such securities;
- during periods of falling interest rates, mortgage or asset backed securities may be prepaid, thus possibly reduce returns because the Sub-fund will have to reinvest the prepayments on mortgage- or asset-backed investments in over-yielding investments.

**Liquidity risk:** A Sub-fund investing in mortgage- or assets-backed securities may face liquidity risk if it cannot sell a security

at the most opportunistic time and price. Thus, such a Sub-fund may face higher liquidity risk than a Sub-fund investing in other types of securities.

**Insolvency risk:** Finally, enforcing rights against the underlying assets or collateral may be difficult.

#### **Risks related to securities lending and Repurchase Transactions (as defined below)**

**"Repurchase Transactions"** refer to repurchase agreements and sell-buy back/ buy-sell back transactions.

There is no assurance that a Sub-fund will achieve the objective for which it entered into securities lending or Repurchase Transactions.

Securities lending and Repurchase Transactions might expose a Sub-fund to risks similar to those associated with Derivatives.

Securities loans may, in the event of a counterparty default or an operational difficulty, be recovered late and only in part, which might restrict the Sub-fund's ability to complete the sale of securities or to meet redemption requests.

The Sub-fund's exposure to its counterparty will be mitigated by the fact that the counterparty will forfeit its collateral if it defaults on the transaction. If the collateral is in the form of securities, there is a risk that when it is sold it will realise insufficient cash to settle the counterparty's debt to the Sub-fund or to purchase replacements for the securities that were lent to the counterparty.

In the latter case, the Sub-fund's tri-party lending agent will indemnify the Sub-fund against a shortfall of cash available to purchase replacement securities but there is a risk that the indemnity might be insufficient or otherwise unreliable.

In the event that a Sub-fund reinvests cash collateral in one or more of the permitted types of investment that are described above, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested.

There is also a risk that the investment will become illiquid, which would restrict the Sub-fund's ability to recover its securities on loan, which might restrict the Sub-fund's ability to complete the sale of securities or to meet redemption requests.

#### **Collateral management risks**

Counterparty risk arising from investments in OTC transactions, securities lending transactions, repurchase or reverse repurchase agreements, buy-sell back sell-buy back transactions or sell-buy back transactions is generally mitigated by the transfer or pledge of collateral in favour of the Sub-fund. However, transactions may not be fully collateralised. Fees and returns due to the Sub-fund may not be collateralised. If a counterparty defaults, the Sub-fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Sub-fund could realise a loss due, inter alia, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the Company's ability to meet redemption requests in respect of this Sub-fund.

A Sub-fund may also incur a loss in reinvesting cash collateral received, where permitted. 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 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.

#### **Risks associated with credit default swap ("CDS") transactions**

The purchase of credit default swap protection allows the Company, on payment of a premium, to protect itself against the risk of default by an issuer. In the event of default by an issuer, settlement can be effected in cash or in kind. In the case of a cash

settlement, the purchaser of the CDS protection receives from the seller of the CDS protection the difference between the nominal value and the attainable redemption amount. Where settlement is made in kind, the purchaser of the CDS protection receives the full nominal value from the seller of the CDS protection and in exchange delivers to him the security which is the subject of the default, or an exchange shall be made from a basket of securities. The detailed composition of the basket of securities shall be determined at the time the CDS contract is concluded. The events which constitute a default and the terms of delivery of bonds and debt certificates shall be defined in the CDS contract. The Company can if necessary sell the CDS protection or restore the credit risk by purchasing call options. Upon the sale of credit default swap protection, the Sub-fund incurs a credit risk comparable to the purchase of a bond issued by the same issuer at the same nominal value. In either case, the risk in the event of issuer default is in the amount of the difference between the nominal value and the attainable redemption amount.

Besides the general counterparty risk, upon the concluding of credit default swap transactions there is also in particular a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil. The Sub-fund will ensure that the counterparties involved in these transactions are selected carefully and that the risk associated with the counterparty is limited and closely monitored.

#### **Risks associated with transactions in warrants, options, futures, swaps and contracts for differences ("CFD")**

Some of the Sub-funds may seek to protect or enhance the returns from the underlying assets by using warrants, options, futures, CFD and swap contracts and enter into forward foreign exchange transactions in currency. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these strategies will be achieved. Participation in the warrants, options or futures markets and in swap contracts and in currency exchange transactions involves investment risks and transaction costs to which the Sub-funds would not be subject if the Sub-funds did not use these strategies.

If the investment manager's predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a Sub-fund may leave the Sub-fund in a worse position than if such strategies were not used. Risks inherent to warrants, options, foreign currency, swaps, CFD, futures contracts and options on futures contracts include, but are not limited to:

- (a) dependence on the investment manager's ability to predict correctly movements in the direction of interest rates, securities prices and currency markets;
- (b) imperfect correlation between the price of options and futures contracts and options thereon and movements in the prices of the securities or currencies being hedged;
- (c) the fact that skills needed to use these strategies are different from those needed to select portfolio securities;
- (d) the possible absence of a liquid secondary market for any particular instrument at any time; and
- (e) the possible inability of a Sub-fund to purchase or sell a portfolio security at a time that otherwise would be favourable for it to do so, or the possible need for a Sub-fund to sell a portfolio security at a disadvantageous time.

Where a Sub-fund enters into swap or CFD transactions it is exposed to a potential counterparty risk. In case of insolvency or default of the swap or CFD counterparty, such event would affect the assets of the Sub-fund.

#### **Risks associated with investments in loans and similar instruments**

##### **Senior secured loans risk**

When a Sub-fund acquires a senior secured loan in respect of an underlying issuer, it generally will have the benefit of a security interest in the available assets of the underlying issuer, which should mitigate the risk that the Sub-fund will not be repaid. However, there is a risk that the collateral securing a Sub-fund's loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise, and may fluctuate in value based upon the success of the business and market

conditions, including as a result of the inability of the underlying issuer to raise additional capital. In some circumstances, a Sub-fund's lien could be subordinated to claims of other creditors. In addition, deterioration in an underlying issuer's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Sub-fund will receive principal and interest payments according to the loan's terms, or at all, or that the Sub-fund will be able to collect on the loan should it be forced to enforce its remedies.

#### **Second-lien, or other subordinated loans or debt risk**

A Sub-fund may acquire second-lien or other subordinated loans. In the event of a loss of value of the underlying assets that collateralise the loans, the subordinate portions of the loans may suffer a loss prior to the more senior portions suffering a loss. If a borrower defaults and lacks sufficient assets to satisfy the Sub-fund's loan, the Sub-fund may suffer a loss of principal or interest. If a borrower declares bankruptcy, the Sub-fund may not have full recourse to the assets of the borrower, or the assets of the borrower may not be sufficient to satisfy the loan. In addition, certain of the Sub-fund's loans may be subordinate to other debt of the borrower. As a result, if a borrower defaults on the Sub-fund's loan or on debt senior to the Partnership's loan, or in the event of the bankruptcy of a borrower, the Sub-fund's loan will be satisfied only after all senior debt is paid in full. The Sub-fund's ability to amend the terms of the Sub-fund's loans, assign the Sub-fund's loans, accept prepayments, exercise the Sub-fund's remedies (through "standstill periods") and control decisions made in bankruptcy proceedings relating to borrowers may be limited by inter-creditor arrangements if debt senior to that Sub-fund's loans exists.

