

# Fund terms and conditions - Simplicity Norden

## § 1 The legal position of the Fund

The name of the investment fund is Simplicity Norden, 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. Each unit in each share class carries an equal right to the property in the Fund.

The Fund has following share classes:

Share class A – Maximum annual management fee 1.7 %

Share class B – Maximum annual management fee 1.0 % with special conditions for distribution

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

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

## § 2 Fund Manager

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

## § 3 Depository and its tasks

The depository for the Fund's assets is Skandinaviska Enskilda Banken AB (publ), registration number 502032-9081.

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

## § 4 The nature of the Fund

The Fund is an equity fund that primarily invests in shares that are geographically related to the Nordic countries (Sweden, Finland, Norway, Denmark and Iceland).

The aim is a dynamic portfolio comprising shares that are listed for trade in a regulated market in the Nordic countries. The Fund will therefore under certain market conditions have considerably larger or smaller weighting in certain industries and countries than the Fund's benchmark index. The Fund does not invest with the obligation or ambition to achieve a correlation with its benchmark index.

The Fund's financial aim is to generate a positive, long-term yield and a higher long-term growth in value than its benchmark index. The fund's benchmark index is disclosed in the fund's information brochure.

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

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

Management includes the use of quantitative models whose task is to statistically justify each transaction.

At least 75% of the Fund's assets shall be invested in equity and equity-related instruments.

The Fund shall invest a maximum of 10% of its value in fund units.

The Fund complies with the Fund Company's policy for responsible investments. More information about the Fund Company's policy for responsible investments can be found in the Fund's information brochure.

## **§ 6 Marketplaces**

The Fund's capital may be invested on regulated markets or equivalent markets outside the EEA. Trading may also take place on another market within or outside the EEA which is regulated and open to the public.

## **§ 7 Special investment focus**

The Fund may invest in such transferable securities as referred to in Ch. 5 § 5 IFA.

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

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

The Fund may not invest in such derivate instruments as 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 any liabilities linked to the Fund, including yet unlevied taxes according to the Fund Company's stipulation as well as the charges stated in § 11 below.

The Fund's assets comprise:

- Transferable securities and other financial instruments which are valued in line with current market value. If this market value cannot be obtained or, in the opinion of the Fund Company, it is misleading, they may be reported at the value decided on objective grounds by the Fund Company,
- liquid funds,
- accrued interest,
- accrued dividends,
- unliquidated sales,
- other receivables pertaining to the Fund.

The Fund's liabilities comprise:

- payment to the Fund Company,
- unliquidated purchases,

- tax liabilities,
- other liabilities pertaining to the Fund.

The market value of such transferable securities as referred to in Ch. 5 § 5 IFA are established on objective grounds in accordance with special valuations based on information on the latest price paid or indicative purchase rates from market-makers if such are stipulated for the issuer. If such information is not available or is deemed to be less than reliable by the Fund Company, the market value will be established based on information from an independent party or other external, independent sources. If the market for a certain security is not active, valuation may take place through the use of a generally accepted valuation method that is established on the market such as, for example, cash flow analysis or comparison with other similar transactions that took place under market conditions during a similar time period.

As the Fund has several share classes, which are subject to different conditions in certain respects, the Fund Company must take this into account when calculating the value of a fund share in each share class. The value of a unit in a specific share class of the fund is the value of the share class divided by the number of outstanding shares in the relevant share class.

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

## **§ 9 Subscription and redemption of units**

Fund units are sold and redeemed by the fund company. Subscriptions and redemption may take place on each banking day.

The fund consists of the following share classes:

Share class A

Subscriptions and redemption of units takes place in SEK. The minimum subscription amount is 100 SEK. Subscription and redemption can normally be executed daily.

Share class B

Subscriptions and redemption of units takes place in SEK. The minimum subscription amount is 100 SEK. Subscription and redemption can normally be executed daily. Share class B is only open for:

- 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.

A request for subscription is made by transferring a minimum amount of 100 SEK to the Fund Company's bank account or Bankgiro account.

