Simplicity Företagsobligationer

Objective and investment policy

Simplicity Företagsobligationer is a long-term fixed income fund that focuses on investments in Nordic corporate bonds. The fund is actively managed and follows no index. The objective is to achieve the highest possible value growth for the Fund’s assets, with respect to the fund’s investment policy.

The fund may invest in corporate bonds with a high credit rating (investment grade), low credit rating (high yield) and unrated corporate bonds. The fund invests a minimum of 50 % of its assets in corporate bonds issued by companies with a high credit rating. Simplicity Företagsobligationer invests in corporate bonds issued by companies that the fund managers know well.

The fund’s assets may be invested in transferable securities, fund units, money market instruments, deposits with credit institutions and derivatives. The fund also includes the liquid funds needed for the management of the fund. The fund’s assets can be invested in unlisted transferable securities and money market instruments according to 5th chapt. §5 first paragraph Swedish Investment Fund Act (“unlisted”) to a value not exceeding 10 percent of the total assets under management in the fund. The fund can invest a maximum of 10 percent of the total assets under management in other fund shares.

Simplicity Företagsobligationer is authorized by the Swedish financial supervisory authority (Finansinspektorén) to invest according to 5th chapt §8 Swedish Investment Fund Act, which means that the fund can invest more than 35 % of its assets in corporate bonds and other debt issued by or guaranteed by the Swedish state, Swedish municipalities or other Swedish municipal authorities.

Subscriptions and redemptions of fund units may normally be made every Swedish banking day.

Share Classes

The fund has three share classes: A, B and C:

- Share class A is accumulating, which means that the fund normally pays no dividend and all income is reinvested in the fund. The maximum fee is 0.90% per annum.
- Share class B is distributing. Dividend is paid annually in April. The fund company decides annually on the dividends payable to the unitholder of the distributing share class B. The basis for deciding the amount of the dividend is the return on a share in share class B during the previous calendar year. The fund company may decide to pay a dividend at a higher or lower amount than the change in value. The maximum fee is 0.90 % per annum.
- Share class C is associated with special conditions for distribution and can only be purchased through certain distributors in accordance with section 9 of the fund rules. The maximum fee is 0.50 % per annum.

The annual dividend in share class B does not affect the value of a unit in share class A and C.

Historical return

The fund performance (return) is calculated after deduction of ongoing charges. Any entry and exit charges have not been taken into account. The performance for all years has been calculated in Swedish kronor and with dividends reinvested in the fund. Past performance is not a guarantee for future performance. Share class A was launched on March 30, 2012.

Who is the fund suitable for

Simplicity Företagsobligationer is suitable for investors who want to complement their current money market investments with a higher expected return and risk by investing in corporate bonds. Investors should have a long-term investment horizon of usually between three and five years.

Risk level/Potential Return

The risk/reward indicator illustrates the relationship between risk and potential returns from an investment in the fund. The indicator is based on how the fund’s value has changed over the last five years. The fund belongs to category 2, which means a low risk for both increases and decreases in the value of fund units. Category 1 does not mean that the fund is a risk-free investment. Over time the fund may shift to both the right and left on the indicator scale. This is because the indicator is based on historical data which is not a guarantee of future risk and returns.

Below is a description of the fund’s specific risks that are due to its investment strategy.

MARKET RISK – The risk of securities decreasing in value as a result of changes in the market situation. A downturn in the market as a result of a downturn in the overall economic cycle, unexpected world events, natural disasters, etc. are examples of market risk. Simplicity Företagsobligationer has a strong correlation to the price movements of the underlying corporate bond markets in which it invests, and thus will be affected by overall price changes in those markets.

CURRENCY RISK – The risk of securities denominated in foreign currencies decreasing in value because of changes in the exchange rate. Investments in securities denominated in foreign currencies are hedged against the Swedish Krona in Simplicity Företagsobligationer. The intention is that the fund should be fully hedged at all times.

LIQUIDITY RISK – The risk that the fund’s assets will be difficult to value, sell at a certain time or sell at a reasonable price. The transparency and liquidity in the corporate bond markets are in general lower than in for instance the equity markets. The liquidity risk in corporate bond funds is therefore usually higher than in short-term fixed income funds and equity funds. The risk varies among different corporate bonds and may also vary over time and depend on the market situation. The risk is generally higher in assets with higher credit risk. Under more stressed market conditions where demand for corporate bonds decreases, larger withdrawals from the fund may result in the sale of assets at unfavorable prices and that redemption of fund shares in extreme cases cannot be executed immediately upon request. The risk poses increased requirements on the composition of the portfolio. The liquidity risk in the Fund’s assets is regularly evaluated.