#### **Unsecured loans or debt**

A Sub-fund may invest in unsecured loans which are not secured by collateral. In the event of default on an unsecured loan, the first priority lien holder has first claim to the underlying collateral of the loan. It is possible that no collateral value would remain for an unsecured holder and therefore result in a loss of investment to the Sub-fund. Because unsecured loans are lower in priority of payment to secured loans, they are subject to the additional risk that the cash flow of the borrower may be insufficient to meet scheduled payments after giving effect to the secured obligations of the borrower. Unsecured loans generally have greater price volatility than secured loans and may be less liquid.

#### **Sub-investment grade and unrated debt obligations risk**

A Sub-fund may invest in sub-investment grade debt obligations, which can include senior secured, second-lien and mezzanine loans, high-yield bonds, payment-in-kind notes, collateralized loan obligations, equity and junior, unsecured, equity and quasi-equity instruments. The Sub-fund may invest in other

circumstances on an opportunistic basis. Investments in the sub-investment grade categories are subject to greater risk of loss of principal and interest than higher-rated securities and may be considered to be predominantly speculative with respect to the obligor's capacity to pay interest and repay principal. They may also be considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with non-investment grade securities, the yields and prices of such securities may fluctuate more than those for higher-rated securities. The market for non-investment grade securities may be smaller and less active than that for higher-rated securities, which may adversely affect the prices at which these securities can be sold and result in losses to the Sub-fund, which, in turn, could have a material adverse effect on the performance of the Sub-fund.

In addition, a Sub-fund may invest in debt obligations which may be unrated by a recognised credit rating agency, which may be subject to greater risk of loss of principal and interest than higher-rated debt obligations or debt obligations which rank behind other outstanding securities and obligations of the obligor, all or a significant portion of which, may be secured on substantially all of that obligor's assets. The Sub-fund may also invest in debt obligations which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Any of these factors could have a material adverse effect on the performance of the Sub-fund.

To the extent that a Sub-fund invests in sub-investment grade investments that are also stressed or distressed then the risks discussed above are heightened.

#### **Risks associated with Rule 144A Securities**

Rule 144A Securities are not registered with the Securities and Exchange Commission (SEC). These securities are considered as recently issued Transferable Securities and are only deemed for investment by Qualified Institutional Buyers (as defined in the Securities Act).

**Potential investors' attention is drawn to the fact that the foregoing list of risk factors does not purport to be an exhaustive enumeration of the risks involved in an investment in the Company. Potential investors should read the entire Prospectus and consult with their financial advisors before making an investment decision.**

**In addition, as the Company's investment program develops and changes overtime, an investment in the Company may be subject to additional and different risk factors.**

## **10. Investment Restrictions**

### **I. Investment Restrictions**

#### **Risk spreading rules**

There is a relationship between the return on an asset and the risk of that asset in efficient markets. In order to realise a return in excess of the risk-free rate of return a Shareholder must bear a higher level of risk.

In accordance with CSSF Circular 07/309 concerning risk-spreading in the context of specialised investment funds, the investment managers focus on diversification as the most important risk reducer.

The investment managers will seek to control portfolio risks through selective sizing of positions based on an evaluation of each investment's risk and reward characteristics. Continuous portfolio monitoring will help the investment manager to control the risk of the investments.

#### **Investments in Transferable Securities and other Assets**

The Sub-fund may not invest more than 30% of its assets or commitments to subscribe securities of the same type issued by the same issuer. This restriction does not apply to:

- investments in securities issued or guaranteed by an OECD Member State or its regional or local authorities or by EU, regional or global supranational institutions and bodies;
- investments in target UCIs that are subject to risk-spreading requirements at least comparable to those applicable to SIFs.

For the purpose of the application of this restriction, every sub-fund of a target umbrella UCI is to be considered as a separate issuer provided that the principle of segregation of liabilities among the various sub-funds vis-à-vis third parties is ensured.

#### **Short Sales**

Short sales may not in principle result in the Sub-fund holding a short position in securities of the same type issued by the same issuer representing more than 30% of its assets.

### Rule 144A Securities

The Sub-funds may from time to time invest into Rule 144A Securities admitted either to official listing on a Regulated Market or dealt in on an Other Regulated Market which operates regularly and is recognised and open to the public.

Debt Securities, which are rated by a Rating Agency, can be invested into in accordance with directive 2013/14/EU (reduced reliance on external ratings).

Investments made in Debt Security must be subject to an independent credit risk assessment, as Sub-funds may not rely solely and mechanistically on external credit ratings. In case of an impairment of credit quality, identified through an internal credit risk assessment process or indicated by a change of a rating issued by a Rating Agency, corrective action must be taken when required by the investment policy.

## II. Use of Financial Derivative Instruments

The Company may, under the conditions and within the limits laid down by law, regulation and administrative practice, employ techniques relating to Transferable Securities and Money Market Instruments.

When using financial derivative instruments, including any securities financing transaction and total return swaps, the Company shall at all times comply with any applicable law, regulation and administrative practice, including Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse.

This Prospectus will be updated accordingly in case of any material change to the use of financial derivative instruments, including any securities financing transaction and total return swaps, under Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse, or under any other applicable law, regulation and administrative practice.

A Sub-fund may use such techniques, for the purpose of hedging, efficient portfolio management and/or implementing its investment strategy, and therefore enter into Financial Derivative Instruments as permitted under the terms of such Sub-fund.

When using Financial Derivative Instruments, the Sub-fund must ensure, via appropriate diversification of the underlying assets, a level of risk diversification not exceeding the investment limits laid down in the Sub-fund. Derivatives embedded into Transferable Securities or Money Market Instruments invested into shall be considered when complying with the rules outlined in here. The counterparty risk in an OTC transaction must, where applicable, be monitored and where necessary limited with regards to the quality and qualification of the counterparty.

The global exposure of each Sub-fund will be calculated using the commitment method, taking into account the current value of the assets, with derivative positions being converted into equivalent positions in underlying assets, after consideration of all netting and coverage effects. Additionally, other arrangements, potentially creating exposure for a Sub-fund, are considered; such may include but are not limited to security lending, repurchase agreements or reinvestments of borrowings.

The Alternative Investment Fund Manager will calculate the exposure of all Sub-Funds in accordance with the gross method and the commitment method, in accordance with Art.7 and 8 of the AIFM Regulation. The maximum level of leverage applied to each Sub-fund is communicated in accordance with the Law of 12 July 2013 and the AIFM Regulation.

Sub-funds	Maximum level of leverage (in % of NAV) using gross method	Maximum level of leverage (in % of NAV), using commitment method
X-Credit Fund	450	300
US High Yield Bond Fund II	450	300
Institutional Cross Over Fund	450	300

Sub-funds	Maximum level of leverage (in % of NAV) using gross method	Maximum level of leverage (in % of NAV), using commitment method
Diversified Growth Fund	450	400
Nordic Rates Opportunity Fund	15,000	10,000
Nordic Rates Opportunity Fund II	15,000	10,000
European Rates Opportunity Fund	15,000	10,000

### Repurchase agreements, buy-sell back and sell-buy back transactions

Repurchase agreements consist of transactions governed by an agreement whereby a party sells securities or instruments to a counterparty, subject to a commitment to repurchase them, or substituted securities or instruments of the same description, from the counterparty at a specified price on a future date specified, or to be specified, by the transferor. Such transactions are commonly referred to as repurchase agreements for the party selling the securities or instruments, and reverse repurchase agreements for the counterparty buying them.

Buy-sell back and sell-buy back transactions consist of transactions, not having to be governed by a repurchase agreement or a reverse repurchase agreement as described above, whereby a party buys or sells securities or instruments to a counterparty, agreeing, respectively, to sell to or buy back from that counterparty securities or instruments of the same description at a specified price on a future date. Such transactions are commonly referred to as buy-sell back transactions for the party buying the securities or instruments, and sell-buy back transactions for the counterparty selling them.

