

Simplicity.

ASSET MANAGEMENT

SIMPLICITY

HIGH YIELD

PROSPECTUS

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Simplicity High Yield

Objective and investment

The Fund is an actively managed long-term fixed income fund primarily investing in interest-bearing assets. The Fund does not track any index.

The objective of the Fund is, with regard to the Fund's investment focus, to achieve the highest possible value growth of the Fund's assets and, under the main scenario, to generate a positive return on an annual basis. Under particularly extraordinary market conditions, the Fund aims to generate a positive return over a two-year period.

The Fund may invest in transferable securities, money market instruments, units in investment funds, derivative instruments, and deposits with credit institutions. The Fund also holds the liquid assets required for the management of the Fund.

The Fund promotes social and environmental characteristics and shall make sustainable investments corresponding to at least 20 per cent of its assets.

Investments are made primarily, at least 50 per cent, in corporate bonds or corporate credit instruments with low credit ratings (so-called high yield) as well as in companies that do not have a credit rating. Corporate bonds and corporate credit instruments with lower creditworthiness generally entail a higher potential return, but also a higher risk that the issuer may not be able to meet its interest payments or repay its debt.

The Fund's assets may also be invested in other asset classes such as global government and mortgage bonds, convertible bonds, preference shares and other similar instruments.

The Fund primarily invests in instruments issued by companies that are geographically linked to the Nordic countries, but may also invest in securities outside the Nordic region.

The Fund aims to maintain an average duration that normally ranges between 0 and 5 years; however, during certain periods the duration may be longer, but may not exceed 10 years.

For the purpose of efficient portfolio management, the Fund may trade in derivative instruments, including OTC derivatives. The Fund may invest in such transferable securities and money market instruments as referred to in Chapter 5, Section 5, first paragraph of the Swedish Investment Funds Act (LVF) ("unlisted instruments"), corresponding to a maximum holding of 10 per cent of the value of the Fund. The Fund uses currency forwards to hedge securities issued in foreign currencies. The intention is that each share class shall at all times be fully currency hedged to its respective subscription currency. The Fund may invest a maximum of 10 per cent of its assets in units of investment funds.

The Fund has been granted permission by Finansinspektionen, under certain circumstances, to invest its assets in accordance with Chapter 5, Section 8 of the Swedish Investment Funds Act (LVF). The Fund may invest more than 35 per cent of its assets in bonds and other debt instruments issued or guaranteed by the Swedish state, a municipality, or another local public authority.

Subscriptions and redemptions in the Fund may normally be made on each banking day.

Share Classes

The Fund has six share classes:

- Share Class A is accumulating, which normally means that no distributions are made and all income is reinvested. The maximum fee is 1.0% per year. The subscription currency is SEK.
- Share Class B is a distributing share class. Distributions are made annually and are paid during April following the end of the financial year. The Management Company decides annually on the amount of the distribution to be paid to unitholders in Share Class B. The basis for determining the amount of the distribution is the interest payments received during the preceding financial year from the

Fund's holdings attributable to Share Class B. The distribution may, however, be set at a higher or lower amount. The maximum fee is 1.0% per year. The subscription currency is SEK.

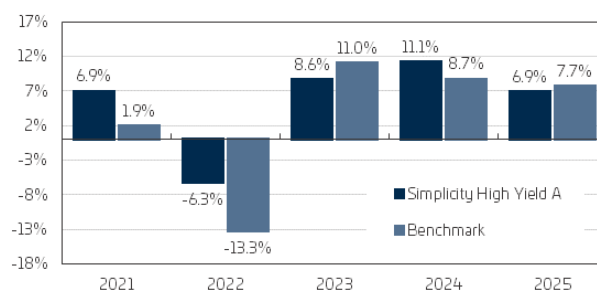
- Share Class C is subject to specific distribution conditions and may only be subscribed for through certain external distributors in accordance with Section 9 of the fund rules. The maximum fee is 0.55% per year. The subscription currency is SEK.
- Share Class D is accumulating, which normally means that no distributions are made and all income is reinvested. The maximum fee is 1.1% per year. The subscription currency is EUR.
- Share Class E is accumulating, which normally means that no distributions are made and all income is reinvested. The share class is currency hedged to EUR and has a minimum initial investment of EUR 500,000. The maximum fee is 0.65% per year. The subscription currency is EUR.
- Share Class F is accumulating, which normally means that no distributions are made and all income is reinvested. The share class is currency hedged to CHF and has a minimum initial investment of CHF 500,000. The maximum fee is 0.65% per year. The subscription currency is CHF.

The distribution in a share class does not affect the net asset value of the other share classes.

Historical return

This chart shows the Fund's performance as a percentage loss or gain per year over the past four years. Past performance is not a reliable indicator of future results. Markets may develop very differently in the future. It can help you assess how the Fund has been managed in the past.

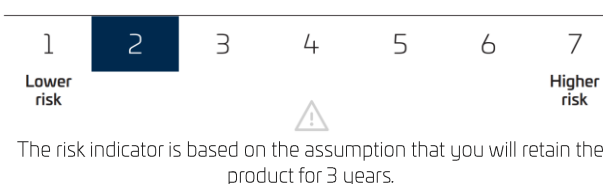
The Fund's performance (return) is calculated after deduction of the annual fee. The figures for all years are calculated in Swedish kronor (SEK), with distributions reinvested in the Fund. No allowance has been made for inflation. Past performance is not a guarantee of future results. The Fund was launched on 14 August 2020.



Who is the fund suitable for?

Simplicity High Yield is intended for investors who wish to complement their fixed income savings with higher expected return and risk. You should have an investment horizon of at least three years.

Risk profile



The summary risk indicator provides an indication of this product's level of risk in comparison to other products. It shows the probability that this product will lose value as a result of market developments. The Fund is

classified as 2 out of 7, i.e. a low level of risk. This means that there is a low risk of rises and falls in the unit value of the Fund.

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 securities 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.

SUSTAINABILITY RISK – The risk involves the potential occurrence of an environmental, social or governance event or condition that could cause an actual or a potential material negative impact on the value of the investment. Weak corporate governance and control structure can, for example, lead to misconduct that adversely affect the company's share price. Integrating sustainability risks into investment decisions is therefore crucial to achieve good long-term returns. The fund manages sustainability risks by both integrating sustainability in the investment process and by Simplicity's exclusion policy.

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 higher in this type of fixed income fund compared to an fixed income fund investing only in securities with high credit rating or securities with a shorter time to maturity. The fund invests at least 50 percent of its assets in corporate bonds issued by companies with high credit rating, so-called investment grade. Other investments may be made in corporate bonds with low or no credit rating. Higher credit risk usually increases price fluctuations but also increases the possibility of higher returns. The ratings of each individual holding are evaluated on a regular basis by the fund managers. The fund strives to have an average credit duration of between 2–5 years. However, the credit duration could be shorter or longer for some periods, but not more than 10 years.

INTEREST RATE RISK – The risk that describes a fixed income fund's sensitivity to changed market rates. The risk means that the value of holdings may fall due to changes in market interest rates. Interest rate risk may be higher in this type of fixed income fund compared to a short-term fund. This is a consequence of the fund investing in assets with a longer time to maturity, which usually contributes to increased volatility but also

the possibility of higher returns. The fund normally strives to have an average duration of between 2 and 5 years. However, the duration will be both shorter and longer during certain periods, but not more than 10 years.