CREDIT RISK – The risk that an issuer of financial instruments fail to fulfill its obligations due to bankruptcy or cancellation of payments. Credit risk may be affected by the issuer’s credit rating and the nature of the financial instrument. The fund may invest in corporate bonds with a high credit rating. Simplicity Företagsobligationer invests in corporate bonds issued by companies that the fund managers know well.
Simplicity Företagsobligationer

Social aspects (e.g. human rights, employee rights and equal opportunity) are taken into account in the management of the fund.

Sustainability aspects are not taken into account in the management of the fund.

Environmental aspects (e.g. the companies’ environmental and social policy for responsible investments) are taken into account in the management of the fund.

Current fees

Below is information about the current fees on the sale and redemption of fund shares, year 2018’s management fee, including depositary costs, cost of supervision and auditors.

Share class A and B
- Sales fee 0 %
- Redemption fee 0 %
- Management fee, including custody, supervision and audit 0,82 %

Share class C
- Sales fee 0 %
- Redemption fee 0 %
- Management fee, including custody, supervision and audit 0,42 %

Maximum fees

The maximum fees that the management company may charge under the fund rules for the sale and redemption of units and for the management of the fund (including custody, supervision and audit costs) are as follows:

Share class A and B
- Sales fee 0 %
- Redemption fee 0 %
- Management fee, including custody, supervision and audit 0,90 %

Share class C
- Sales fee 0 %
- Redemption fee 0 %
- Management fee, including custody, supervision and audit 0,50 %

Custodian

Swedbank AB (publ) (“Swedbank”)
Company headquarters: Stockholm, Sweden
Corporate identity no. 502177-7753
Legal form of the custodian: Limited company
Main activity: Banking and financial operations and operations naturally connected to these.

The custodian shall, inter alia, monitor the fund’s cash flows, store the fund’s assets and execute the company’s instructions. Furthermore, the custodian shall ensure that the sale and redemption of fund units, valuation of fund units and use of the fund’s assets are in accordance with the law and the fund’s terms and conditions.

Swedbank has procedures for identifying, managing, monitoring and reporting potential conflicts of interests. Since the custodian is part of Swedbank, conflicts of interest can arise between the custodian’s operations and other activities within Swedbank and its subsidiaries. The custodian has a legal obligation to identify and manage such conflicts of interest as well as to report the conflicts of interest to the fund’s investors.

Examples of activities that may involve conflicts of interest are:

(I) Provision of trustee registration, execution of fund management, establishment of unit ownership registers, analysis of securities loans, asset management, investment advice and/or other advisory services to the Fund,

(II) Banking services, securities trading including currency trading, derivative trading, lending, brokerage, market making or other financial transactions with the Fund, either on its own account or on behalf of other clients.

In order for potential conflicts of interest to not affect the fund and its investors negatively, the custodian and other activities within Swedbank are functionally and organizationally separated. The custodian’s activities are always conducted based on the interests of the unit owners and according to current market conditions.

Swedbank may delegate parts of the business to one or more external companies, including other depositary banks designated by the custodian from time to time. The data that may be delegated, according to the UCITS Directive and applicable Swedish regulation, is the storage and inventory. The depositary shall act with due diligence, diligence and care in its choice, continued engagement and supervision of the party to which the depositary functions have been delegated.

Current information about the custodian can be obtained free of charge from the fund company.

Responsible investments

Simplicity acts as a responsible asset manager by integrating sustainability into the fund’s investment process. Read more about the company’s policy for responsible investments at the fund company’s website www.simplicity.se

Sustainability information

- Sustainability aspects are taken into account in the management of the fund
- Sustainability aspects are not taken into account in the management of the fund

Sustainability aspects taken into account in the management of the fund

- Environmental aspects (e.g. the companies’ environmental and climate impact)
- Social aspects (e.g. human rights, employee rights and equal opportunity)
Corporate governance aspects (e.g. shareholders’ rights, issues relating to remuneration for senior executives, and anti-corruption work).

Other sustainability aspects.

Methods used for the sustainability work

- Positive screening
  - Sustainability aspects are critical in the manager’s choice of companies. The fund has specific and explicit criteria for positive selection of companies, based on environmental, social and business ethics issues. An analysis of the companies’ sustainability work is critical to the selection of the companies in the fund.
  - The manager of the fund take sustainability issues into account. Sustainability issues are taken into account in the context of corporate economic analyses and investment decisions and play a part, but not necessarily a crucial one, in determining which companies are selected for inclusion in the fund.
  - Other method of positive screening used by the fund.