The Sub-funds may from time to time enter into repurchase transactions, reverse repurchase transactions, buy-sell back and sell-buy back transactions.

Their participation in these transactions is, however, subject to the following rules:

- The counterparties to these types of transactions must be regulated financial institutions with a minimum credit rating of investment grade quality which has its registered office in one of the OECD countries.
- During the lifetime of a repurchase agreement, buy-sell back or sell-buy back transaction, a Sub-fund may not sell the securities which are the object of the agreement, either before the repurchase of the securities by the counterparty has been carried out or the repurchase term has expired, unless the Sub-fund has other means for covering its obligations.
- Where a Sub-fund is open-ended, it must ensure that the level of its exposure to repurchase transactions, buy-sell back or sell-buy back transactions is such that it is able, at all times, to meet its obligations to redeem its own Shares. The same conditions apply to a reverse repurchase agreement or sell-buy back transaction where the Sub-fund acts as purchaser (transferee).
- Where a Sub-fund acts as vendor (transferor) in a reverse repurchase transaction or sell-buy back transaction, the Sub-fund may not at any time during the lifetime of the agreement assign, pledge to a third party nor make subject to another reverse repurchase agreement or sell-buy back transaction, in any other form, the securities subject to that reverse repurchase agreement or sell-buy back transactions. The Sub-fund must have at the maturity of the reverse repurchase agreement or sell-buy back transaction, the necessary assets to pay, as the case may be, the price for the retrocession to the purchaser.
- The Company must indicate separately in its financial reports the total value of outstanding repurchase and reverse repurchase transactions, as well as buy-sell back and sell-buy back transactions at the date of the report.

Securities eligible for repurchase agreement transactions et al. include, but are not limited to:

- short-term bank certificates;
- Money Market Instruments;

- bonds issued or guaranteed by an OECD member state or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- shares or units issued by money market UCIs (having daily NAV and AAA rating or equivalent);
- bonds issued by non-governmental issuers offering an adequate liquidity;
- shares listed or dealt on a regulated market of a EU Member State or on a stock exchange of an OECD member state, on the condition that these shares are included within a main index.

The expected and maximum proportion of the total Net Asset Value which may be subject to repurchase transactions et al. (repurchase or reverse repurchase agreements, buy-sell back or sell-buy back transactions) is summarized, for each Sub-fund, in the table below. The expected level is based on historical data available as per the day of this Prospectus, and may in no case exceed the indicated maximum level. Such expected level may be subject to change and will be reviewed and updated, as the case may be, when this Prospectus is updated.

Sub-fund	Expected level (in % of total Net Asset Value)	Maximum level (in % of total Net Asset Value)
X-Credit Fund	0	49
US High Yield Bond Fund II	0	49
Institutional Cross Over Fund	0	49
Diversified Growth Fund	0	49
Nordic Rates Opportunity Fund	1,300	2,900
Nordic Rates Opportunity Fund II	1,300	2,900
European Rates Opportunity Fund	800	1,900

100% of the revenues, if applicable, from repurchase transactions et al. (repurchase or reverse repurchase agreements, buy-sell back or sell-buy back transactions) are allocated to the relevant Sub-fund. Repurchase transactions et al. may be subject to fixed or variable fees and operational costs. Details on these fixed or variable fees and operational costs may be disclosed in the financial reports of the Company which are available from the Company, the Alternative Investment Fund Manager or the Administrative Agent.

#### Total Return Swaps

On an ancillary basis, the Company can also enter into one or several total return swap to gain exposure to reference assets, which may be invested according to the investment policy of the relevant Sub-fund. A total return swap ("TRS") is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses. The Company may only enter into such transactions through regulated financial institutions with a minimum credit rating of investment grade quality which has its registered office in one of the OECD countries.

The expected and maximum proportion of the total Net Asset Value which may be subject to TRS is summarized, for each Sub-fund, in the table below. The expected level is based on historical data available as per the day of this Prospectus and may in no case exceed the indicated maximum level. Such expected level may be subject to change and will be reviewed and updated, as the case may be, when this Prospectus is updated.

Sub-fund	Expected level (in % of total Net Asset Value) using gross method	Maximum level (in % of total Net Asset Value) using gross method
X-Credit Fund	0	350
US High Yield Bond Fund II	0	350
Institutional Cross Over Fund	0	350
Diversified Growth Fund	0	350
Nordic Rates Opportunity Fund	0	350
Nordic Rates Opportunity Fund II	0	350
European Rates Opportunity Fund	0	800

100% of the revenues, if applicable, from TRS are allocated to the relevant Sub-fund. TRS may be subject to fixed or variable fees and operational costs. Details on these fixed or variable fees and operational costs may be disclosed in the financial reports of the Company which are available from the Company, the Alternative Investment Fund Manager or the Administrative Agent.

#### Securities Lending and Borrowing

Securities lending and borrowing transactions consist in transactions whereby a lender transfers securities or instruments to a borrower, subject to a commitment that the borrower will return equivalent securities or instruments on a future date or when requested to do so by the lender, such transaction being considered as securities lending for the party transferring the securities or instruments and being considered as securities borrowing for the counterparty to which they are transferred.

The Company may enter into securities lending and borrowing transactions provided that it complies with the following rules:

- The Company may only participate in securities lending transactions within a standardised lending system organised by a recognised securities clearing institution or through regulated financial institutions with a minimum credit rating of investment grade quality which has its registered office in one of the OECD countries.
- As part of its securities lending transactions, the Company must, in principle, receive a collateral the value of which, at the conclusion of the lending agreement, must be at least equal to the global valuation of the securities lent.
- The securities borrowed by the Company may not be disposed of during the time they are held by the Company, unless they are covered by sufficient financial instruments which enable the Company to return the borrowed securities at the close of the transaction.
- The Company may borrow securities under the following circumstances in connection with the settlement of a sale transaction: (I) during a period the securities have been sent out for re-registration; (II) when the securities have been loaned and not returned in time; and (III) to avoid a failed settlement when the Depositary fails to make delivery.

Securities eligible for securities lending and borrowing agreements include Debt Securities, Equity related Securities and Money Market Instruments.

The expected and maximum proportion of the total Net Asset Value which may be subject to securities lending and borrowing transactions is summarized, for each Sub-fund, in the table below. The expected level is based on historical data available as per the day of this Prospectus and may in no case exceed the indicated maximum level. Such expected level may be subject to change and will be reviewed and updated, as the case may be, when this Prospectus is updated.

Sub-fund	Expected level (in % of total Net Asset Value)	Maximum level (in % of total Net Asset Value)
X-Credit Fund	0	100
US High Yield Bond Fund II	0	100
Institutional Cross Over Fund	0	100
Diversified Growth Fund	0	100
Nordic Rates Opportunity Fund	0	100
Nordic Rates Opportunity Fund II	0	100
European Rates Opportunity Fund	0	100

The Company enters into securities lending transactions through a lending agent, when applicable. 85% of the revenues from securities lending transactions are returned to the respective Sub-fund, while a 15% fee is paid to the lending agent. When the collateral posted by the borrower in a securities lending transaction is in cash, the resulting reinvestment of the cash collateral may be subject to fixed or variable fees. Details on such fixed or variable fees and on the lending agent may be disclosed in the periodical financial reports of the Company which are available from the Company, the Alternative Investment Fund Manager or the Administrative Agent.

### III. Collateral Management

In respect of OTC transactions and efficient portfolio management techniques, the Sub-funds may obtain, from its counterparty, collateral with a view to reduce its counterparty risk.