DERIVATIVES – The fund may use derivatives as part of its investment strategy. The purpose is primarily to currency hedge the portfolio, but could also be used to decrease the interest risk. Trading in derivative instruments can incur an increased market risk together with counterparty risk in the form any left-over securities that the fund pledges the counterparty. The fund will generally not trade in derivatives and they are not expected to have a significant effect on the fund's risk profile. When calculating the total exposure in the fund, the "commitment approach" for derivative instruments is applied, which means that the derivative positions are converted into an equivalent position in the underlying assets.

The fund's grade of activity

Description of grade of activity

The fund is actively managed. The fund manager conducts continuous analysis and makes active decisions about the fund's holdings and composition. The manager regularly monitors and changes the portfolio in order to achieve the fund's objectives.

Benchmark

The Fund's benchmark index is the Bloomberg Barclays Global High Yield Total Return Index Hedged SEK. The index is a reinvesting index that tracks the total return of global corporate bonds with lower credit quality, so-called high yield bonds.

The Company considers that the index provides a good representation of the Fund's long-term investment focus with regard to, among other things, asset class, credit risk, maturity and currency.

Grade of activity

The Fund's grade of activity is described using the activity measure tracking error. Tracking error shows how much the Fund's return varies in relation to its benchmark. Tracking error is reported as a percentage and is calculated as the standard deviation of the difference between Fund and the benchmark index returns. The higher the tracking error, the greater is the average deviation.

The calculation does not take into account whether the deviation is positive or negative. The calculation of active risk is based on monthly data from the last two calendar years. The fund had no benchmark index before January 1, 2020. Since historical benchmark index is missing, tracking error has not been calculated for the fund for the period.

Year	Grade of activity
2025	2.5%
2024	5.2%
2023	8.0%
2022	6.6%

Volatility in tracking error during the period is largely due to varying market risks. The fund's investment strategy has resulted in a normal grade of activity for the market.

Current fees

Below is information about the current fees on the sale and redemption of fund shares, year 2025's management fee, including depository costs, cost of supervision and auditors.

Share class A and B

• Subscription fee	0%
• Redemption fee	0%
• Mgmt. fee, including custody, supervision and audit	0.93%

Share class C

• Subscription fee	0%
• Redemption fee	0%
• Mgmt. fee, including custody, supervision and audit	0.48%

Share class D

• Subscription fee	0%
• Redemption fee	0%
• Mgmt. fee, including custody, supervision and audit	1.08%

Share class E

• Subscription fee	0%
• Redemption fee	0%
• Mgmt. fee, including custody, supervision and audit	0.63%

Share class F

• Subscription fee	0%
• Redemption fee	0%
• Mgmt. fee, including custody, supervision and audit	0.63%

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. Brokerage and other costs as well as tax on the fund's purchase and sale of financial instruments are charged to the fund, as well as any compensation to suppliers of analysis services and corresponding services. The fund may be charged with costs for analysis.

Share class A and B

• Subscription fee	0%
• Redemption fee	0%
• Mgmt. fee, including custody, supervision and audit	0.95%

Share class C

• Subscription fee	0%
• Redemption fee	0%
• Mgmt. fee, including custody, supervision and audit	0.50%

Share class D

• Subscription fee	0%
• Redemption fee	0%
• Mgmt. fee, including custody, supervision and audit	1.10%

Share class E

• Subscription fee	0%
• Redemption fee	0%
• Mgmt. fee, including custody, supervision and audit	0.65%

Share class F

• Subscription fee	0%
• Redemption fee	0%
• Mgmt. fee, including custody, supervision and audit	0.65%

Custodian

Swedbank AB (publ) ("Swedbank")

Company headquarters: Stockholm, Sweden

Corporate identity no.: 502017-7753

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 depository 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 depository shall act with due diligence, diligence and care in its choice, continued engagement and supervision of the party to which the depository functions have been delegated.

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

Responsible investments

Read more about how the fund integrates sustainability in the investment process in the sustainability annex below.

Fund Rules – Simplicity High Yield

§ 1 Legal status of the Fund

The name of the investment fund is Simplicity High Yield, hereinafter called the Fund. The Fund is a securities fund as defined by the Swedish Investment Funds Act (2004:46) (*Sw. lagen om värdepappersfonder*, "LVF").

Fund capital 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 consists of the following share classes with the conditions set out below:

- A – SEK, accumulating (non-distributing)
- B – SEK, distributing
- C – SEK, accumulating, subject to specific distribution conditions
- D – EUR, accumulating
- E – EUR, accumulating, minimum initial investment of EUR 500,000
- F – CHF, accumulating, minimum initial investment of CHF 500,000

All share classes are currency hedged.

The Fund may not acquire rights or assume obligations. The management company referred to in Section 2 represents the unitholders in matters relating to the mutual fund, decides on the assets included in the Fund, and exercises the rights arising from such assets.

The operations are conducted in accordance with these fund rules, the articles of association of the Management Company, the Swedish Investment Funds Act (LVF), and other applicable laws and regulations.

§ 2 Fund Management

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 assets of the Fund is Swedbank AB (publ), corporate identity number 502017-7753.

The Depository shall execute the decisions of the Management Company regarding the Fund and receive and safekeep the assets of the Fund. The Depository shall monitor that the decisions made by the Management Company relating to the Fund, such as valuation, redemption and subscription of fund units, are carried out in accordance with law, regulations and these fund rules. The Depository shall act independently of the Management Company and exclusively in the joint interest of the unitholders.

§ 4 Characteristics of the Fund

The Fund is an actively managed fixed income fund primarily investing in interest-bearing assets. The Fund's investments are mainly made in corporate bonds or corporate credit instruments with low credit ratings (so-called high yield), as well as in companies without a credit rating.

The Fund's assets may also be invested in other asset classes such as global government and mortgage bonds, convertible bonds, preference shares and other similar assets. The Fund primarily invests in instruments issued by companies geographically linked to the Nordic countries, but also invests in securities outside the Nordic region.

The objective of the Fund is, with regard to the Fund's investment focus, to achieve the highest possible value growth of the Fund's assets and, under the main scenario, to generate a positive return on an annual basis. Under particularly extraordinary market conditions, the Fund aims to generate a positive return over a two-year period.

§ 5 Investment Strategy of the Fund

The Fund may invest in transferable securities, money market instruments, units in investment funds, derivative instruments, and deposits with credit institutions.

Derivative instruments refer to instruments such as futures, swaps and options where the underlying asset consists of or relates to interest-bearing transferable securities, money market instruments, interest rates, exchange rates, foreign currencies or financial indices.

At least 50 per cent of the Fund's investments shall be directed towards corporate bonds and corporate credit instruments with lower creditworthiness (high yield). Investments may also be made in companies

with higher credit quality (investment grade) and companies without a credit rating. The Management Company determines the composition of the Fund with regard to the credit quality of the holdings based on prevailing market conditions. The definition of high yield is based on the S&P scale for corporate bonds or issuers of corporate bonds rated lower than BB+ or an equivalent rating from another credit rating agency, or, if unrated, assessed as having equivalent credit risk.

Corporate bonds and corporate credit instruments with lower creditworthiness generally involve higher potential returns, but also higher risk in terms of the issuer's ability to meet interest payments and debt obligations.

The Fund may also, to a limited extent and under special circumstances such as corporate restructurings, conversions or similar events, hold equities or equity-related instruments. Investments in such holdings are not made as part of the Fund's active investment strategy, but as a consequence of events related to existing holdings of debt instruments. The Fund will not actively invest in equities.

The Fund aims to maintain an average duration that normally ranges between 0–5 years; however, during certain periods the duration may be longer, but may not exceed 10 years.

The Fund primarily invests in instruments issued by companies geographically linked to the Nordic countries, but may also invest in securities outside the Nordic region. Investments geographically linked to the Nordic countries shall constitute at least 50 per cent of the value of the Fund.