- Negative screening
  - The fund does not invest in companies that are involved in the following products and services. A maximum of 5% of the turnover in the company in which the investment is made may entail operations attributable to the specified product or service.
    - Products and services
      - Cluster bombs, land mines
      - Chemical and biological weapons
      - Nuclear weapons
      - Weapons and/or munitions
      - Alcohol
      - Tobacco
      - Commercial gambling operations
      - Pornography
      - Fossil fuels (oil, gas, coal)
  - Fund management company’s comments: The fund excludes companies that extract fossil fuels.

International norms

- The fund avoids investing in companies involved in violations of international norms and conventions (at least the UN Global Compact and OECD guidelines for multinational companies) in relation to the environment, human rights, labour practices, and business ethics.
  - Companies where the fund detects no willingness to change or where, in the opinion of the fund, the companies will fail to get to grips with the problems within an acceptable timeframe are excluded for investment purposes.

- The fund management company influences

  - The fund management company exercises its investor influence to influence companies on sustainability issues.
  - The fund management company engages with companies with a view to influencing them to adopt a more sustainable approach.
  - In-house investor influence
§ 1 The legal position of the Fund

The name of the investment fund is Simplicity Företagsobligationer, hereinafter called the Fund. The Fund is a securities fund as defined by the Swedish Investment Funds Act (2004:46).

The capital of the Fund is owned jointly by the Fund’s unit holders. Each unit in each share class carries an equal right to the property in the Fund.

The Fund has the following two share classes:
- Share class A – Accumulating (non-distributing), maximum management fee 0.9 % per annum
- Share class B – Distributing, maximum management fee 0.9 % per annum
- Share class C – Accumulating, maximum management fee 0.5 % per annum with special conditions for distribution.

The Fund cannot acquire rights or incur obligations. The Fund Company named in § 2 represents the unit holders in matters related to the Fund, makes decisions regarding the property in the Fund and exercises the rights ensuing from the property.

Operations are conducted in accordance with these Fund Terms and Conditions, the Fund Company’s articles of association, the Swedish Investment Funds Act (2004:46) and other applicable ordinances.

§ 2 Fund Manager

The Fund is managed by Simplicity AB, corporate identity no. 556611-4723, hereinafter called the Fund Company.

§ 3 Depository and its tasks

The depository for the Fund’s assets is Swedbank AB (publ), corporate identity number 502071-7753.

The Depository shall execute the Fund Company’s decisions regarding the Fund and shall also receive and hold the assets of the Fund. The Depository shall also ensure that decisions regarding the Fund made by the Fund Company, such as valuation, redemption and sales of fund units, comply with the law, regulations and these Fund Terms and Conditions.

§ 4 The nature of the Fund

The Fund is a fixed income fund that primarily invests in corporate bonds and commercial papers which primarily are geographically related to the Nordic region. With geographically related means that the Fund invests in fixed income transferable securities admitted to trading on a regulated market or equivalent market in the Nordic region or in fixed income transferable securities, whose company carries at least half of its business in the Nordic region and is traded on a regulated market or an equivalent market outside the EEA.

Investments are made primarily in companies with high credit rating. The Fund’s aim is, with respect to the Fund’s investment strategy, achieving the highest possible value for the Fund’s assets.

§ 5 The Fund’s investment orientation

The Fund may invest its assets in transferable securities, fund units, money market instruments, investment in accounts and derivatives.

The transferable securities referred to are bonds and other debt instruments (such as corporate bonds), with the exception of money market instruments, and depositary receipts for debt instruments (such as debentures) and any other securities giving the right to acquire any such transferable securities referred to above by subscription or exchange. The transferable securities shall be issued for public trading of government, municipalities, county councils, institutions or companies with high credit worthiness.

The Fund may invest at least 50 % in corporate bonds, issued by companies with high credit ratings, called investment grade. For corporate bonds issued by companies with no credit rating the Fund company assesses and determines if they should be classified as an investment grade or not. In addition to these investments the fund may invest in corporate bonds with low or no credit rating. The unit value of the Fund may fluctuate more, the greater the share of the Fund that is invested in such bonds and other promissory notes that are issued and/or guaranteed by the Swedish government, municipality or other municipal authority.

The Fund may invest its capital in pursuance of Ch. 5 § 8 IFA (2004:46). The Fund may invest more than 35 % of the Fund’s capital in bonds and other promissory notes that are issued and/or guaranteed by the Swedish government, municipality or other municipal authority. The promissory note must however come from at least six different issuers and those coming from the same issuer may not exceed 30 % of the Fund’s value.