The Company will determine the required level of collateral for OTC transactions and efficient portfolio management techniques 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.

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Company for each asset class based on its haircut policy.

Sub-funds may transfer or pledge to any counterparty cash collateral received for the benefit of the Sub-fund.

Non-cash collateral may be sold, re-invested or pledged subject to the maximum proportion of the total Net Asset Value which may be subject to repurchase transactions et al. (repurchase or

reverse repurchase agreements, buy-sell backs or sell-buy back transactions) for the Sub-funds.

### IV. Socially responsible investment

The Company pays attention to environmental, social and governance issues.

The Company follows the Principles for Responsible Investment (PRI).

Environmental and social responsibility and corporate governance practices are integrated in the Company's investment operations.

All the Company Sub-funds apply the principles of responsible investments in accordance with the PRI framework. The investments of the Sub-funds are reviewed on a regular basis using the norm-based screening method adopted by the Investment Manager.

Certain Sub-funds adopt additional screening criteria. Details on these additional screening criteria, if any, are indicated in the investment policy of each Sub-fund.

## 11. Conflicts of Interests

The Alternative Investment Fund Manager maintains and applies in accordance with the Law of 12 July 2013, effective and appropriate organizational and administrative arrangements able to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of each Sub-fund and its Shareholders.

The Alternative Investment Fund Manager, any of its delegates or counterparties such as investment managers, investment sub-managers, investment advisors, service agents, paying agents, distributors and agents may from time to time act in their relevant capacities in relation to or be otherwise involved with other investment funds (UCITS or AIFs) or other clients. It is therefore possible that any of them may, in due course of their business, may have potential conflicts of interests with the Alternative Investment Fund Manager, the Company, a Sub-fund or any Shareholder. Furthermore, the Alternative Investment Fund Manager and the Investment Manager is both part of the group of Nordea Bank Abp and there may therefore be conflicts of interests between their various activities and their duties and obligations to the Company and its Shareholders.

Each such party will at all times have regard in such event to its obligations under laws and agreements to act in the best interest of the Company and the Shareholders, when undertaking any dealing or investments with other investment funds or other clients, where conflicts of interest may arise. In such events, each will endeavour to resolve such conflicts fairly.

Where the arrangements made by the Alternative Investment Fund Manager to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to a Sub-fund's Shareholders will be prevented, the general nature or sources of conflicts of interest to these Shareholders shall be disclosed in this Prospectus or in any other adequate way disclosed to the Shareholders and appropriate policies and procedures shall be developed and implemented.

Investors may obtain, free of charge, the conflicts of interest policy at the registered office of the Alternative Investment Fund Manager. In addition, information on conflict of interest is available on NIFSA's website.

## 12. Alternative Investment Fund Manager

The Board of Directors is responsible for the overall investment policy, objectives and management of the Company. The Board of Directors has first appointed Nordea Investment Funds S.A. as management company registered with the Luxembourg Supervisory Authority under Chapter 15 of the Law of 17 December 2010. Nordea Investment Funds S.A. has then been appointed under the alternative investment fund management company agreement entered into on 2 June 2014 ("**Alternative Investment Fund Management Company Agreement**") as amended from time to time as alternative Investment Fund. The Alternative Investment Fund Management Company Agreement is for an indefinite period of time and may be terminated by either party at three months' notice.

Nordea Investment Funds S.A. has been incorporated under the name Frontrunner Management Company S.A. on 12 September 1989. An updated version of its articles of incorporation is published in the RESA. It is registered with the Trade and Company Register of Luxembourg under reference B 31619 and is established for an undetermined period of time. It is a direct subsidiary of Nordea Asset Management Holding AB,

M540, 105 71 Stockholm, Sweden and as of 10<sup>th</sup> July 2017 its fully paid-up share capital amounted to EUR 1,908,170.

Nordea Investment Funds S.A.'s main objects are (i) the management, the administration and marketing, in accordance with Article 101(2) and Appendix II of the Law of 17 December 2010, of undertakings for collective investment in transferable securities authorised by UCITS Directive as amended as well as of other undertakings for collective investment (UCIs) which are not covered by the said Directive and for which it is subject to prudential supervision but the Shares of which cannot be marketed in other member states of the European Union under that Directive; and (ii) the management, administration and marketing of Luxembourg and foreign alternative investment funds (AIFs) within the meaning of Directive 2011/61/EU in accordance with Article 5(2) and Annex I of the Law of 12 July 2013.

Nordea Investment Funds S.A. may provide the above mentioned management, administration and marketing services also to the subsidiaries of UCITS, UCIs and AIFs to which it is approved



to provide services, including domiciliation and administration support services.

Nordea Investment Funds S.A may take participations in companies having a same or similar corporate object in the Grand-Duchy of Luxembourg and abroad and may carry out any financial operations which it may deem useful in the accomplishment or the development of its purpose remaining within the limits of Chapter 15 of the 17 December 2010 Law and of Chapter 2 of the 2013 Law.

Nordea Investment Funds S.A, being the manager of AIFs within the meaning of the Law of 12 July 2013, is an AIFM in the meaning of AIFMD and is subject to the requirements of the Law of 12 July 2013. The authorisation of Nordea Investment Funds S.A as an AIFM is evidenced by the entering of the AIFM on a list issued by CSSF and published in Mémorial and available on the website of CSSF.

The Alternative Investment Fund Manager shall be in charge of the management, risk management, the administration and the distribution of the Company.

The Alternative Investment Fund Manager in its capacity as accounting, register, transfer and administrative agent (the **"Administrative Agent"**) shall be responsible for the general administrative functions required by Luxembourg law such as the calculation of the Net Asset Value of each Sub-fund, the

keeping of the register of the Shareholders of the Company, the processing of the issue, redemption and conversion of the Shares of the Company as well as for maintenance of accounting records.

The Alternative Investment Fund Manager shall be responsible for the implementation of the investment policy of all Sub-funds.

With reference to article 9 (7) of the AIFM Directive, the Alternative Investment Fund Manager has, to cover for potential professional liability risks resulting from the Alternative Investment Fund Manager's activities as manager of AIFs, own funds the amount of which are appropriate to cover potential liability risks arising from professional negligence.

#### **Delegation of functions**

The Alternative Investment Fund Manager may delegate functions to third parties in compliance with the Law of 12 July 2013. Where the delegation concerns portfolio or risk management, it must be conferred only on undertakings which are authorised or registered for the purpose of asset management and subject to supervision or, where that condition cannot be met, only subject to prior approval by CSSF.

The liability towards the Company and its Shareholders shall not be affected by the fact that Alternative Investment Fund Manager has delegated functions to a third party, or by any further sub-delegation.

## **13. Depositary**

The Board of Directors of the Company has appointed J.P. Morgan Bank Luxembourg S.A. as depositary (the **"Depositary"**) under a depositary and custodian agreement effective from 24 October 2014 and as amended from time to time (the **"Depositary and Custodian Agreement"**). The Depositary shall perform all the duties and obligations of a depositary under the Law of 12 July 2013 with respect to each Sub-fund.

The Depositary and Custodian Agreement is concluded for an indefinite period of time and may be terminated by the Company with three months' notice. Before maturity of said notice period, the Company shall indicate the name of a new depositary which fulfils the requirements of the Law of 12 July 2013 and to which the assets shall be transferred and which shall take over its duties as the Company's depositary from the Depositary.

Cash and other assets constituting the assets of the Company shall be held by the Depositary. In carrying out its role as depositary, the Depositary, in accordance with the Law of 12 July 2013, acts solely in the interest of the Shareholders.