Geographically linked to the Nordic countries means that the Fund invests in financial instruments admitted to trading on a regulated market or an equivalent market in the Nordic countries, or in instruments issued by companies that conduct their principal operations in the Nordic region.

Companies with principal operations in the Nordic region are defined as companies that:

- invest at least 50 per cent of their assets in the Nordic region, or
- conduct at least 50 per cent of their operations, such as production or manufacturing, in the Nordic region, or
- derive at least 50 per cent of sales, turnover or profit from the Nordic region.

Under exceptional circumstances and particularly extraordinary market conditions, the Fund may invest without limitation in Swedish government securities in accordance with Section 7 below. This option may be used to manage risk in the Fund.

The Fund may invest a maximum of 10 per cent of the value of the Fund in units of other funds or collective investment undertakings.

§ 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 transferable securities and money market instruments as referred to in Chapter 5, Section 5 of the LVF.

The Fund may use derivative instruments for efficient portfolio management purposes in order to reduce costs and risks.

The Fund may invest in such derivative instruments as referred to in Chapter 5, Section 12, second paragraph of the LVF (OTC derivatives).

Currency derivatives are used at all times to hedge the Fund's holdings to the currency applicable to each share class in accordance with Section 1.

Pursuant to Chapter 5, Section 8 of the LVF, the Fund may hold without limitation bonds and other debt instruments issued or guaranteed by the Swedish state, a Swedish municipality, or a Swedish governmental or municipal authority, provided that they originate from at least six different issues and that no single holding exceeds 30 per cent of the value of the Fund.

§ 8 Valuation

The value of the Fund is calculated by deducting liabilities attributable to the Fund from the assets, including, inter alia, accrued but unpaid taxes as

determined by the Management Company and the fees referred to in Section 11 below.

Transferable securities, fund units, money market instruments, deposits with credit institutions and derivative instruments are valued at market value. Market value refers to the most recent transaction price, or, if unavailable, the most recent bid price, or, if unavailable, the most recent ask price. If such market value cannot be obtained or is deemed misleading by the Management Company, the value may be determined based on objective criteria. Objective criteria mean that the market value is determined through a specific valuation based on information regarding the most recent transaction price or indicative bid prices from a market maker, if one has been appointed for the issuer. If such information is unavailable or deemed unreliable by the Management Company, the market value is determined based on information from an independent party or other external, independent sources. If the market for a particular security is not active, valuation may be carried out using a generally accepted valuation method established in the market, such as discounted cash flow analysis or comparison with other similar transactions carried out under market-based conditions during a comparable period.

For OTC derivatives, market value is primarily determined by the market price on an active market. If such market value is unavailable, the market value shall be determined using a valuation method established in the market, such as Black & Scholes or Black 76.

For transferable securities and money market instruments referred to in Chapter 5, Section 5 of the LVF, market value shall be determined in accordance with the procedures above.

As the Fund consists of multiple share classes, the value of a fund unit shall be determined taking into account the conditions applicable to each share class. The value of a unit in a share class of the Fund equals the value of the share class divided by the number of outstanding units in that share class. Units within each share class shall be of equal size.

The Management Company shall determine the net asset value per fund unit on each banking day.

§ 9 Subscription and redemption of units

Fund units are subscribed and redeemed by the Management Company. Subscription (purchase by a unitholder) and redemption may normally take place on each banking day. The Fund is, however, not open for subscription and redemption on banking days when valuation of the Fund's assets cannot be carried out in a manner that ensures equal rights for unitholders due to one or more of the markets referred to in Section 6 on which the Fund trades being wholly or partly closed.

The Fund consists of the following share classes:

Share Class A

Subscription and redemption of units are made in SEK. The minimum subscription amount is SEK 100. Subscription and redemption may normally take place daily.

Share Class B

Subscription and redemption of units are made in SEK. The minimum subscription amount is SEK 100. Subscription and redemption may normally take place daily.

Share Class C

Subscription and redemption of units are made in SEK. The minimum subscription amount is SEK 100. Subscription and redemption may normally take place daily. Share Class C is open only to:

- investors who, within the framework of an agreement on investment services pursuant to Chapter 2, Section 1 of the Swedish Securities Market Act (2007:528) or corresponding Swedish or foreign regulation, invest in the Fund and where no remuneration is paid by the Management Company to the provider of the investment service; and
- insurance companies that, within the framework of agreements with policyholders, invest in the Fund and where no remuneration is paid by the Management Company to the company or the insurance distributor.

Share Class D

Subscription and redemption of units are made in EUR. The minimum subscription amount is EUR 100. Subscription and redemption may normally take place daily.

Share Class E

Subscription and redemption of units are made in EUR. The minimum initial subscription amount is EUR 500,000. Subscription and redemption may normally take place daily.

Share Class F

Subscription and redemption of units are made in CHF. The minimum initial subscription amount is CHF 500,000. Subscription and redemption may normally take place daily.

Units in Share Class A shall be converted into units in Share Class C when the conditions for holding units in Share Class C are met.

Units in Share Class C shall be converted into units in Share Class A when the conditions for holding units in Share Class C are no longer fulfilled.

Requests for redemption of fund units shall be made in writing or by fax to the Management Company or, subject to a specific agreement, by electronic means. The request shall be in writing and, except in the case of electronic means, personally signed by the unitholder.

Requests received by the Management Company no later than 14:00 on full banking days or 11:00 on half banking days shall be executed on the same day. Requests received after those times may be executed either on the same banking day or on the following banking day.

If funds for redemption must be obtained through the sale of securities, such sale shall be carried out and the redemption executed as soon as possible. If such sale could materially disadvantage the interests of other unitholders, the Management Company may, after notifying Finansinspektionen, postpone the sale.

Upon redemption of fund units, payment shall be made no later than three (3) banking days after the redemption has been executed.

The price of a fund unit upon subscription and redemption is determined at the end of the banking day on which the subscription or redemption is executed. Subscription and redemption therefore take place at a price that is not known to the unitholder at the time the request is made.

A request for redemption may be withdrawn only with the consent of the Management Company.

The subscription price shall be the net asset value per unit on the day of subscription. The redemption price shall be the net asset value per unit on the day of redemption. The net asset value per unit is published on the Management Company's website (www.simplicity.se) and in a number of newspapers through the Swedish Investment Fund Association.

§ 10 Closure of the Fund under extraordinary circumstances

The Fund may be closed for subscription 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 compensation

From the fund's assets, compensation shall be paid to the fund company for its management of the fund. This compensation includes costs for custody (the custodian), supervision, and auditors. The compensation is calculated daily at 1/365 of the annual amount. The compensation may not exceed the amounts stated below for each share class:

Share Class	Maximum compensation
A	1.00 %
B	1.00 %
C	0.55 %
D	1.10 %
E	0.65 %
F	0.65 %

Brokerage fees and other transaction costs, as well as taxes incurred in connection with the Fund's purchase and sale of financial instruments, shall

be borne by the Fund. The Fund may also be charged with remuneration payable to providers of research services or corresponding services. The Fund may be charged with costs for research.

Any value added tax (VAT), where applicable, shall be added to the fees.

§ 12 Dividends

Share class A, C, D, E and F – Accumulating (non-distributing) share classes

No distributions are made in these share classes.

Share class B – Distributing share class

Annual distribution

Distributions are made in this share class. The Management Company shall annually decide on the distribution to be paid to unitholders in the distributing share class. The distribution is calculated based on the distributing share class's proportion of the value of the Fund. As a basis for determining the amount of the distribution, the interest payments (so-called coupons) received by the Fund from bond holdings during the preceding financial year are taken into account. The Management Company may determine the distribution to be a higher or lower amount than the coupons received. For further information regarding the objective relating to the level of the distribution, reference is made to the information brochure.