The value of the Fund is calculated by deducting from the assets the liabilities linked to the Fund, including as yet untaxed dividends according to the Fund Company’s stipulation as well as the charges stated in § 11 below.

The valuation of traded securities, mutual funds, money-market instruments, derivatives and other financial instruments are based on current market value.

If this market value cannot be obtained or, in the opinion of the Fund Company, it is misleading, they may be reported at the value decided on objective grounds by the Fund Company. With objective grounds means that a market value is obtained according to special valuation based on data for last paid price or indicative purchase price from market-makers if such are stipulated for the issuer.

Where such information is lacking, or is not considered reliable by the Fund Company, the market value is established based on information from independent parties or by other external, independent sources.

If the market for certain securities is not active, valuation may be done by use of a generally accepted valuation method established in the market, such as cash flow analysis or comparison with other similar transactions that took place under market conditions during a similar period.

For OTC derivatives a market value is mainly identified by the market price in an active market. If such a market value is missing, the market value shall be determined by using a valuation method established in the market, such as Black Scholes and Black 76.

The value of each unit shall be determined by the Fund Company on each banking day.

§ 6 Market places

The Fund’s assets may be invested in a regulated market within the EEA or in an equivalent market outside the EEA. Trading may also occur on other markets within or outside the EEA which are regulated and open to the public.

§ 7 Special investment focus

The Fund may invest in such transferable securities and money-market instruments as referred to in Ch. 5 § 5 IFA.

The Fund may make use of derivatives to improve management efficiency with the aim of decreasing costs and risks.

The Fund may not invest in derivatives referred to in Ch. 5 § 12 IFA (OTC derivatives). Such investments will primarily be done to fully or partially hedge the Fund’s exposure in foreign currencies.

The Fund has the permission of the Swedish Financial Supervisory Authority to invest its capital in pursuant of Ch. 5 § 8 IFA (2004:46). The Fund may invest more than 35 % of the Fund’s capital in bonds and other promissory notes that are issued and/or guaranteed by the Swedish government, municipality or other municipal authority.

The promissory note must however come from at least six different issuers and those coming from the same issuer may not exceed 30 % of the Fund’s value.

§ 8 Valuation

The value of each unit in the Fund comprises the value of the Fund divided by the total number of units in the Fund. The units in the Fund shall be equal in size.

The value of the Fund is calculated by deducting from the assets the liabilities linked to the Fund, including as yet untaxed dividends according to the Fund Company’s stipulation as well as the charges stated in § 11 below.

The valuation of traded securities, mutual funds, money-market instruments, derivatives and other financial instruments are based on current market value.

If this market value cannot be obtained or, in the opinion of the Fund Company, it is misleading, they may be reported at the value decided on objective grounds by the Fund Company. With objective grounds means that a market value is obtained according to special valuation based on data for last paid price or indicative purchase price from market-makers if such are stipulated for the issuer.

Where such information is lacking, or is not considered reliable by the Fund Company, the market value is established based on information from independent parties or by other external, independent sources.

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For OTC derivatives a market value is mainly identified by the market price in an active market. If such a market value is missing, the market value shall be determined by using a valuation method established in the market, such as Black Scholes and Black 76.

The value of each unit shall be determined by the Fund Company on each banking day.

§ 9 Sale and redemption of units

Units are sold and redeemed by the Fund Company. Sale (a unit holder’s purchase) and redemption may take place on every banking day.

Share class A

Subscription and redemption of units are made in SEK. Minimum subscription amount is SEK 100. Subscriptions and redemptions may take place on every banking day.

Share class B

Subscription and redemption of units are made in SEK. Minimum subscription amount is SEK 100. Subscriptions and redemptions may take place on every banking day.

Share class C

Subscription and redemption of units are made in SEK. Minimum subscription amount is SEK 100. Subscriptions and redemptions may take place on every banking day.

Share class C can only be traded by:
- Investors who, within the framework of investment service contract under Ch. 2, §1 of the Swedish Securities Market Act (2007:528) or equivalent Swedish or foreign regulation, invest in the fund and no compensation is paid from the fund management company to the provider of the investment service, and
- insurance companies that invest in the fund within the framework of agreements with policyholders and no compensation is paid to the company or insurance distributor by the fund management company.

Units in share class A shall be transferred to units in share class C if the conditions for investing in share class C are fulfilled.

Units in share class C shall be transferred to units in share class A if the conditions for investing in share class C cease to exist.

A request for sale is made by paying a minimum amount of 100 SEK into the Fund Company’s bank account or bank giro account.

A request for redemption of a unit in the Fund is made in writing or by fax to the Fund Company or, by separate agreement, electronically. The redemption request shall be in writing and shall be signed personally by the unit holder, except when electronic means are used.