The Depositary will be responsible for the safekeeping and ownership verification of all assets of the Company, cash flow monitoring, operational oversight and investment compliance monitoring in accordance with the Law of 12 July 2013.

In accordance with the provisions of the Depositary and Custodian Agreement and the Law of 12 July 2013, the Depositary may, subject to certain conditions and in order to effectively conduct its duties, delegate part of all of its safe-keeping duties to one or more sub-custodian(s) appointed by the Depositary from time to time. When selecting and appointing a sub-custodian, the Depositary shall exercise all due skill, care and diligence as required by the Law of 12 July 2013 to ensure that it entrusts the Company's assets only to a sub-custodian who may provide an adequate standard of protection. The Depositary's liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping, except in respect of certain custody account of the Company opened pursuant to the prime brokerage agreement with SEB. In this context the Depositary discharges itself of liability in case of loss of financial instruments held in custody by SEB in accordance with Article 21 (12) and (13) of AIFMD.

Where the Depositary delegates the safekeeping of the assets of the Company the identification of such delegates will be available

for consultation during usual business hours at the registered office of the Alternative Investment Fund Manager.

As part of the normal course of global custody business, the Depositary may from time to time have entered into arrangements with other clients, funds or other third parties for the provision of safekeeping and related services. Within a multi-service banking group such as JPMorgan Chase Group, from time to time conflicts may arise between the Depositary and its safekeeping delegates, for example, where an appointed delegate is an affiliated group company and is providing a product or service to a fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related custodial products or services it provides to the funds e.g. foreign exchange, securities lending, pricing or valuation services. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will at all times have regard to its obligations under applicable laws.

The Depositary is liable to the Company or the Shareholders for the loss of a financial instrument held in custody by the Depositary or a sub-custodian pursuant to the provisions of the Law of 12 July 2013. The Depositary is also liable to the Company or the Shareholders 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 the Law of 12 July 2013. However, where the event which led to the loss of a financial instrument is not the result of the Depositary's own act or omission (or that of its sub-custodian), the Depositary is discharged of its liability for the loss of a financial instrument where the Depositary can prove that, in accordance with the conditions as set out in the Law of 12 July 2013 and in the AIFM Regulation, the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practise and despite rigorous and comprehensive due diligence.

Furthermore, where the conditions of the Law of 12 July 2013 and the AIFM Regulation are met, the Depositary may contractually discharge itself of liability in the case of a loss of a financial instrument by a sub-custodian to whom the safe-keeping of financial instruments has been delegated and objective reasons exist for such discharge. The Depositary shall be deemed to have objective reasons for contracting a discharge of liability agreement

in cases when it had no other option but to delegate, in particular this shall be the case where the law of a non-EU country requires that certain financial instruments are held in custody by a local entity but where the Depositary has established that there are no local entities subject to effective prudential regulation. Should such a discharge be in place for any Sub-fund, this will be disclosed to the Shareholders in accordance with Chapter 22 “Notices and Information to Shareholders” of this Prospectus.

The Depositary may not be liable to the Company or the Shareholders, for the loss of a financial instrument booked with a securities settlement system, including central securities’ depositaries. The Depositary may only dispose of the Company’s assets deposited with itself or with delegates in accordance with the regulations of the Articles and the respective laws.

## 14. Prime Broker

One or several Prime Brokers may be appointed to provide certain brokerage and dealing services to the Company. In relation to the holding, purchase and sale of securities transactions entered by the Company, the Prime Broker may provide financing to the Company and may hold assets and cash

In the performance of its functions the Depositary acts independently from the Company and the Alternative Investment Fund Manager and in the interest of the Shareholders.

The Depositary has the legal form of a Société Anonyme incorporated under the laws of the Grand Duchy of Luxembourg. Its registered office is in Luxembourg.

The Depositary will have no discretion in the decision-making process relating to the Company’s investments. The Depositary is a service provider to the Company and is not responsible for the preparation of this document and therefore accepts no responsibility for the accuracy of any information contained in this document.

on behalf of the Company in connection with such settlement and financing of the transactions. As security for the payment and performance of its obligations and liabilities to the Prime Broker, the Company will advance to the Prime Broker, collateral in the form of securities or cash.

## 15. Investment Manager

**Nordea Investment Management AB, including its branches**  
M 540  
SE-105 71 Stockholm  
Sweden

The Alternative Investment Fund Manager has delegated its investment management functions in respect of the following Sub-funds to Nordea Investment Management AB, including its branches with the duty to direct and manage, subject to the supervision and control of the Alternative Investment Fund Manager, the investment of the assets of the following Sub-funds:

<b>Nordea Dedicated Investment Fund, SICAV-FIS – X-Credit Fund</b>
<b>Nordea Dedicated Investment Fund, SICAV-FIS – Institutional Cross Over Fund</b>
<b>Nordea Dedicated Investment Fund, SICAV-FIS – US High Yield Bond Fund II</b>
<b>Nordea Dedicated Investment Fund, SICAV-FIS – Diversified Growth Fund</b>
<b>Nordea Dedicated Investment Fund, SICAV-FIS – Nordic Rates Opportunity Fund</b>
<b>Nordea Dedicated Investment Fund, SICAV-FIS – Nordic Rates Opportunity Fund II</b>
<b>Nordea Dedicated Investment Fund, SICAV-FIS – European Rates Opportunity Fund</b>

Nordea Investment Management AB, including its branches and any investment manager appointed in relation to the Sub-funds (individually an “**Investment Manager**”, together the “**Investment Managers**”) are authorised to provide investment management services to the relevant Sub-funds referred to in this Chapter 15 “Investment Manager”.

In the context of the respective, specified Sub-fund(s) for which each Investment Manager has been appointed, each Investment Manager shall be responsible for determining which investment should be purchased, sold or exchanged and what portion of the assets of the respective, above-mentioned Sub-funds should be held in various securities, subject to the respective Sub-fund’s investment objectives and policy and within the limits imposed by the investment restrictions of the Company as set out in this Prospectus and in the Articles.

The Investment Managers may engage, at their own expenses, the services of any company or person to perform any or all of its duties, subject to disclosure of such company or person in the present Prospectus. The Alternative Investment Fund Manager may, at any time, give specific instructions regarding investment decisions to the Investment Managers who shall, upon receiving such instructions, act accordingly. The Investment Managers may obtain, at their own expenses, external advice in respect of the investments of the Company. In consideration for the services rendered, the Investment Managers are paid a fee at commercial rate and payable by the Alternative Investment Fund Manager directly out of its investment management fee received from the Company.

## 16. Investment Sub-Manager

MacKay Shields LLC  
1345 Avenue of the Americas  
New York, NY 10105  
United States of America

Nordea Investment Management AB, including its branches has appointed MacKay Shields LLC, New York, United States of America, as investment sub- manager with the duty to direct and manage, subject to the supervision and control of the Manager, the investment of the assets of the following Sub-funds:

**Nordea Dedicated Investment Fund, SICAV-FIS – US High Yield Bond Fund II**

The investment sub-manager (individually an “**Investment Sub-Manager**”, together the “**Investment Sub-Managers**”) shall be responsible for determining which investment should be purchased, sold or exchanged and what portion of the assets of the above-mentioned Sub-fund should be held in various securities, subject to the respective Sub-fund’s investment objectives and policy and within the limits imposed by the investment restrictions of the Company as set out in this Prospectus and in the Articles.

In consideration for the services rendered, the Investment Sub-Manager is paid a fee at commercial rate and payable by the Investment Manager directly out of its fee received from the Alternative Investment Fund Manager.