The distribution attributable to a fund unit shall, after any deduction for preliminary tax, be paid in cash unless a specific request for reinvestment of the distribution has been made. A request for reinvestment shall be made in writing and must be received by the Management Company no later than ten banking days prior to the record date for the distribution. Payment of the distribution shall be made during April–May of the year following the end of the financial year to unitholders who, on the record date determined by the Management Company, are registered unitholders in the distributing share class.

The distribution affects the relationship between the value of accumulating units and distributing units, as the value of the distributing units is reduced in proportion to the amount of the distribution.

§ 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 Depositary.

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 Depositary 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 unitholder should carefully review in detail the risks associated with the financial instruments in which the Fund invests, as described in the Key Information Document and the information brochure.

The Management Company shall not be liable for damage resulting from statutory provisions, actions by authorities, acts of war, strikes, blockades, boycotts, lockouts or other similar circumstances, such as data or

telecommunications failures. The reservation regarding strikes, blockades, boycotts and lockouts shall apply even if the Management Company is subject to or initiates such industrial action.

Damage arising in other cases shall not be compensated by the Management Company provided that reasonable care has been exercised.

The Management Company shall in no case be liable for indirect damage, nor for damage caused by a custodian bank or other appointed agent engaged with due care. The Management Company shall also not be liable for damage arising from restrictions on disposition that may be applied against the Management Company.

If the Management Company is prevented from taking action due to any of the circumstances referred to above, such action may be postponed until the impediment has ceased. If payment cannot be made or received as a result, the Management Company shall not be obliged to pay default interest.

Nothing in this section limits a unitholder's right to compensation pursuant to Chapter 2, Section 21 of the LVF.

Where the Depositary or a custodian bank has lost financial instruments held in custody, the Depositary shall, without undue delay, return financial instruments of the same type or pay an amount corresponding to their value to the Management Company for the account of the Fund. The Depositary shall not, however, be liable where the loss is caused by an external event beyond its reasonable control, the consequences of which could not have been avoided despite all reasonable efforts, including statutory provisions, actions by authorities, acts of war, strikes, blockades, boycotts, lockouts or similar circumstances.

The Depositary shall not be liable for other damage unless caused intentionally or through negligence and shall not be liable where the aforementioned circumstances apply.

The Depositary shall not be liable for damage caused by a Swedish or foreign exchange or other marketplace, registrar, clearing organisation or similar service providers, nor, in respect of other damage than loss of custody assets, by custodian banks or other agents engaged with due care or designated by the Management Company. The Depositary shall not be liable for damage resulting from the insolvency of such organisations or agents. Outsourcing arrangements do not relieve the Depositary of liability under the Swedish Investment Funds Act.

The Depositary shall not be liable for damage resulting from restrictions on disposition applied against it.

The Depositary shall in no case be liable for indirect damage.

If performance is prevented due to the circumstances referred to above, actions may be postponed without obligation to pay default interest. Where interest has been agreed, interest shall be paid at the rate applicable on the due date.

The Depositary's liability is ultimately governed by Chapter 3, Sections 14–16 of the LVF.

§ 17 Eligible Investors

The Fund is offered to the general public; however, it is not offered to investors whose subscription for shares in the Fund would be in breach of Swedish or foreign law or regulation. The Fund is also not offered to investors whose subscription for or holding of shares in the Fund would require the Fund or the Management Company to undertake any registration or other measures that the Fund or the Management Company would otherwise not be required to undertake. The Management Company shall be entitled to refuse a subscription from any investor referred to in this paragraph.

The Management Company may, without the consent of the unitholder, redeem the unitholder's shares in the Fund if it is established that the unitholder has subscribed for shares in the Fund in breach of Swedish or foreign law or regulation, or if, as a result of the unitholder's subscription for or holding of shares in the Fund, the Management Company becomes obliged to undertake any registration or other measures for the Fund or the Management Company that would not otherwise be required if the unitholder did not hold shares 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.

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph of Regulation (EU) 2020/852

Product name: Simplicity High Yield
Legal entity identifier: 549300735YFOSA719U71

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of sustainable investments with an environmental objective: ___%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of sustainable investments with a social objective: ___%

It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20 % of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but will not make any sustainable investments

Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities.

That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be



What environmental and/or social characteristics are promoted by this financial product?

The fund promotes environmental and social characteristics by exclusion, inclusion, norm-based screening, and engagement.

In addition, the fund must contain at least 20% sustainable investments. Further details regarding the objectives of the fund's sustainable investments can be found below under "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"

The fund promotes the following environmental characteristics:

- **Climate action (SDG 13)** by including companies with science-based climate targets and by excluding fossil fuels. Proactive dialogues are conducted with the aim of encouraging companies to set science-based targets verified by the Science Based Targets initiative (SBTi)
- **Affordable and clean energy (SDG 7)** by excluding energy-producing companies where more than 25% of their energy capacity is based on fossil fuels, and electricity distributors where more than 25% of their distribution comes from fossil energy sources.

The fund promotes the following social characteristics:

- **Responsible business conduct** by norm-based screening and selecting companies that are signatories to the UN Global Compact. Proactive dialogues are conducted with the aim of encouraging companies to adopt and join the UN Global Compact.
- **Good health and well-being (SDG 3)** by excluding companies involved in alcohol, tobacco, and cannabis.
- **Reduce violence everywhere (in SDG 16)** by excluding companies that produce or distribute weapons.
- **Social responsibility** by excluding companies that are involved in pornography or commercial gambling.

- *Good governance praxis* by excluding companies that systematically violate international norms and conventions, without showing any progress or will to improve.

The fund invests in green, social, sustainable and sustainability linked bonds, where the capital raised is earmarked for environmental and social projects. At least 5% of the fund should consist of green, social, sustainable and/or sustainability linked bonds.

No index is designated as a reference benchmark to meet the environmental and social characteristics that are promoted by this fund. Instead, the sustainability indicators described in the section below are used to measure the attainment of the fund's sustainable characteristics. Find more information on how the fund promotes environmental and social characteristics under "What investment strategy does this financial product follow?".

Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

● What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The table below includes the sustainability indicators used to measure the attainment of the environmental or social characteristics promoted by the fund. The indicators are considered in investment decisions and are controlled regularly.

Sustainability indicators	Description of indicator	Purpose
Sustainable Investments	The share of investments that fulfill the fund's thresholds of a sustainable investment according to Article 2 (17) in SFDR. Find the definition under "What investment strategy does this financial product follow?".	At least 20 % of the fund should be sustainable investments.
Green, social, sustainable and sustainability linked bonds	The share of investments that is invested in green, social, sustainable and/or sustainability linked bonds.	At least 5 % of the fund should be in this type of bonds.
Exclusion	Find the fund's exclusion policy under "What investment strategy does this financial product follow?".	The fund should have no exposure in companies that do not meet the fund's exclusion policy.
Norm-based screening	Exposure to companies that violate international norms and conventions, such as the ILO Conventions, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, or that are involved in other types of incidents.	The fund excludes companies that systematically violate international norms and conventions without demonstrating a willingness to change and/or that have not compensated third parties who have suffered serious harm from a verified violation.
Science Based Targets	Share of fund holdings with climate targets approved by the Science Based Targets Initiative (SBTi).	Simplicity has, as a fund company, established targets and interim targets for the share of investments in its funds that should have climate goals verified by the SBTi. Simplicity engages with companies to encourage them to set an SBT.
UN Global Compact	Share of companies that are members of the UN Global Compact and thus has committed to ten principles related to human rights, labor, environment, and anti-corruption.	Simplicity has, as a fund company, established targets and interim targets for the share of investments in its funds that should be signatories to the UN Global Compact. Simplicity engages with companies to encourage them join the UN Global Compact.

