

Fund terms and conditions - Simplicity Småbolag Sverige

§ 1 The legal position of the Fund

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

The Fund capital is owned jointly by the Fund's unit holders. The units of a share class have equal rights to the assets included in the Fund.

The Fund has the following three 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 referenced 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, IFA and other applicable ordinances.

§ 2 Fund Manager

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

§ 3 Depository and its tasks

The depository for the Fund's assets is Swedbank AB (publ), corporate identity no. 556611-4723.

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. The Depository shall act independently of the Fund Company and exclusively in the common interest of the unit holders.

§ 4 The nature of the Fund

The fund is an equity fund that invests in small and medium-sized companies geographically linked to Sweden. At least 90% of the Fund's investments, with the exception of assets in accounts in credit institutions, shall be geographically linked to Sweden.

The overall financial objective of the Fund is to, with due caution, achieve the highest possible value growth and to obtain a good risk diversification.

§ 5 The Fund's investment orientation

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

Geographically linked to Sweden means that the Fund invests in financial instruments admitted to trading on a regulated market or a corresponding market in Sweden or in companies that conduct their main business in Sweden and whose financial instruments are admitted to trading on a regulated market within EEA or a corresponding non-EEA market.

Companies with their main business in Sweden are companies that

- places at least 50 percent of its assets in Sweden, or
- conducts at least 50 percent of its activities, such as production or manufacturing, in Sweden, or
- has at least 50 percent of sales or profits attributable to Sweden.

The fund manager uses quantitative models whose task is to statistically justify each transaction.

At least 75 percent of the Fund's assets shall be invested in equities, equity-related transferable securities and equity-related financial instruments.

The Fund may invest a maximum of 10 percent of the Fund's value in fund units.

§ 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 be conducted on other markets within or outside the EEA that are regulated and open to the public.

§ 7 Special investment focus

The Fund may invest in transferable securities as referred to in Ch 5. § 5 IFA, but only those admitted to trading on an EEA trading platform or equivalent outside the EEA.

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

The Fund may use derivative instruments to streamline its management in order to reduce costs and risks where underlying assets relate to transferable securities, financial indices, exchange rates or foreign currencies.

The Fund may not invest in derivatives referred to in Ch 5. § 12, second paragraph, IFA, (OTC derivatives).

§ 8 Valuation

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 valuation of traded securities, mutual funds, money-market instruments, investment in accounts with credit institutions and derivatives are carried at current market value. By market value means closing price or, if not available, the last bid price or, if not specified, last sales price. 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 are 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 such transferable securities and money market instruments referred to in Ch 5 § 5 IFA a market value is determined according to the procedures above.

Since the Fund consists of share classes, the value of a unit will be determined by taking into account the conditions associated with the respective share class. The value of a fund unit of a share class of the Fund consists of the value of the share class divided by the number of outstanding shares of the relevant share class. The units of the respective share class must be equal.

The value per fund share 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 normally take place on every banking day. The Fund is not open for the sale and redemption such banking days when the valuation of the Fund's assets not can be done in a way that ensures the unit holders' same right as a result of that one or more of the market places listed in § 6 that the Fund trades on, are fully or partly closed.

The Fund consists of the following share classes:

Share class A

Subscriptions and redemptions should be made in SEK. The minimum sales amount is 100 SEK. Generally, subscriptions and redemptions of fund units can be executed daily.

Share class B

Subscriptions and redemptions should be made in SEK. The minimum sales amount is 100 SEK. Generally, subscriptions and redemptions of fund units can be executed daily.

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 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) and in a number of newspapers through the Swedish Investment Fund Association.

The Fund Company is entitled to close the Fund for the sale of units when the fund assets exceed one billion SEK (1,000,000,000), and to decide whether and when the Fund will be

opened for sale of units after closure. All shareholders in the fund-share register shall be informed by letter of any closing and opening no later than 15 banking days before closing or opening.

§ 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 includes costs for the Depository, supervision and auditors. The payment is calculated daily on the Fund's value distributed on the respective share class at 1/365th part of the whole. The payment per year may not exceed what is stated below under the respective share class

The Fund consists of the following share classes:

Share class A

The payment to the Fund Company may not exceed 0.9 % per year.

Share class B

The payment to the Fund Company may not exceed 0.9 % per year.

Share class C

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

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

Share class A and Share class C – Accumulating (non distributing) share classes

This share class does normally not pay out any dividend. The Fund Company can, 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. The dividend is paid in April-May of the year after the fiscal year and is payable to unit holders who are registered for units on the dividend date set by the Fund Company.

For a dividend accruing to a unit the Fund Company shall, following a deduction for

preliminary tax when applicable, 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 the dividend may instead be received in cash, paid into the unit holder's bank account following a deduction for preliminary tax when applicable. Such request shall be submitted by the date the Fund Company has decided.

Share class B – Distributing share class

Annual dividend

This share class pays out dividend. The Fund Company decides annually on the dividend to be paid out to holders of the distributing share class. Dividend is calculated based on the distributing share class' share of the Fund's value. To determine the size of the dividend the change in value of a fund unit in the distributing share class that has been held since the previous dividend is considered. The Fund Company may determine the dividend to a higher or lower amount than the change in value. For further details on the objective of the size of the dividend it is referred to the information brochure. To determine the Fund's first dividend, the change in value of a fund unit that has been held since the time of the introduction of the distributing share class is considered.

For the dividend that accrue to a fund unit, the Fund Company shall, after any deduction of withholding tax, pay the dividend in cash if no special request for reinvested dividend has been made. Request for reinvested dividends shall be made in writing and must have reached the Fund Company no later than ten business days before the record date for the dividend. Payment of dividends shall be made in April-May the year following the fiscal year to unit holders who are, at record date determined by the Fund Company, registered unit holders of the distributing share class.

The distribution affects the ratio between the value of the accumulating shares and the value of distributing shares because the value of the distributing fund units decreases in relation to the size of the dividend.

Further dividend.

This share class does normally not pay out any further dividend. The Fund Company can, 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. The dividend is paid in April-May of the year after the fiscal year and is payable to unit holders who are registered for units on the dividend date set by the Fund Company.

For a dividend accruing to a unit the Fund Company shall, following a deduction for preliminary tax when applicable, 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 the dividend may instead be received in cash, paid into the unit holder's bank account following a deduction for preliminary tax when applicable. Such request shall be submitted by the date the Fund Company has decided.

§ 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 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.

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 IFA shall always apply.

§ 17 Permitted investors

The Fund is intended for the general public, but not to such investors whose subscription of units in the Fund is in conflict with the provisions of Swedish or foreign law or regulations. The Fund is not intended for such investors whose subscription or holding of shares in the Fund means that the Fund or the Fund Company is obliged to take registration measures or other measures which the Fund or Fund Company would not be obliged to take otherwise. The Fund Company has the right to refuse subscription from such investor referred to in this paragraph.

The Fund Company may redeem the unit holder's holdings in the Fund to unitholder's contestation, if it should prove to unit holders subscribed for units in the Fund in conflict with the provisions of Swedish or foreign law or regulations or that the Fund Company due to the shareholder's subscription or holding in the Fund is obliged to take registration measures or other measures for the Fund or the Fund Company which the Fund or the Fund Company not would be obliged to take if the shareholder would not hold units in the Fund.

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.