## 17. Fees and Expenses.

### Fees charged by local intermediaries borne by the investors / Shareholders

Local intermediaries may claim directly from the Investor a fee on their own behalf in connection with Subscription and/or Redemption of Shares in their market and pursuant to the contractual arrangement with the investor. Such fees are independent of the Company, the Depositary and the Alternative Investment Fund Manager.

### Fees and Expenses borne by the Company

The Company shall bear all expenses connected with its establishment as well as the fees due to the Alternative Investment Fund Manager, the Depositary as well as to any service provider appointed by the Board of Directors from time to time. For information on the maximum amount of expenses charged to the Company, please consult the latest available annual report.

The liabilities of each Sub-fund shall be segregated on a Sub-fund by Sub-fund basis with third party creditors having recourse only to the assets of the Sub-fund concerned.

Any costs incurred by the Company, which are not attributable to a specific Sub-fund, will be charged to all Sub-funds in proportion to their net assets. Each Sub-fund will be charged with all costs and expenses directly attributable to it.

Moreover, the Company shall bear the following expenses:

- all taxes which may be payable on the assets, income and expenses chargeable to the Company;
- third party standard brokerage fees and bank charges such as transaction fees originating from the Company's business transactions;
- all fees due to the Alternative Investment Fund Manager y, the Depositary, the Principal Distributor, the Auditor and the Legal Adviser to the Company;
- all expenses connected with publications and the supply of information to Shareholders, in particular the cost of printing and distributing the Annual Reports, as well as the Prospectuses;
- all expenses involved in registering and maintaining the registration of the Company with all governmental agencies and stock exchanges;
- all expenses incurred in connection with its operation and its management.

Advertising costs and expenses other than those specified above, relating directly to the offer or distribution of Shares will be charged to the Company to the extent decided by the Alternative Investment Fund Manager.

### All recurring expenses will be paid out of the assets of the relevant Sub-fund

The expenses in connection with the establishment of the Company, will be amortised over a period of the first 5 (five) years. Each Sub-fund shall amortise its own expenses of establishment over a period of 5 (five) years as of the date of its creation.

### Management Fee

In consideration for its investment management, administration and distribution services, the Alternative Investment Fund Manager is entitled to receive fees as indicated below, payable out of the assets of the relevant Sub-funds:

### Management Fee payable by the Sub-funds to the AIFM:

	I-Shares	X- and Y-Shares	Z-Shares
X-Credit Fund	0.40%	nil	On application
US High Yield Bond Fund II	0.35%	nil	On application
Institutional Cross Over Fund	0.75%	nil	On application
Diversified Growth Fund	0.55%	nil	On application

	I-Shares	X- and Y-Shares	Z-Shares
Nordic Rates Opportunity Fund	1.00%	nil	On application
Nordic Rates Opportunity Fund II	1.00%	nil	On application
European Rates Opportunity Fund	1.00%	nil	On application

### Performance Fee

The Alternative Investment Fund Manager may for certain Sub-funds, if specified and as specified in the Sub-fund's specifications of the relevant Sub-fund in Chapter 4 "The Sub-funds of the Company", charge a Performance Fee paid out from the assets of the relevant Sub-fund. Such Performance Fee is passed on in full to the Investment Manager of the relevant Sub-fund. In the case of the Z-Share Classes, this performance fee may be charged in accordance with the separate charging structure agreed upon between the seed Investor and the Alternative Investment Fund Manager.

In the case of X-Share Classes, a performance fee may be directly invoiced by the Alternative Investment Fund Manager to the Investors in accordance with the separate charging structure agreed upon between each individual Investor and the Alternative Investment Fund Manager.

### Depositary Fee

The fee to the Depositary consists of a Custody fee and a Fiduciary fee. The Custody fee includes safekeeping, administration and transaction charges. Safekeeping and administration charges are applied as a percentage of the market value of the assets of the underlying investments held in custody. These charges vary from country to country. The transaction charges are based on the number and type of transactions. The Depositary furthermore charges a fixed fee per annum and per fund domicile for the Sub-funds' investments in funds. The Fiduciary fee is calculated as a percentage of each Sub-funds' Net Asset Value.

The maximum annual fee payable to the Depositary, excluding any transaction charges, will not exceed 0.05 % of the Net Asset Value of each Sub-fund plus any VAT if applicable:

Reasonable expenses incurred by the Depositary or by other banks and financial institutions to which safekeeping of the assets of the Company is entrusted are additional to the Depositary Fee.

### Prime Broker Fee

For each Sub-fund using a prime broker, the maximum annual fee payable to the prime broker, excluding any transaction charges, will not exceed 0.05 % of the Net Asset Value of each Sub-fund plus any VAT if applicable:

### Administration Fee

The maximum annual fee payable to the Administrative Agent will not exceed the following percentage of the Net Asset Value of each Sub-fund plus any VAT if applicable:

Sub-fund name	Administration Fee
X-Credit Fund	up to 0.08%
US High Yield Bond Fund II	up to 0.08%
Institutional Cross Over Fund	up to 0.07%
Diversified Growth Fund	up to 0.07%
Nordic Rates Opportunity Fund	up to 0.10%
Nordic Rates Opportunity Fund II	up to 0.10%
European Rates Opportunity Fund	up to 0.10%

## 18. Taxation of the Company and its Shareholders

### Taxation of the Company in Luxembourg

Under Luxembourg law, there are currently no Luxembourg income, withholding or capital gains taxes payable by the Company.

The Company is, however, subject to an annual subscription tax ("**Taxe d'Abonnement**") of 0.01% calculated on the aggregate Net Asset Value of the outstanding Shares of the Company at the end of each quarter, payable quarterly. The value of the assets represented by the Shares held in other Luxembourg undertakings for collective investment that already pay a Taxe d'Abonnement will be exempted from any Taxe d'Abonnement.

### Taxation of the Shareholders

At the date of issue of this Prospectus, there is no Luxembourg withholding tax in general, should the Company decide to make distributions as mentioned in the Chapter 20 "Distribution Policy" of this Prospectus.

Prospective investors should keep themselves informed of the possible taxes applicable to the acquisition, holding, converting and disposal of Shares of the Company and to distributions in respect thereof under the laws of their countries of citizenship, residence or domicile before they subscribe, convert or redeem any Shares.

Investors and prospective investors should know that the Alternative Investment Fund Manager might not produce all the reporting or the figures necessary to such investors in order for them to comply with all their tax transparency requirements applicable in their jurisdictions and/or to the Share Classes such investors have invested in.

### FATCA

The Company will attempt to satisfy any obligations imposed on it under FATCA to avoid the imposition of the 30% withholding tax, but no assurance can be given that the Company will be able to satisfy these obligations. This ability will depend on each Shareholder to provide the Company with the requested information.

If the Company or one of its Sub-funds becomes subject to a withholding tax as a result of FATCA, the value of Shares held by all Shareholders may be materially affected. The FATCA withholding tax is a penalty without possibility of recovery. Investors and Shareholders should contact their own tax advisers regarding the application of FATCA to their particular circumstances. The Company and/or its Shareholders may be directly affected by the fact that a non-U.S. financial entity does not comply with FATCA even if the Company satisfies with its own FATCA obligations.