● What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

A sustainable investment is an investment in an economic activity that contributes to an environmental objective or a social objective, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices. All sustainable investments of the fund are aligned with an environmental or a social objective. The objectives of the fund's sustainable investments are the following:

- *The EU Taxonomy's environmental objectives* by investing in companies that report being taxonomy-aligned, or are estimated to be so.
- *The UN Sustainable Development Goals* by investing in companies whose products and services contribute positively to achieving one or more of the UN's 17 Sustainable Development Goals.
- *The Paris Agreement and the UN Sustainable Development Goals* by investing in companies that have climate targets verified by the Science Based Targets initiative (SBTi) and are also signatories to the UN Global Compact.
- The sustainable investments in green, social, sustainable or sustainability linked bonds are directly contributing to *one or more sustainability objective*. For green and social bonds, the capital that is raised is earmarked for environmental and social projects, respectively. Sustainable and sustainability linked bonds are contributing to the both social and environmental objectives.

No index is designated as a reference benchmark to meet the environmental and social characteristics and the sustainable investment objectives that are promoted by this fund.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The fund considers principle adverse impacts of sustainability factors in investment decisions for sustainable investments to not cause significant harm to any environmental or social sustainable investment objective. More information can be found below.

How have the indicators for adverse impacts on sustainability factors been taken into account?

By considering the indicators for adverse impacts on sustainability factors (PAI indicators) stated in the section below "Does this financial product consider principal adverse impacts on sustainability factors?", the criterion of not causing significant harm to any environmental or social investment objective for the fund's sustainable investments is met.

In addition to considering PAI indicators, the fund excludes various sectors and activities that are considered to contribute to negative impacts on environmental and social sustainability, are ethically controversial, or for other reasons, in our view do not contribute positively to a sustainable society. The fund's exclusion criteria are provided under the heading 'What investment strategy does this financial product follow?'

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Simplicity does not invest in companies that systematically violate international norms and conventions without demonstrating a willingness to change, such as the ILO Conventions, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. The guidelines for each principle indicate how global companies should act on issues related to employment, working conditions, human rights, trade union organization, taxation, and promote a corporate culture aimed at combating, among other things, human rights violations, corruption, and bribery. Companies may be placed on a 'watchlist' if these principles are breached.

The fund's compliance with the above norms and conventions is ensured through regular monitoring using data from external data providers. The fund managers are responsible for adhering to the company's responsible investment guidelines when making investment decisions and continuously throughout the holding period. Simplicity has a Sustainability Committee whose function is to assist the managers in fulfilling the funds' sustainability-related commitments. The Sustainability Committee meets regularly. Its role is to discuss relevant issues, violations, and incidents, conduct engagement activities, and provide guidance regarding potential exclusions of individual companies from the funds.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

The fund considers principal adverse impacts on sustainability factors in investment decisions. The fund strives to limit the adverse impacts on sustainability factors caused by the fund holdings' activities through two main methods: exclusion and norm-based screening.

As a first step, the company's exclusion criteria are applied, meaning that companies of a particularly negative nature are excluded from the company's funds (see more below under the heading "What investment strategy does this financial product follow?"). The funds exclude fossil fuels (PAI factor 1.4), companies with more than 25% of their energy production based on fossil fuels (PAI factor 1.5), and controversial weapons (PAI factor 1.14). The funds also exclude additional types of activities, but these do not have a direct connection to any PAI factor.

Norm-based screening is used to identify potential violations of international norms, such as the ILO conventions, the UN Global Compact, OECD guidelines for multinational enterprises, and the UN Guiding Principles on Business and Human Rights (UNGPs). Simplicity's funds should not invest in companies that systematically violate international norms and conventions without demonstrated willingness to change (PAI factor 1.10).

Other PAI factors are considered based on the likelihood that the negative impact associated with the area will occur and its severity if it does. Investments are analyzed based on data availability, and the analysis and assessment vary depending on the companies' industry, geography, and business model. Very negative impacts related to the other PAI factors may lead the Company to determine that an investment should not be made, even if the Company has not set specific thresholds for these PAI factors.

Below is a list of all PAI indicators and two optional ones (PAI 2.4, 3.4 and 3.6)

PAI 1.1 GHG emissions

PAI 1.2 Carbon footprint

PAI 1.3 GHG intensity of investee companies

PAI 1.4 Exposure to companies active in the fossil fuel sector

PAI 1.5 Share of non-renewable energy consumption and production

PAI 1.6 Energy consumption intensity per sector with significant climate impact

PAI 1.7 Activities negatively affecting biodiversity-sensitive areas

PAI 1.8 Emissions to water

PAI 1.9 Hazardous waste and radioactive waste

PAI 1.10 Violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

PAI 1.11 Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

PAI 1.12 Unadjusted gender pay gap

PAI 1.13 Board gender diversity

PAI 1.14 Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

PAI 2.4 Investments in companies without carbon emission reduction initiatives

PAI 3.4 Lack of a supplier code of conduct

PAI 3.6 Insufficient whistleblower protection

More information about the main negative consequences for sustainability factors can be found in the annual report. The annual report (in Swedish) is available at <https://www.simplicity.se/rapport/>.

No

What investment strategy does this financial product follow?

The fund is an actively managed fixed income fund. Sustainability is a central part of the investment process. The fund follows Simplicity's policy for responsible investments as well as certain sustainability criteria. The objective of the fund is to achieve the highest possible value growth for the fund's assets, and meanwhile promote environmental and social characteristics. Sustainability factors are considered to have a neutral effect on the fund's return.

The company has established threshold values to assess whether an investment significantly contributes to an environmental or a social objective in accordance with Article 2 (17) of the EU's Disclosure Regulation (SFDR). At least one of the criteria below must be met.

- **Contribution to the environmental objectives of the EU Taxonomy.** Refers to investments in companies where at least 10 % of the company's revenue is reported or estimated as environmentally sustainable according to the EU taxonomy regulation.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.



Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **Contribution to the SDGs.** Refers to investments in companies where at least 10 % of the company's turnover must be linked to activities that are deemed to contribute to fulfilling one or more of the SDGs.
- **Contribution to the Paris Agreement and the UN Global Compact.** Refers to investments in companies that have climate targets verified by the Science Based Targets initiative (SBTi) and that are also connected to the UN Global Compact. These investments contribute to UN Goal 13 (combating climate change) and meeting the climate goals of the Paris Agreement, while promoting responsible business.
- **Specific securities with sustainability-related objectives.** Investments in these types of bonds are sustainable investments as the bonds are directly linked to one or more sustainability objectives. For green and social bonds, the capital that is raised is earmarked for environmental and social projects, respectively. Sustainable and sustainability linked bonds are contributing to both social and environmental objectives.

The fund applies both inclusions and exclusions strategies in the investment process to promote social and environmental characteristics.

Including. The fund includes:

- Companies that are members of UN Global Compact to promote responsible business conduct. Simplicity has, as a fund company, established targets and interim targets for the share of investments in its funds that should be signatories to the UN Global Compact.
- Companies with carbon emission reduction efforts and commitments to promote SDG 13 (Climate action) and the Paris Agreement. Simplicity has, as a fund company, established targets and interim targets for the share of investments in its funds that should have climate goals verified by the SBTi.
- Green, social, sustainable and/or sustainability linked bonds, where the capital raised is earmarked for environmental and social projects respectively. At least 5% of the fund should consist of these types of bonds.