A request for redemption of fund units is made in writing or by fax to the Fund Company or, after special 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 13:00 at the latest on a full banking day, or 11:00 on a half banking day, is executed at the latest on the next banking day. Should a request be received by the Fund Company after 13:00 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 closest following banking day after 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 take place at a rate that is 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 following a deduction for any redemption fee. The unit value is published on the Fund Company's website ([www.simplicity.se](http://www.simplicity.se)) and in several newspapers through the Swedish Investment Fund Association.

## **§ 10 Closure of the Fund in extraordinary circumstances**

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

## **§ 11 Fees and remuneration**

Payment shall be made from the fund to the Fund Company for its management of the fund. Such payment shall include costs for the depository, supervision and auditors. The fee is calculated daily with  $\frac{1}{365}$  part.

Share class A

The maximum fee to the Fund Company is 1.7 % per annum.

Share class B

The maximum fee to the Fund Company is 1.0 % per annum.

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

Any additional VAT is added to the fee.

## **§ 12 Dividends**

As a general rule, the fund does not distribute dividends. However, the Fund Company may decide to distribute a dividend to unitholders if, in the Fund Company's opinion, it is necessary to take advantage of the unitholders' joint interest. Dividends are then distributed to such an extent and on a day that is considered appropriate. The basis for the dividend in these cases may be a return on the Fund's assets, a residual balance of the distributable amount from previous years or realized and unrealized increases in value.

Payment is made during April-May of the year following the financial year and is paid to unit holders who are registered as unit holders on the dividend date determined 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 to 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 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 transfer**

Pledging of units shall be notified in writing to the Fund Company. Notification shall state the unit holder, the pledgee, which shares are covered by the pledge and any limitations on the scope of the pledge. Unit holders shall be informed in writing that the Fund Company has made a note regarding the pledge in the unit holders' register.

The pledge ceases when the pledgee has notified the Fund Company in writing thereof. When the pledge has ceased, details regarding the pledge are removed.

The Fund Company is entitled to payment from the unit holder for registration.

### **§ 16 Limitation of liability**

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

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.

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.

In case the custodian bank or depository has lost financial instruments which is deposited with the custodian or the depository, the custodian shall without unnecessary delay return financial instruments of the same kind or issue a cash amount equivalent to the value of the financial instruments to the fund company on behalf of the fund. The custodian is not responsible for the loss of financial instruments caused by an external event outside the custodian's reasonable control and whose consequences were impossible to avoid even though all reasonable efforts were made, such as damage caused by Swedish or foreign lawmakers, Swedish or foreign government action, war event, strike, blockade, boycott, lockout or other similar circumstances. The reservation regarding strike, blockade, boycott and lockout applies even if the custodian is subject to or itself takes such a conflict.

The depository is not responsible for any damage other than such damage as referred to in the first paragraph, unless the depository intentionally or negligently caused such other damage. The depository also does not respond to such other damage if circumstances referred to in the first paragraph exist.

The depository is not liable for damage caused by a Swedish or foreign stock exchange or other marketplace, registrar, clearing organization or other providing corresponding services and, in respect of any damage other than those referred to in the first paragraph, neither for damage caused by a custodian bank or other contractor that the depository with due diligence, proficiency and care hired and regularly supervised or if such organization was designated by the fund company. The depository is not responsible for damage caused by the insolvency of said organizations or contractors. However, a contract of storage of assets and ownership control does not separate the custodian from its liability for losses and other damages under the Securities Funds Act.

The depository is not liable for damage incurred by the fund company, the unitholders of the fund, the fund, or other in the event of restriction of disposition such as may apply to the depository in respect of securities. The depository is in no case responsible for indirect damage. In the case of obstruction for the depository to fully or partially implement action according to this agreement due to circumstances referred to in the first paragraph, the action shall be postponed until the obstruction has ceased. In the event of delayed payment, the depository shall not charge any interest on overdue payments. If interest is pledged, the depository shall pay interest at the interest rate applicable on the due date.

Should the depository, as a result of circumstances described in the first paragraph, be hindered to receive payment for the funds, the depository may charge interest as stipulated on the due date during the time reception of payment is hindered. The depository's liability is, notwithstanding the above, regulated according to Ch. 3 §§ 14-16 IFA.

### **§ 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 unit holder'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.

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