### Automatic exchange of information

Under the law of 18 December 2015 (the "**Law**") implementing Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "**DAC 2**") and the OECD Common Reporting Standard (the "**CRS**"), Luxembourg reporting financial

institutions, as defined in the Law, are required to provide to the fiscal authorities of other EU Member States and jurisdictions participating to the CRS details of payments of interest, dividends and similar type of income, gross proceeds from the sale of financial assets and other income, and account balances held on reportable accounts, as defined in the DAC 2 and the CRS, of account holders residents of, or established in, an EU Member State and certain dependent and associated territories of EU Member States or in a jurisdiction which has introduced the CRS in its domestic law. Under the DAC 2, the automatic exchange of information is effective as of 1 January 2016. Under the CRS, the automatic exchange information with those countries that have signed the Multilateral Competent Authority Agreement (MCAA) will become effective when the conditions set out under article 7 of the MCAA are met. Luxembourg being an early adopter of the MCAA, an automatic exchange under the CRS may already, for some jurisdictions, be effective as of 1 January 2016.

Payments of dividends and other income derived from the shares held in the Company fall within the scope of the DAC 2 and the CRS and are therefore subject to reporting obligations.

### CRS

The Company will attempt to satisfy any obligations imposed on it under the CRS to avoid any penalties due to the non-compliance with the rules imposed on it under the CRS but no assurance can be given that the Company will be able to satisfy these obligations. This ability will depend on each Shareholder to provide the Company with the requested information.

If the Company or one of its Sub-funds becomes subject to penalties as a result of the CRS, the value of Shares held by all Shareholders may be affected. Any penalties resulting from the non-compliance to the rules imposed under the CRS should not be recoverable.

Investors and Shareholders should contact their own tax advisers regarding the application of the CRS to their particular circumstances.

### DAC 2

The Company will attempt to satisfy any obligations imposed on it under the DAC 2, to avoid any penalties resulting from the rules adopted in Luxembourg to ensure effective implementation of and compliance with, the reporting and due diligence procedures, but no assurance can be given that the Company will be able to satisfy these obligations. This ability will depend on each Shareholder to provide the Company with the requested information.

Any penalties resulting from the non-compliance to such rules may affect the value of the Shares held by all Shareholders. Any penalties paid in such circumstances should not be recoverable.

Investors and Shareholders should contact their own tax advisers regarding the application of the DAC 2 to their particular circumstances.

## 19. Dissolution and Merger

### Dissolution of the Company

In the event of dissolution of the Company by decision of a Shareholders' meeting, the liquidation shall be effected by one or several liquidators appointed by the meeting of Shareholders effecting 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 the liquidation charges and expenses) to the Shareholders in proportion to their share in the Company. Any amounts not claimed promptly by any Shareholder will be deposited at the close of the liquidation in escrow with the Caisse de Consignation, Luxembourg. Amounts

not claimed from escrow within the period stipulated according to statutory limitation rules will be forfeited according to the provisions of Luxembourg law.

In the event of any contemplated liquidation of the Company, no further Subscription, Conversion, or Redemption of Shares will be permitted after publication of the first notice convening the extraordinary meeting of Shareholders for the purpose of winding-up the Company. All shares outstanding at the time of such publication will participate in the Company's liquidation distribution. The net proceeds of liquidation corresponding to each Sub-Fund shall be distributed to the holders of Shares in that Sub-Fund in proportion to their holdings of shares in that Sub-Fund.

### **Dissolution/Merger of Sub-funds**

A Sub-fund may be terminated by resolution of the Board of Directors if the Net Asset Value of the Sub-fund falls to a level that no longer allows it to be managed in an economically reasonable way as well as in the event of special circumstances beyond its control, such as political, economical and military emergencies. In such events, the assets of the Sub-fund will be realised, the liabilities discharged and the net proceeds of realisation distributed to Shareholders in the proportion to their holding of Shares in the Sub-fund. In such event, notice of the termination of the Sub-fund will be given to registered Shareholders by ordinary mail and will further be published as described in Chapter "Notices and Information to Shareholders" of this Prospectus. No Shares shall be issued after the date of the decision to liquidate a Sub-fund. Redemptions or Conversions made under these circumstances will be without any costs to the Shareholders concerned.

Any amounts not claimed by any Shareholder shall be deposited at the close of liquidation with the Depositary during a period of 6 (six) months; at the expiry of the 6 (six) month period, any outstanding amount will be deposited in escrow with the Caisse de Consignation, Luxembourg.

A Sub-fund may be merged with another Sub-fund by resolution of the Board of Directors if the Net Asset Value of the Sub-fund falls to a level that no longer allows it to be managed in an economically reasonable way as well as in the event of special circumstances beyond its control, such as political, economic and military emergencies. In such event, notice of the merger will be given to registered Shareholders by ordinary mail and will further be published as described in chapter "Notices and Information to Shareholders" of this Prospectus. Each Shareholder of the relevant Sub-fund shall be given the possibility, within a period of 1 (one) month as of the date of the publication, to request either the repurchase of his Shares, free of any charges, or the exchange of his Shares, free of any charges, against Shares of a Sub-fund not concerned by the merger.

At the expiry of this 1 (one) month period any Shareholder which did not request the repurchase or the exchange of its Shares, shall be bound by the decision relating to the merger.

A Sub-fund may be merged with another SIF by resolution of the Board of Directors under the following circumstances:

- if the Net Asset Value of the Sub-fund falls to a level that no longer allows it to be managed in an economically reasonable way; or
- in the event of special circumstances beyond its control such as political, economic or military emergencies; or
- if the Board of Directors should conclude, in light of prevailing market or other conditions, including conditions that may adversely affect the ability of a Sub-fund to operate in an economically efficient manner, and with due regard to the best interests of the Shareholders, that a Sub-fund should be contributed to another fund.

In such events, notice will be given to registered Shareholders by ordinary mail and will further be published as described in Chapter "Notices and Information to Shareholders" of this Prospectus. Each Shareholder of the relevant Sub-fund shall be given the possibility, within a period of 1 (one) month as of the date of the publication, to request either the repurchase of his Shares, free of any charges, or the exchange of his Shares, free of any charges, against Shares of a Sub-fund not concerned by the merger. At the expiry of this 1 (one) month period, any Shareholder who did not request the repurchase or the exchange of his Shares shall be bound by the decision relating to the merger.

In the case of a merger with a mutual fund in the form of a Fonds Commun de Placement ("FCP"), however, the merger will be binding only on Shareholders who expressly agreed to the merger. When a Sub-fund is contributed to a Sub-fund of another Luxembourg UCI, the valuation of the Sub-fund's assets shall be verified by the auditor of the Company who shall issue a written report at the time of the contribution.

A Sub-Fund may be merged with a Luxembourg UCI under the Law of 17 December 2010 by resolution of the Board of Directors under the same circumstances and conditions that are to be met for a merger with another Luxembourg SICAV-FIS.

A Sub-fund may be contributed to a foreign UCI only when the relevant Sub-fund's Shareholders have unanimously approved the merger or on the condition that only the Shares of the Shareholders who have approved such merger are effectively transferred to that foreign fund.

## **20. Distribution Policy**

The Company makes Accumulating Shares available for subscription in all Sub-funds and Distributing Shares available for subscription in certain Sub-funds.

The profits allocated to Distributing Shares will be available for distribution to the Shareholders: as annual distributions, as the Annual General Meeting may decide, or as interim distributions, as the Board of Directors may decide from time to time, provided that the capital of the Company does not fall below EUR 1,250,000.

Distributions due on Distributing Shares will normally be paid in cash by transfer of funds. Distribution payments will, in principle, be made to Shareholders in the currency of the relevant Share Class.

It is up to the Shareholders to seek advice on the tax impact of the payment of distributions, in line with the characteristics of their Share Classes.