Exclusions criteria. The fund excludes companies that produce or distribute tobacco, cannabis, alcohol, pornography, commercial gaming, weapons, or fossil fuels, as well as other companies within sector 10 according to the GICS classification. The table below shows the thresholds, as a share of revenue, for exclusion:

Sector	Production	Distribution
Tobacco	0%	5%
Cannabis	0%	5%
Alcohol	5%	5%
Pornography	0%	1%
Commercial gambling	5%	5%
Conventional weapons	0%	1%
Military Equipment & technical assistance	1%	1%
Controversial & nuclear weapons	0%	0%
Fossil fuels	0%	5%

The fund is also excluding companies:

- With more than 25 % of their energy production based on fossil fuels.
- With more than 25% of its electricity distribution coming from fossil fuels.
- With more than 5% of revenue from electricity generation through the combustion of thermal coal.
- That are investment companies and majority owners of companies that extract fossil fuels or any other company within sector 10 according to the GICS classification.
- Companies from other sectors with more than 25 % revenue derived serving fossil fuel companies or other companies within GICS sector 10.
- That produce or distribute electricity where more than 25% of the generated energy comes from nuclear power.
- Norm-based exclusions of companies that are subject to current EU or UN sanctions.

The investment strategies are continuously checked. Holdings that no longer meet the fund's sustainability requirements will be discussed in the Sustainability Committee, which may lead to initiating a dialogue or that the holding will be excluded

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are:

- The share of sustainable investments should be at least 20 % of the fund.
- The share green, social, sustainable and sustainability linked bonds should be at least 5 % of the fund.
- Simplicity's policy for responsible investments, including exclusion, inclusion, norm-based screening, and engagement.

● **What is the policy to assess good governance practices of the investee companies?**

To manage sustainability risks, it is crucial that the companies in which Simplicity invests through its funds conduct their operations in a responsible manner. The company employs norm-based screening to ensure compliance with good governance practices. At a minimum, Simplicity expects these companies to adhere to laws and international norms and conventions, such as the ILO conventions, UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD guidelines for multinational enterprises. All holdings in Simplicity's funds undergo regular screening to verify that no violations have occurred. The norm-based screening is conducted by a third party.



What is the asset allocation planned for this financial product?

The asset allocation has the following split as described below. The shares may vary depending on market movements throughout the year.

#1 Aligned with E/S characteristics: > 90 %

All investments in bonds.

#1A Sustainable: > 20%

Investments that fulfil binding parts of the fund's investment strategy described in more detail above under the question "What investment strategy does this financial product follow?". These investments are divided between taxonomy compatible investments and other investments with environmental or social objectives.

#1B Other E/S characteristics: < 80%

Investments that promote environmental or social characteristics but do not qualify as sustainable investments.

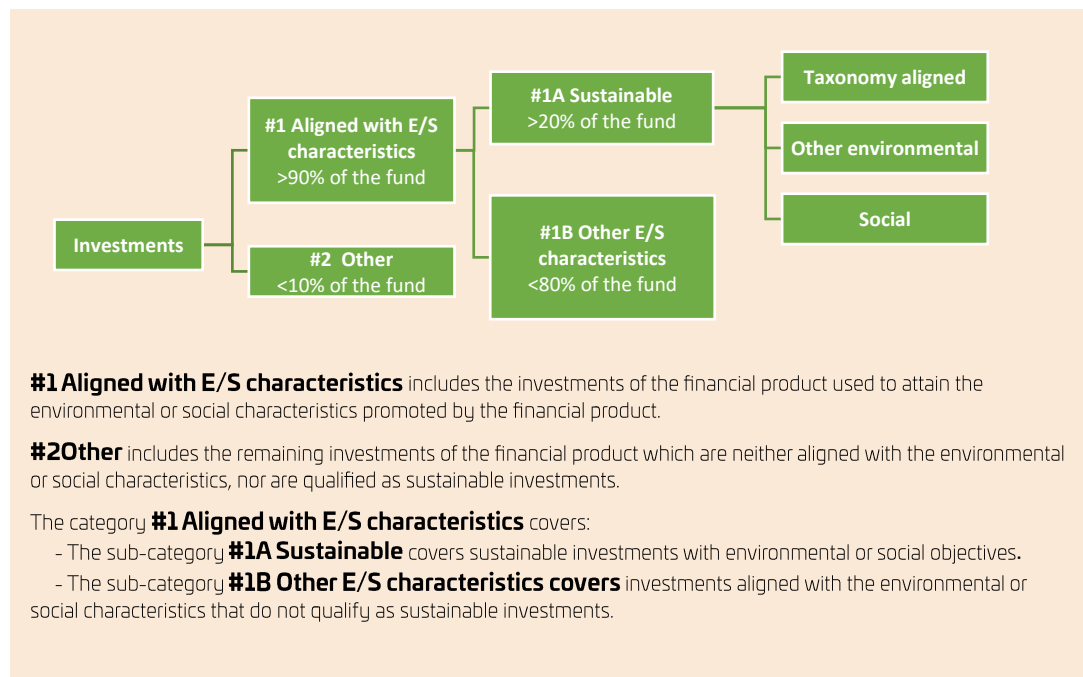
#2 Other: < 10%

Cash for liquidity management and derivatives.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting



● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

All derivatives are used for risk management and to streamline the fund management by hedging currency as well as interest rate risk. The derivatives are assessed to have a neutral impact on the environmental and social characteristics that the fund promotes. The usage of derivatives means that the fund increases the opportunity to invest in sustainable bonds in currencies other than Swedish. By using derivatives, the fund's investment universe for sustainable bonds becomes larger.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund has no commitments to make a minimum share of sustainable investments with an environmental objective aligned with the requirements of the EU Taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?¹

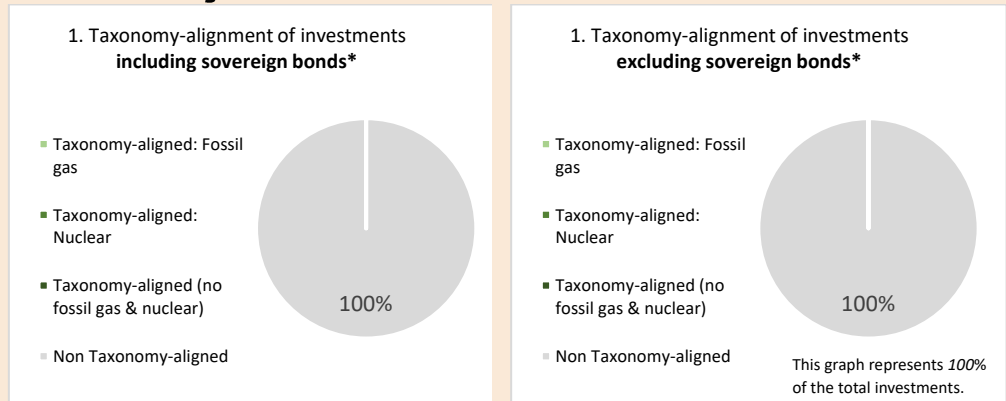
Yes,

In fossil gas

In nuclear energy

No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



What is the minimum share of investments in transitional and enabling activities?

