

# **Fund terms and conditions - Simplicity Likviditet**

## **§ 1 The legal position of the Fund**

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

Fund capital is owned jointly by the Fund's unit holders. Each unit carries an equal right to the property in the Fund.

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 Skandinaviska Enskilda Banken AB (publ), corporate identity no. 502032-9081.

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 short interest fund.

The Fund's financial aim is to give a yield that follows the short Swedish market interest. The Fund makes investments in Swedish money-market instruments issued and wholly owned by the government, municipalities, county councils, credit institutes or companies that have high creditworthiness in the judgement of the Fund Company. The running time for the Fund's investments will be at most one year.

The fund has a very low risk.

## **§ 5 The Fund's investment orientation**

The Fund may invest its assets in Swedish money-market instruments.

The term "Swedish money-market instruments" refers to bonds and other promissory notes that are issued for public trading by the government, municipalities, county councils, credit institutes or companies that have high creditworthiness in Sweden.

The maturity of the Fund's investments may not exceed one year.

## **§ 6 Market places**

The Fund's capital may be invested on the regulated market in Sweden.

## **§ 7 Special investment focus**

The Fund may not invest in such transferable securities as referred to in Ch 5. § 5 IFA.

The Fund may not invest in such 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 unit trusts.

The fund may not invest in derivatives referred to in Ch 5. § 5 IFA (OTC derivatives).

The Fund has the permission of the Swedish Financial Supervisory Authority to 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 issues and those coming from the same issue 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 unlevied taxes according to the Fund Company's stipulation as well as the charges stated in § 11 below.

The Fund's assets comprise:

- Transferable securities and other financial instruments which are valued in line with 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,
- liquid funds,
- accrued interest,
- accrued assets,
- unliquidated sales,
- other receivables pertaining to the Fund.

The Fund's liabilities comprise:

- payment to the Fund Company,
- unliquidated purchases,
- tax liabilities,
- other liabilities pertaining to the Fund.

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.

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 at 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, 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](http://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.

## **§ 11 Fees and payment**

Payment shall be made from the capital in the fund to the Fund Company for its management of the fund. Such compensation will be a maximum of 0.3% and include costs for the Depository, supervision and auditors. The payment is calculated daily at 1/365<sup>th</sup> part of the whole.

Brokerage and other costs, as well as tax in conjunction with the Fund's purchase and sale of financial instruments, are charged to the Fund.

Applicable VAT will be payable on fees.

## **§ 12 Dividends**

The Fund pays a dividend with the aim of transferring taxation of the Fund's yield to the unit holders, since by doing so the yield is not taxed on two levels. If the amount available for a dividend is estimated to be less than 1% of the value of the outstanding units, the Fund Company may decide that no dividend will be paid.

The dividend is paid in April of the year after the financial year and is payable to unit holders who are registered for units on the dividend date set by the Fund Company.

The Fund's distributable profit is calculated in the following manner:

- any remaining distributable amount from previous years, plus
- the Fund's taxable profit, calculated as
  - the Fund's profit for the financial year, after
  - deductions have been made for realised and unrealised gains on financial instruments during the financial year,
  - a supplement has been made for realised and unrealised losses on financial instruments during the financial year,
  - deductions have been made for non-taxable income,
  - a supplement has been made for non-deductible costs.
- Reduced by the requisite amount to allow settlement of non-Swedish tax.

The sum of the above may be increased by the accrued dividend that has been paid in on the sale of a unit and reduced by an accrued dividend that has been paid out on redemption of a unit.

For a dividend accruing to a unit the Fund Company shall, following a deduction for preliminary tax, acquire new units on behalf of the unit holder registered for the unit on the date set by the Fund Company.

Following a request to the Fund Company no later than March 15 in the year after the financial year, the dividend may instead be received in cash, paid into the unit holder's bank account following a deduction for preliminary tax.

## **§ 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 holders' 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.

#### **§ 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. If, as a result of such a circumstance, the Fund Company is prevented from executing or receiving payment, the Fund Company shall not be under any obligation to pay penalty interest.

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

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*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.*