A request that reaches the Fund Company by 14:00 on the latest on a full banking day, or 11:00 on a half banking day, is executed on the same day. Should a request be received by the Fund Company after 14:00 on a full banking day or after 11:00 on a half banking day, it shall be treated as if it had been received the following day.
on a half banking day, the Fund Company is entitled to execute the request on the same banking day or on the next banking day.

If funds for redemption must be procured through the sale of securities, such sale and redemption shall take place as soon as possible. If a sale could be essentially disadvantageous to other unit holders' interests, the Fund Company shall, following notification to the Swedish Financial Supervisory Authority, defer the sale.

In the case of redemption of units, payment is made no later than three (3) banking days after redemption has been executed.

The price of the unit in conjunction with sale and redemption is set at the end of the banking day on which the sale or redemption takes place. Sale and redemption thus take place at a rate unknown to the unit holder at the time the request for sale or redemption is made.

A request for redemption may only be revoked with the consent of the Fund Company.

The price in conjunction with the sale of a unit (a unit holder's purchase) shall be the unit value on the date the sale takes place. The redemption price of a unit shall be the value of the unit on the date redemption takes place. The unit value is published on the Fund Company's website (www.simplicity.se) and in a number of newspapers through the Swedish Investment Fund Association.

§ 10 Closure of the Fund in extraordinary circumstances

The Fund may be closed for sale and redemption if extraordinary circumstances arise that prevent valuation of the Fund's assets from being made in a manner that assures equal rights for the unit holders.

§ 12 Dividends

Share class A and Share class C - Accumulating (non distributing) share class

This share class does normally not pay out any dividend. The Fund Company, however, decide to pay out dividend to the unitholders if, according to the Fund Company, it is necessary to protect the unitholders' common interest. An example of such a situation could be that the current tax law means that the Fund has taxable income. The purpose of the dividend in this case is to transfer taxation of the Fund's return to the unit holders, whereby return is not taxed twice.

Further dividend

This share class does normally not pay out any further dividend. The Fund Company, however, decide to pay out dividend to the unitholders if, according to the Fund Company, it is necessary to protect the unitholders' common interest. An example of such a situation could be that the current tax law means that the Fund has taxable income. The purpose of the dividend in this case is to transfer taxation of the Fund's return to the unit holders, whereby return is not taxed twice.

Share class B

The maximum compensation to the Fund Company is 0.5% of the value of the fund each year.

Payment shall be made from the capital in the Fund to the Fund Company for its management of the Fund. Such compensation includes costs for the Depository, supervision and auditors. The payment is calculated daily at 1/365th part of the whole. The compensation per year must not exceed what is stated below for each share class.

§ 13 The Fund's financial year

The Fund's financial year is the calendar year.

§ 14 Interim report and annual report, changes to Fund Terms and Conditions

The Fund Company shall publish an interim report for the first six months of the financial year within two months of the end of the half-year and an annual report on the Fund within four months of the end of the financial year. The documents shall be sent free of charge to any unit holders who so request and shall be available at the Fund Company and the Depository.

Changes to the Fund regulations may only be made following a decision by the board of the Fund Company and shall be submitted to the Swedish Financial Supervisory Authority for approval. Following approval of a change, the decision shall be available at the Fund Company and the Depository and shall be made public in the manner stated by the Swedish Financial Supervisory Authority.

§ 15 Pledging and assignment

Pledging of units shall be notified in writing to the Fund Company. Notification shall state the unit holder, the pledgee, which shares are covered by the pledge and any limitations on the scope of the pledge. Unit holders shall be informed in writing that the Fund Company has made a note regarding the pledge in the unit holder's register. The pledge ceases when the pledgee has notified the Fund Company in writing thereof. When the pledge has ceased, details regarding the pledge are removed. The Fund Company is entitled to payment from the unit holder for registration of up to SEK 500.

§ 16 Limitation of liability

Each unit holder shall study in detail the risks that are associated with the financial instruments in which the Fund invests as stated in the fact sheet and the information brochure.

The following liability limitations for the Fund Company also apply to the Depository. The Fund Company is not liable for any loss arising from a legal enactment, official measure, act of war, strike, blockade, boycott, lockout or other similar circumstance, such as computer or telephone faults. The reservation regarding a strike, blockade, boycott and lockout also applies if the Fund Company is the object of or takes such a conflict measure.

Any losses that arise in other cases will not be compensated by the Fund Company if normal caution has been observed.