The fund has no commitments to make a minimum share of investments in transition activities or enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The fund can invest in economic activities that are not considered as environmentally sustainable economic activities according to the EU taxonomy. The fund's investments that may belong to this group are, for example, green bonds, bonds issued by companies with science-based climate targets or bonds issued by companies whose products and services contribute to meeting one or more of the environmental-related SDGs. The fund has no commitments to make a minimum share of sustainable investments with an environmental objective that is not aligned with the requirements of the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.**

¹ Fossil gas and /or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives – see explanatory notes in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in the Commission Delegated Regulation (EU) 2022/1214.



What is the minimum share of socially sustainable investments?

All sustainable investments in the fund are compatible with a social or environmental objective. The fund has not committed to make a minimum proportion of sustainable investments with a social objective. However, the fund can make sustainable investments in financial products that are deemed to contribute to a social objective. The fund makes socially sustainable investments by investing in social bonds or in companies that contribute to fulfilling one or more of the social SDGs. The fund has no commitments to make a minimum share of sustainable investments with a social objective.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The following are included in “#2 Other”:

- **Cash.** According to the fund terms, the fund may have cash held as liquidity up to 10% of the fund.
- **Derivates.** The fund can use derivatives for risk management and to streamline the fund management by hedging currency as well as interest rate risk.

The fund company has made the assessment that the cash held for liquidity neither the derivatives represent environmental nor social risks.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.simplicity.se/en/fond/simplicity-high-yield-eng/>

General Information about Simplicity

Management company

Simplicity AB	556611-4723
Company formation	2001.05.10
Share capital	Sek 3.000.000
Registered office	Varberg
Parent company	Simplicity Holding AB
Address	Södra Hamnvägen 12, 432 44 Varberg
Telephone	0340-21 95 00
Website	www.simplicity.se
E-mail	kundservice@simplicity.se
Supervisory authority	Finansinspektionen

Permission to conduct fund operations was granted by Finansinspektionen on 2002.09.02 and renewed in accordance with new legislation on 2004.12.22.

The Management Company manages the following securities funds

- Simplicity Sverige
- Simplicity Småbolag Sverige
- Simplicity Norden
- Simplicity Småbolag Global
- Simplicity Fastigheter
- Simplicity Global Tema
- Simplicity Likviditet
- Simplicity Företagsobligationer
- Simplicity Global Corporate Bond
- Simplicity High Yield
- Simplicity Palma
- Simplicity Maturity 2028
- Simplicity Maturity 2029

Board of Directors

Chairman: Jonas Wollin – CEO, Rudholm Group Holding AB
Board member: Michael Lindengren – Styrelseordförande, Acrap AB
Board member: Ulf Ingemarson – VD, Simplicity AB
Board member: Hans Bergqvist – Simplicity AB
Board member: Henrik Tingstorp – Simplicity AB
Board member: Johanna Ingemarson – Simplicity AB

Senior Executives

Ulf Ingemarson – CEO
Hans Bergqvist – Deputy CEO
Henrik Tingstorp – Deputy CEO
Johan Rönliden – Head of Risk Function

Auditor

Carl Fogelberg – PwC AB

Outsourcing Agreements

Simplicity AB has chosen to outsource the compliance function to an external party. Currently, this assignment is held by Harvest Advokatbyrå AB with lawyer Björn Wendleby responsible.

The fund company has entered into an outsourcing agreement with Advisense AB regarding the company's internal audit function. Iman Chaffari at Advisense is responsible for the assignment.

Amendments to Fund Rules

Amendments to fund rules may only be made by decision of the fund company's board and must be submitted to Finansinspektionen for approval. Once approved, the decision shall be made available at the fund company and the custodian, and announced as directed by Finansinspektionen. Changes may affect the fund's investment focus, fees, and risk profile.

Registration of Unit Holders

The Management Company maintains a register of all unit holders and their holdings. The unit holder's holdings are reported in the annual statement, which also includes tax information.

Subscription of Units

Purchase (unit holder's purchase) of fund units can be made daily for our equity funds and fixed income funds through the fund company. Subscriptions are made as follows:

- By depositing funds to the fund's bank giro. Deposited funds go directly to the fund's account at the custodian.
- By depositing directly to the fund's account.
- By instructing the fund company in advance for periodic purchases via direct debit. Deposited funds go directly to the fund's account at the custodian.

Issuance of fund units is not executed until payment has been received by the fund. For distributors, purchase of fund units before payment is allowed if an agreement regulating this has been established. The agreement regulates the applicable terms and payment to each fund must be made T+1, T+2, or T+3 depending on the fund. The checks Simplicity must perform under the Anti-Money Laundering Act may also affect the timing and possibility of executing unit purchases.

The price of fund units is calculated according to §8 of the fund rules on the day of sale. Therefore, the price is not known when the purchase request is made. It is not possible to limit purchase or redemption orders.

Further information about the sale and redemption of fund units, as well as necessary forms, is available on the fund company's website or can be obtained from customer service at 0340-219500.

Redemptions of Units

Redemption of fund units can be made daily for our equity funds and fixed income funds through the fund company. Fill in and sign the Redemption of Fund Units form available on our website, simplicity.se, or contact us and we will send it by post. You may also write your own sell order, which must include your name, personal/corporate ID number, and what you wish to sell. It is important that you sign the sell order.

Upon redemption, payment is normally made no later than three (3) banking days for our equity funds, Simplicity Företagsobligationer, Simplicity Global Corporate Bond, Simplicity High Yield, Simplicity Maturity 2028, Simplicity Maturity 2029, and two (2) banking days for Simplicity Likviditet. The money is paid to the bank account or bank giro specified by the unit holder. It is not possible to limit purchase or redemption orders.

Further information about the sale and redemption of fund units, as well as necessary forms, is available on the fund company's website or can be obtained from customer service at 0340-219500.

Cut-off Times

The following cut-off times (CET) apply for earliest purchase and redemption for the various funds on full banking days:

Fund	Subscription	Redemption
Simplicity Sverige	14:00	14:00
Simplicity Småbolag Sverige	14:00	14:00
Simplicity Norden	14:00	14:00
Simplicity Småbolag Global	08:00	08:00
Simplicity Fastigheter	14:00	14:00
Simplicity Global Tema	08:00	08:00
Simplicity Likviditet	14:00	14:00
Simplicity Företagsobligationer	14:00	14:00
Simplicity Global Corporate Bond	14:00	14:00
Simplicity High Yield	14:00	14:00
Simplicity Palma	08:00	08:00
Simplicity Maturity 2028	08:00 T-1	08:00 T-1
Simplicity Maturity 2029	08:00 T-1	08:00 T-1

On half banking days, the following cut-off times apply:

Fund	Subscription	Redemption
Simplicity Sverige	11:00	11:00
Simplicity Småbolag Sverige	11:00	11:00
Simplicity Norden	11:00	11:00
Simplicity Småbolag Global	08:00	08:00
Simplicity Fastigheter	11:00	11:00
Simplicity Global Tema	08:00	08:00
Simplicity Likviditet	11:00	11:00
Simplicity Företagsobligationer	11:00	11:00
Simplicity Global Corporate Bond	11:00	11:00
Simplicity High Yield	11:00	11:00
Simplicity Palma	08:00	08:00
Simplicity Maturity 2028	08:00 T-1	08:00 T-1
Simplicity Maturity 2029	08:00 T-1	08:00 T-1

Monthly Savings

You can also save monthly in our funds via direct debit. By saving monthly, you participate in all market climates and spread the risk over time, which in the long run will prove advantageous. You can easily start your monthly savings by visiting our website, simplicity.se, and following the instructions or contacting us to receive a form.

Tax Rules

Securities funds are exempt from tax liability. Instead, the unit holder must declare a standard income of 0.4% of the value at the beginning of the year. This is taxed as capital income at 30% for individuals and Swedish estates, resulting in a tax of 0.12% per year. A fund holding of SEK 100,000 at the beginning of the year results in a tax of SEK 120 $(100,000 * 0.4%) * 30\%$.