Upon written instruction to the Administrative Agent, Shareholders may instead elect to have their distributions reinvested in further Distributing Shares of the Sub-fund and Share Class to which such dividends relate, to their own benefit.

Distributions not claimed within five years of their due date will forfeit and revert to the Sub-fund/Share Class from where they originated.

The profits allocated to Accumulating Shares shall be added to the portion of net assets of such Share Classes and all income relating to these Shares will automatically be reinvested.

The distribution policy of the distributed Share Classes is further specified in Chapter 5 "Share Capital" of this Prospectus.

## 21. Payments to Shareholders

All payments from the Company to the Shareholders will be made available in the currency of the respective Shares.

Payment will only be made to the respective Shareholder.

The Administrative Agent will effect payment by means of a bank transfer.

## 22. Notices and Information to Shareholders

### Notice to Shareholders

Notices to Shareholders will be available at the registered office of the Company and the Alternative Investment Fund Manager.

Notices will be sent by mail to registered Shareholders.

If required by Luxembourg law, notices to Shareholders are also published in the Mémorial and in a Luxembourg newspaper, as well as in another newspaper circulating in countries where the Company is registered.

### Net Asset Value and Past Performance

The Net Asset Value per Share and past performance of all Sub-funds is available at [www.nordea.lu](http://www.nordea.lu) and at the registered office of the Company and the Alternative Investment Fund Manager.

In addition, the Company may supply the most recent prices of its Sub-funds to companies such as Micropal, Telekurs, Bloomberg and Reuters or such intermediaries of financial data as the Directors may determine. The Board of Directors may also resolve to publish the prices in such business newspaper or newspapers as it may choose from time to time. Shareholders can inform themselves at the Registered Office as to the media through which such prices are disseminated.

### Audited Annual Reports

Audited annual reports will be published 6 months after the financial year-end. Such reports shall be expressed in EUR and

will be made available at the Registered Office during normal business hours.

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

### Other Disclosures

The following disclosures will be made in the annual report or in another appropriate periodic reporting, and where necessary on an ad hoc basis:

- (i) changes to the Depositary's liability;
- (ii) the loss of a financial instrument;
- (iii) the percentage of each Sub-funds' assets which are subject to special arrangements arising for their illiquid nature;
- (iv) any new arrangements for managing the liquidity of each Sub-fund;
- (v) the current risk profile of each Sub-fund and the risk management systems employed by the Alternative Investment Fund Manager to manage those risks;
- (vi) any changes to the maximum level of leverage which the Alternative Investment Fund Manager may employ on behalf of each Sub-fund as well as any right to the re-use of collateral or any guarantee granted under the leveraging arrangement;
- (vii) the total amount of leverage employed by each Sub-fund.

## 23. Documents Available for Inspection

The following documents may be obtained upon request, free of any charges or may be consulted during usual business hours at the registered office of the Company or the Alternative Investment Fund Manager:

- a) the Articles;
- b) the Prospectus;
- c) the Application Form;
- d) the most recent financial reports.

The following documents may be consulted during usual business hours at the Registered Office of the Company or the Alternative Investment Fund Manager:

- a) the Alternative Investment Fund Management Company Agreement;
- b) the Depositary and Custodian Agreement.

## 24. Registered Office, Boards of Directors, Daily Management

### Registered Office:

562 rue de Neudorf  
L-2220 Luxembourg  
Grand-Duchy of Luxembourg

### Board of Directors of the Company:

Michael Maldener  
Luxembourg  
Grand Duchy of Luxembourg

Michael Maldener is Managing Director of Nordea Investment Funds S.A.  
Michael Maldener is the chairman of the Board of Directors of the Company.

Markku Kotisalo  
Helsinki  
Finland

Markku Kotisalo is Managing Director of Nordea Investment Management AB, Finnish Branch and Country Head of Nordea Asset Management, Finland.

Henrika Vikman  
Helsinki  
Finland

Henrika Vikman is CEO of Nordea Funds Ltd.

**Board of Directors of the Alternative Investment Fund Manager:**

Nils Bolmstrand  
Stockholm  
Sweden

Nils Bolmstrand is Head of Nordea Asset Management.  
Nils Bolmstrand is the chairman of the board of directors of the Alternative Investment Fund Manager.

Graham Goodhew  
Luxembourg  
Grand Duchy of Luxembourg

Graham Goodhew is retired after several years of professional career in the financial industry. He has previously assumed the position as member of the board and as Conducting Officer of JP Morgan Asset Management (Europe) S.à r.l. and as an executive director of JPMorgan Chase.

Brian Stougård Jensen  
Copenhagen  
Denmark

Brian Stougård Jensen is Head of Product & Business Development.

**Conducting Officers of the Alternative Investment Fund Manager:**

Michael Maldener  
Luxembourg  
Grand Duchy of Luxembourg

Michael Maldener is Managing Director of Nordea Investment Funds S.A.

Singour Chhor  
Luxembourg  
Grand Duchy of Luxembourg

Singour Chhor is Chief Compliance Officer at Nordea Investment Funds S.A., Luxembourg.

Norman Finster  
Luxembourg  
Grand Duchy of Luxembourg

Norman Finster is Head of Central Oversight Function at Nordea Investment Funds S.A., Luxembourg.

Christophe Wadeux  
Luxembourg  
Grand Duchy of Luxembourg

Christophe Wadeux is Head of Risk Management and Valuation Oversight at Nordea Investment Funds S.A.

## 25. Administration

**Alternative Investment Fund Manager and Administrative Agent:**

Nordea Investment Funds S.A.  
562 rue de Neudorf  
L-2220 Luxembourg  
Telephone: +352 43 39 50-1  
Telefax: +352 43 39 48  
Homepage: <http://www.nordea.lu>  
E-mail: [nordeafunds@nordea.lu](mailto:nordeafunds@nordea.lu)

**Depository:**

J.P. Morgan Bank Luxembourg S.A.  
6, route de Trèves  
L-2633 Senningerberg  
Grand Duchy of Luxembourg

## 26. Counterparties

Here follows a non-exhaustive list of counterparties approved by the Alternative Investment Fund Manager for trades with the Sub-funds in OTC Derivatives:

**Barclays Bank Plc**

1 Churchill Place  
London E14 5HP  
United Kingdom

**Jyske Bank A/S**

Vestergade 8-16  
8600 Silkeborg  
Denmark

**BNP Paribas**

London Branch  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Citigroup Global Markets Ltd**

Citygroup Centre  
Canada Square  
Canary Wharf  
London, E14 5LB  
United Kingdom

**Nordea Bank Abp**

Finland

**Swedbank**

Landsvägen 40, 172 63 Sundbyberg  
SE-105 34 Stockholm  
Sweden

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Skandinaviska enskilda banken ab (publ)**

a company incorporated under the laws of Sweden, acting through its London branch at One Carter Lane, London EC4AV 5AN.

**Nykredit Bank A/S**

Kalvebod Brygge 1-3  
1780 Copenhagen V  
Denmark

## 27. Auditor

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

## 28. Marketing Authorisations to professional investors

Nordea Dedicated Investment Fund, SICAV-FIS is fully or partly authorised for marketing to professional investors in at least the following countries:

Denmark  
Finland

Germany  
Grand Duchy of Luxembourg

Sweden

For further details on the public marketing authorisations and a full list of countries, please contact the Alternative Investment Fund Manager at the address stated above.



**Nordea Dedicated Investment Fund, SICAV-FIS**

562, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

Tel. +352 43 39 50 – 1  
Fax +352 43 39 48  
[nordeafunds@nordea.lu](mailto:nordeafunds@nordea.lu)  
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