The Fund Company is not liable in any event for any indirect loss, nor is it liable for any loss caused by a custodial bank or other agent which the Fund Company has engaged with appropriate care. Nor is the Fund Company liable for any loss that could arise by reason of a restriction on disposition that could be applied against the Fund Company.

If the Fund Company is prevented from taking action as a result of circumstances stated in the second paragraph, such action shall be postponed until the impediment has ceased.

Notwithstanding the above, Ch. 2 § 21 of the Swedish Investment Funds Act (2004:46) shall always apply.

In case of any discrepancy between the Swedish-language version of this Fund terms and conditions and any translation thereof, the Swedish-language version shall prevail and the Fund terms and conditions shall be construed in accordance with the Swedish-language version.
General Information about Simplicity

The Management Company
Simplicity AB 556401-4723
Company founded on 2001.05.10
Equity sek 3,000,000
Company Headquarters Varberg
Owner Simplicity Holding AB
Address Sättra Hämnvägen 12, 432 44 Varberg, Sweden
Phone +46 340-2195 00
Fax number +46 340-2195 09
Webpage www.simplicity.se
E-mail contact@simplicity.se
Supervisory authority Finansinspektionen (The Swedish FSA)

Authorization to conduct fund activity was given by The Swedish Financial Supervisory Authority Finansinspektionen (The Swedish FSA) and the license was renewed in accordance with new legislation 2004:12:22.

Simplicity manages the following UCITS funds
- Simplicity Sverige
- Simplicity Småbolag Sverige
- Simplicity Norden
- Simplicity Kina
- Simplicity Småbolag Global
- Simplicity Likviditet
- Simplicity Företagsobligationer
- Simplicity Global Corporate Bond
- Simplicity Palma

Board
Chairman: Jonas Walin – CEO, Rudholm Group Holding AB
Board member: Michael Lindgren – Chairman, Acrap AB
Board member: Ulf Ingemanson – CEO, Simplicity AB
Board member: Hans Bergqvist – Simplicity AB
Board member: Henrik Tingstorp – Simplicity AB

Senior Executives
Ulf Ingemanson – CEO, Fund Manager
Hans Bergqvist – Vice President, IT and Marketing Manager
Henrik Tingstorp – Vice President, Fund Manager
Johan Rönli – Risk Manager

Auditor
Peter Nilsson – PwC AB

Third-party agreements
Simplicity AB has chosen to outsource its compliance function. Currently, this function is held by Harvest Advokatbyrå AB with lawyer Björn Wendelby as responsible. Simplicity AB has also chosen to outsource the independent internal audit function to the company to Lüsch & Co Revision AB with Leif Lüsch as responsible.

Amendments to fund rules
The fund rules may be amended only by decision of the management company’s Board, and the decision must be submitted to the Swedish Financial Supervisory Authority for approval. Once the decision has been approved, it must be made available at the offices of the management company and the depository, and be published by such other means as the Swedish Financial Supervisory Authority instructs. Amendments may affect the fund’s investment policy, fees and risk profile.

Register of unitholders
The fund company keeps records of all its shareholders and their current holdings. The unitholders current holdings are specified on their annual statement, which also include information for their tax returns.

Subscriptions of fund units
Subscriptions of fund units can be made daily in both the equity funds and fixed income funds, directly through the fund company or via any investment platform where the company’s funds are available. Cash in bank is paid after the subscription has been effected, usually within three (3) banking days for equity funds, Simplicity Företagsobligationer, Simplicity Global Corporate Bond and two (2) banking days for Simplicity Likviditet. The cash will be paid to the bank account instructed by the unitholder. If below documentation has not been provided before, it must be made in connection with the subscription request.

Private Investors:
- Copy of current and valid ID, authenticated by signature, clarification of signature and date of signature.
- The form “Account Agreement – Private Individuals”, filled and signed

Legal Entities (Corporates, Institutions, etc.):
- Copy of Certificate of Registration
- Copy of current and valid ID of the contact person, authenticated by signature, clarification of signature and date of signature
- Power of attorney if the contact person is not the authorized signatory of the legal entity
- The form “Account Agreement – Legal Entity”, filled out and signed by the authorized signatory of the legal entity

Redemption of fund units
Redemption of fund units can be made daily in both the equity funds and the fixed income funds, directly through the fund company or via any investment platform where the company’s funds are available. Cash is paid after the redemption has been effected, usually within three (3) banking days for equity funds, Simplicity Företagsobligationer, Simplicity Global Corporate Bond and two (2) banking days for Simplicity Likviditet. The cash will be paid to the bank account instructed by the unitholder. If below documentation has not been provided before, it must be made in connection with the redemption order.