For legal entities, the income is declared as business income, resulting in a tax of about 0.11% per year.

The fund company submits control statements regarding standard income for all individuals and estates.

Upon redemption of fund units, any capital gain is taxed. For individuals and estates, the capital gain is taxed as capital income.

The fund company submits control statements regarding redemption of fund units for all individuals and estates.

For further details, refer to tax law literature and legislation. The above information is general, and it is the responsibility of each person to consult tax experts for a complete description of the applicable rules.

Risks associated with investing in mutual funds

Saving in funds always involves a certain degree of risk, as invested capital may decrease in value. Normally, the risk is higher in pure equity funds than in fixed income or mixed funds. For information on the specific risks due to the funds' investment strategies, see each fund's risk profile description.

Annual and Semi-Annual Reports

The fund company prepares annual and semi-annual reports. These are provided free of charge to unit holders no later than two and four months after the half-year and full-year end, respectively, if requested. They are also published on our website.

Information on Unit Value

The value per unit in our equity and fixed income funds is determined and published daily on the fund company's website, simplicity.se.

Incorrect Unit Value

Valuation of the fund's holdings and calculation of unit value are central tasks in all fund operations. If a calculated unit value proves to be incorrect, Simplicity applies the Fund Companies Association's guidelines for handling compensation in case of incorrect unit value. This means that unit holders who have been negatively affected by a material error are compensated.

Marketing in Other Countries

The fund company is authorized to conduct cross-border trading in the following countries:

Austria

- Simplicity Norden
- Simplicity Företagsobligationer
- Simplicity High Yield

Germany

- Simplicity Norden
- Simplicity Företagsobligationer
- Simplicity High Yield

Luxembourg

- Simplicity Norden
- Simplicity Småbolag Global
- Simplicity Likviditet
- Simplicity Företagsobligationer
- Simplicity Global Corporate Bond
- Simplicity High Yield
- Simplicity Maturity 2028

Norway

- Simplicity Norden
- Simplicity Sverige
- Simplicity Småbolag Sverige
- Simplicity Småbolag Global
- Simplicity Likviditet
- Simplicity Företagsobligationer
- Simplicity Global Corporate Bond

Portugal

- Simplicity Norden
- Simplicity Företagsobligationer

Spain

- Simplicity Norden
- Simplicity Företagsobligationer

Simplicity AB has entered into agreements with distributors in countries where the funds are marketed. Distributors assist end customers with all information regarding sales/redemption and information about the funds.

Complaints Officer

The complaints officer is Deputy CEO Hans Bergqvist, who can be reached at Simplicity AB's address and telephone number.

Liability for Damages

If a unit holder has suffered damage due to the fund company violating the law (2004:46) on securities funds or the fund rules, the fund company shall compensate for the damage.

Termination and Transfer of Fund Management

If the fund company decides to transfer the management of the fund to another fund company, with the approval of Finansinspektionen, all unit holders will be informed. The information will be published in national and local newspapers and will be available at the fund company and the custodian. Management of the fund is immediately taken over by the custodian if Finansinspektionen revokes the fund company's license or if the fund company enters liquidation or bankruptcy.

Processing of Personal Data

All processing of personal data is carried out within the framework of the Personal Data Act and the confidentiality rules applicable to fund operations. Personal data provided to Simplicity AB is processed in data systems to the extent necessary to fulfill the fund company's obligation to maintain a register of unit holders, to provide services related to the fund company's operations, and for identity verification. Data is also processed so that Simplicity AB can fulfill other legal obligations and for marketing, statistics, and analysis purposes. The data may have been provided in connection with entering into agreements, expressions of interest, or otherwise in connection with customer or contractual relationships. The data may be supplemented or checked against public registers such as SPAR. Processing is carried out within the framework of the Personal Data Act and the confidentiality rules applicable to fund operations. Personal data may also be used for administrative services or marketing purposes by companies engaged by Simplicity for such activities. If you do not wish to receive marketing material, you can notify Simplicity in writing at the company's postal address, where you can also send requests for correction of incomplete or incorrect personal data as well as requests for information about which personal data about you is being processed.

Information Brochure and PRIIP

According to the law on securities funds, each securities fund must have a current information brochure and key investor information document about the fund and its operations. The content must include the fund rules and the information needed to assess the fund's operations. The information brochure and key investor information document are prepared in accordance with Finansinspektionen's regulations and applicable law.

The information provided in the information brochure, key investor information document, or other material issued by the company should not be seen as a recommendation by the fund company to acquire units; it is up to each person to make their own assessment of the risks associated with investing in any of the funds. Simplicity does not provide advice on the suitability of investing at any particular time, but limits its marketing to historical information about the funds' performance and the opportunities and risks associated with securities investments. The information is general and not intended as individual advice.

In some parts of the information material, "statistical studies" and "simulations" are mentioned. These refer to test results obtained using algorithms that govern buy and sell decisions in the investment model based on historical price data. Simplicity AB cannot guarantee the accuracy of these historical databases and therefore cannot guarantee that the results mentioned are correct.

There are no guarantees that an investment in the relevant funds cannot lead to a loss. Past performance is not a guarantee of future returns. The money invested in the fund can both increase and decrease in value, and it is not certain that you will get back the invested capital.

Ownership Policy

Simplicity applies an ownership policy for the funds not to exercise active ownership except in exceptional cases and if the board finds it justified. The fund company's contact person for ownership matters is CEO Ulf Ingemarson. For more information, see Simplicity's website, www.simplicity.se.

Remuneration Policy

The board of Simplicity AB has established a remuneration policy covering all employees of the fund company. The remuneration policy is designed according to Finansinspektionen's regulations. The remuneration system should promote sound operations, effective risk management, and counteract excessive risk-taking.

The remuneration system should encourage long-termism and stability in Simplicity's operations. At Simplicity, the integration of sustainability risks is a central part of the business, which is also considered when calculating remuneration for employees. When the fund company determines remuneration for an employee, it is considered that the employee follows internal rules and instructions. By considering sustainability risks when determining remuneration for employees, employees are encouraged to contribute to Simplicity's work with sustainability issues and management of sustainability risks in the business.

Employees at Simplicity AB are compensated with a fixed salary. In addition, variable remuneration may be paid. The company bases performance-based remuneration on both an employee's results and the results of the relevant business unit and the company's total results. All employees entitled to variable remuneration have a fixed remuneration at a level that allows the variable part to be set to zero. Thus, the variable remuneration for an individual may be zero in case of low profitability or failure to meet targets.

For an employee who exercises or may exercise a significant influence on the company's risk level, a so-called specially regulated person, payment of decided variable remuneration shall be deferred for at least three years for at least 40 percent of the payment. For specially regulated staff whose variable remuneration amounts to a particularly high amount, the company shall defer at least 60% of the remuneration. The company may pay or transfer the deferred remuneration once per year, evenly distributed over the deferral period.

If the company's board intends to grant and pay variable remuneration, the company shall consider how this may affect long-term results. When the company determines the basis for remuneration, it shall note that results may be affected by current and future risks. The company shall, in its performance measurement, take into account the actual costs of maintaining capital and liquidity resulting from the activities to which the performance measurement relates.

For more information on remuneration, refer to the funds' annual reports and Simplicity's annual report. The fund company's remuneration policy can be provided free of charge upon request by unit holders.

Swedish Investment Fund Association

Simplicity is a member of the Fund Companies Association. Simplicity follows the guidelines set by the Fund Companies Association.

Publication

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