Private Investors:
- Copy of current and valid ID, authenticated by signature, clarification of signature and date of signature

Legal Entities:
- Copy of Certificate of Registration
- Copy of current and valid ID of the contact person, authenticated by signature, clarification of signature and date of signature
- Power of attorney if the contact person is not the authorized signatory of the legal entity

Cut-off times for subscription and redemption
Below stated cut-off times apply for latest subscription and redemption in Simplicity’s funds during full banking days:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Subscription</th>
<th>Redemption</th>
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<tbody>
<tr>
<td>Simplicity Sverige</td>
<td>14.00</td>
<td>14.00</td>
</tr>
<tr>
<td>Simplicity Småbolag Sverige</td>
<td>14.00</td>
<td>14.00</td>
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<tr>
<td>Simplicity Norden</td>
<td>14.00</td>
<td>14.00</td>
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<tr>
<td>Simplicity Kina</td>
<td>08.00</td>
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<tr>
<td>Simplicity Småbolag Global</td>
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<tr>
<td>Simplicity Likviditet</td>
<td>14.00</td>
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<tr>
<td>Simplicity Företagsobligationer</td>
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<tr>
<td>Simplicity Global Corporate Bond</td>
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<td>Simplicity Palma</td>
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</table>
Tax rules

Mutual funds do not pay tax on income in Sweden. Mutual funds pay withholding tax on dividends received from their foreign shareholdings. The withholding tax rate varies from country to country. As a result of, among other things, legal uncertainty on the application of bilateral tax treaties as well as developments within the EU, with regard to taxes, the final withholding tax can be both higher and lower than the preliminary tax deducted when dividends are received. Swedish unitholders pay income tax on a yearly-imputed income, calculated on the fund units’ value at the beginning of the year, as well as on realized capital gains and any dividends from the fund units. The annual imputed income amounts to 0.4% of the value at the beginning of the calendar year. This is taxed as capital income at 30% for private investors and Swedish estates of deceased individuals. This in turn entails a tax exemption of 0.12% per year. For example, a fund holding at the beginning of the year of 100,000 SEK generates a tax of 0.4% of 100,000 SEK (0.4% x 100,000 SEK = 400 SEK). For legal entities the income is taxable as income from business operations. The tax rate is approximately 0.11% per year. The fund company reports imputed income and capital gains to the tax authorities for individuals and estates of Swedish unitholders, while legal entities themselves need to calculate the imputed income and then make the tax payment. Individual circumstances can affect the tax. Unitholders who are uncertain about any tax implications should seek advice from a tax expert.

Risks associated with investing in mutual funds

Investing in mutual funds is always associated with a certain degree of risk taking. This risk stems primarily from the possibility of the investment decreasing in value. Generally, investing in equity funds carries a higher risk compared to investing in money market funds, corporate bond funds or mixed funds. For more information on the specific risk associated with the individual funds’ investment strategies, please see each respective fund’s KIID and risk profile.

Annual report and semiannual report

The fund company prepares annual reports and semiannual reports for each fund. These are offered upon request free of charge to unitholders no later than four months after the end of the fiscal year and two months after the middle of the year. The annual and semiannual reports are also published on the company’s website.

Net asset value (NAV) of fund units

The most recent calculated net asset value (NAV) of a fund unit for each fund is published on the fund management company’s website, www.simplicity.se.

Marketing in countries outside of Sweden

Funds managed by Simplicity AB may be marketed in below countries:

Norway
• Simplicity Norden
• Simplicity Sverige
• Simplicity Småbolag Sverige
• Simplicity Småbolag Global
• Simplicity Företagsobligationer
• Simplicity Global Corporate Bond
• Simplicity Likviditet

Luxembourg
• Simplicity Företagsobligationer
• Simplicity Global Corporate Bond
• Simplicity Likviditet

Simplicity AB has entered into agreements with distributors in countries where the funds are marketed. The distributors assist end-user with all the information about sales/redemptions and information about the funds.

Complaints

CEO Ulf Ingemarson is responsible for complaints and claims at Simplicity and can be contacted at Simplicity AB’s address and telephone. For more information regarding complaints, see the company’s website.

Liability

Simplicity will reimburse unit holders for damages the fund company have inflicted on a UCITS-fund resulting from a breach of the Swedish Investment Funds Act or the fund rules.

Winding up of fund or transfer of fund business

If the fund company decides to transfer the fund’s management to another fund company, with the consent of the Swedish Financial Supervisory Authority, all shareholders will be informed accordingly. The management of the fund will immediately be taken over by the custodian if the Financial Supervisory Authority withdraws the fund company’s license or if the fund company becomes liquidated. The depository must then transfer management to another management company approved by the Swedish Financial Supervisory Authority. Otherwise, the fund must be dissolved through its assets being sold and the net proceeds being distributed to the unitholders.

Processing of personal data

All processing of personal data is within the scope of the Personal Information Act and the confidentiality rules applicable to fund operations. Personal data provided to Simplicity AB are processed in computer systems to the extent necessary to fulfill the fund company’s obligation to hold shareholder registers, to provide services related to the fund company’s activities and identity checks. Personal data is also collected in order for Simplicity AB to fulfill other legal obligations and for marketing purposes, statistics and analysis. The information may have been provided in connection to the conclusion of an agreement, or otherwise in connection to customer or contractual relations. The data may be supplemented or checked using public records such as SPAR. The processing of personal data takes place in the context of the Personal Data Act and the confidentiality rules applicable to fund operations. Personal data may also be used for administrative or marketing purposes by companies that Simplicity use for such activities. If you do not want to receive promotional material, you can notify Simplicity AB at the company’s mailing address. You can also send a request for correction of personal data if current information is incomplete or incorrect, as well as request information about what personal data the company has stored about you.

Information brochures, KIID and financial advice

According to the Swedish Investment Funds Act, current information brochures and KIID for each mutual fund shall be available. The content shall include the fund rules and the information needed to assess the fund’s activities. Information brochures and KIID are prepared in accordance with the Swedish Financial Supervisory Authority’s regulations and current law. The information provided in information brochures, KIID or in other material published by the company shall not be considered as the Fund company’s recommendation to acquire fund units. Each investor, private or institutional, is to make its own assessment of the risks that may be associated with an investment in any of the funds. Simplicity give no advice on the suitability to invest at a certain time, but rather limits the marketing to historical information about the development of the funds and the opportunities and risks associated with its security investments. The information is general and not intended as individual advice. In some parts of the material, information referred to as “statistical studies” and “simulations” are presented. These include test results obtained by using algorithms that govern purchase and sale decisions in placement models on historical data. Simplicity AB cannot ensure the accuracy of these historical databases and, therefore, cannot ensure that the results mentioned are correct. There are no guarantees for an investment in Simplicity’s funds not leading to
capital loss. Historical returns are no guarantee of future returns. The money invested in the fund can both increase and decrease in value and it is not certain that you regain your invested capital.

Ownership policy
Simplicity applies as ownership policy for the funds not to exercise active ownership control except in ESG related issues, exceptional cases and if the Board finds it justified. The fund company’s contact person in ownership issues is CEO Ulf Ingemarson. For detailed information, see Simplicity’s website, www.simplicity.se.

Remuneration policy
The Board of Simplicity AB has established a compensation policy that covers all employees of the fund company. The compensation policy is designed in accordance with the Swedish Financial Supervisory Authority’s regulations. The compensation system should promote sound business, efficient risk management and counteract excessive risk taking. The compensation system will encourage long-term stability in Simplicity’s operations. The employees at Simplicity AB will be compensated with a fixed salary. In addition, variable compensation can be added. The company shall base a performance-based compensation on employee performance as well as the result account for by the affected business unit and overall company. All employees entitled to variable compensation have a fixed salary at a level that makes it possible to set the variable compensation to zero. Thus, the variable compensation can be zero for a single individual at low profitability or deficiencies in goal achievement. For an employee exercising a non-material influence on the company’s risk level, a so-called specially regulated person, payment of a decided variable salary shall be postponed for at least three years for at least 40 percent of the payment. For specially regulated employees whose variable remuneration amounts to a particularly high amount, the Company shall postpone at least 60 % of the compensation. The Company may pay or transfer the deferred compensation once a year, evenly distributed over the period of the compensation being postponed. In case the Company’s Board of Directors intends to grant and pay variable compensation, the Company shall consider how these may affect long-term earnings. When the Company determines the basis for compensations, it should be noted that the subsequent results may be affected by current and future risks. In its performance measurement, the company shall consider the actual costs of holding the capital and liquidity arising from the activity that the profit measurement relates to. For more information on compensation, please refer to the Funds Annual Reports and Simplicity Annual Report. The fund company’s compensation policy can be provided free of charge upon the shareholders’ request.

Swedish Investment Fund Association
Simplicity is a member of the Swedish Investment Fund Association. Simplicity follows the guidelines set up by the association.

Translation
This is a translation of the Swedish information brochure and fund rules. In case of any discrepancy between the Swedish-language version and any translation thereof, the Swedish-language version shall prevail and the Fund terms and conditions shall be construed in accordance with the Swedish-language version.

Publication
This information brochure is accurate as of February 26, 2019.