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L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

Luxembourg, le 2014-03-06

Commission de Surveillance du Secteur Financier



Prospectus

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**SpotR™ 1**

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February 2014

## INTRODUCTION

### General

SpotR™ 1 (the "**Company**") is registered in the Grand Duchy of Luxembourg as an undertaking for collective investment pursuant to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended (the "**Law**"). The Company qualifies as an undertaking for collective investment in transferable Securities ("**UCITS**") under article 1(2) of the Council Directive 2009/65/EC of 13 July 2009 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (the "**UCITS Directive**") and may therefore be offered for sale in each member state of the European Union ("**EU Member State**"), subject to registration. The Company is presently structured as an umbrella fund to provide both institutional and retail investors with a variety of sub-funds (the "**Sub-Funds**" or individually a "**Sub-Fund**") of which the performance may be linked partially or in full to the performance of an underlying asset, such as, for instance, a basket of securities or an index (the "**Underlying Asset**"). The registration of the Company does not constitute a warranty by any supervisory authority as to the performance or the quality of the shares issued by the Company (the "**Shares**"). Any representation to the contrary is unauthorised and unlawful.

### Listing on a Stock Exchange

The purpose of the Company is for each of its Sub-Funds through having its Shares listed on one or more stock exchanges to qualify as an exchange traded fund ("**ETF**"). As part of those listings there is an obligation on one or more members of the relevant stock exchanges to act as market makers offering prices at which the Shares can be purchased or sold by investors. The spread between those purchase and sale prices may be monitored and regulated by the relevant stock exchange authority.

It is contemplated that application will be made to list certain Classes of Shares on (i) the NASDAQ OMX Stockholm AB and/or (ii) any other stock exchange(s).

The approval of any listing particulars pursuant to the listing requirements of the relevant stock exchange does not constitute a warranty or representation by such stock exchange as to the competence of the service providers or as to the adequacy of information contained in the listing particulars or the suitability of the Shares for investment or for any other purpose.

### Selling and Transfer Restrictions

None of the Shares has been or will be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or under the securities laws of any state or political sub-division of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (the "**United States**"), and such Shares may not be offered, sold or otherwise transferred in the United States. The Shares are being offered and sold in reliance on an exemption from the registration requirements of the 1933 Act pursuant to Regulation S thereunder. The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended, nor under any other United States federal laws. Accordingly, Shares are not being offered or sold within the United States or to or for the account of U.S. persons (as defined for purposes of the United States federal securities, commodities and tax laws, including Regulation S under the 1933 Act) (together "**US Persons**"). Subsequent transfers of Shares within the United States or to US Persons are prohibited (please see the compulsory redemption provisions under the section "Share Dealing" below).

The Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the "**SEC**") or any other regulatory agency in the United States, nor has the SEC or any other regulatory agency in the United States passed upon the accuracy or adequacy of this document (the "**Prospectus**") or the merits of the Shares. Any representation to the contrary is a criminal offence.

The United States Commodity Futures Trading Commission has not reviewed or approved this offering or any offering memorandum for the Company.

This Prospectus may not be distributed into the United States. The distribution of this Prospectus and the offering of the Shares may also be restricted in certain other jurisdictions.

No person is authorised to make any representation other than as contained in the Prospectus or in the documents referred to in the Prospectus (as defined under "**Definitions**"). Such documents are available to the public at the registered office of the Company which is located at 4, rue Peternelchen, L-2370 Howald.

Pursuant to the Distribution Agreement, the Management Company will appoint Skandinaviska Enskilda Banken AB (publ) who will have the overall responsibility for marketing the Shares (the "**Distributor**"). The Distribution Agreement permits the Distributor to appoint other distributors or dealers for the distribution of Shares in certain jurisdictions (each a "**Sub-Distributor**") and to determine whether the selling or redemption commissions shall revert to the Distributor or to the Sub-Distributor(s).

Shares may also be purchased directly from the Company on the terms as defined in the relevant product annex describing each Sub-Fund (the "**Product Annex**"). Information on the Sub-Distributors can be found in the country annex and/or the marketing material setting out information relevant for the jurisdictions in which the Shares are offered for subscription. The Sub-Distributors may not offset the orders received or carry out any duties connected to the individual processing of the subscription, redemption and conversion orders.

### **Marketing Rules**

Subscriptions can be accepted only on the basis of the latest available version of this Prospectus, which is valid only if accompanied by a copy of the Company's latest annual report (the "**Annual Report**") containing the audited accounts, semi-annual report (the "**Semi-annual Report**") and (where required by law or any applicable stock exchange listing rules) the quarterly report (the "**Quarterly Report**") provided such reports are published after the latest Annual Report. The Annual Report and the Semi-annual Report form an integral part of the Prospectus.

Prospective investors should review this Prospectus carefully, in its entirety and consult with their legal, tax and financial advisers in relation to (i) the legal and regulatory requirements within their own countries of residence or nationality for the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, converting, redeeming or disposing of Shares; and (iv) any other consequences of such activities. Investors that have any doubt about the contents of this document should consult their stockbroker, bank manager, solicitor, accountant, tax, or other financial adviser.

No person has been authorised to give any information or to make any representation in connection with the offering of Shares other than those contained in this Prospectus, and the reports referred to above and, if given or made, such information or representation must not be relied upon as having been authorised by the Company. To reflect material changes, this document may be updated from time to time and investors should investigate whether any more recent Prospectus is available.

### **Responsibility for the Prospectus**

The Board of Directors has taken all reasonable care to ensure that at the date of publication of this Prospectus the information contained herein is accurate and complete in all material respects. The Board of Directors accepts responsibility accordingly.

### **Currency References**

All references in the Prospectus to:

- (i) **"USD"** refer to the currency of the United States of America;
- (ii) **"Euro(s)"** or **"EUR"** refer to the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Economic Community (signed in Rome on 25 March 1957), as amended;
- (iii) **"JPY"** or **"Yen"** refer to the currency of Japan;
- (iv) **"GBP"** refer to the currency of the United Kingdom;
- (v) **"CHF"** refer to the currency of Switzerland; and
- (vi) **"SEK"** refer to the currency of Sweden.

### **Time**

All references in the Prospectus to time are to Central European Time (CET) unless otherwise indicated.

### **Date**

The date of this Prospectus is the date mentioned on the cover page.

### **Data Protection**

Shareholders are informed that their personal data or information given in the subscription documents or otherwise in connection with an application to subscribe for Shares, as well as details of their shareholding, will be stored in digital form and processed in compliance with the provisions of the Luxembourg law of 2 August 2002 on data protection, as amended.

### **Investor Rights**

The Company draws the investors' attention to the fact that any investor will only be able to fully exercise their investor rights directly against the Company, notably the right to participate in general shareholders' meetings if the investor is registered itself and in their own name in the shareholders' register of the Company. In cases where an investor invests in the Company through an intermediary, investing into the Company in its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Company. Investors are advised to take advice on their rights.

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## **MANAGEMENT & ADMINISTRATION**

**SpotR™ 1**  
*société d'investissement à capital variable (SICAV)*  
R.C.S. Luxembourg B 158.826

**Registered Office**  
4, rue Peternelchen  
L-2370 Howald  
Grand Duchy of Luxembourg

### **Board of Directors**

*Chairman*

**Ralf Ferner**  
Managing Director  
SEB Asset Management S.A.  
Luxembourg

*Directors*

**Ann-Charlotte Lawyer**  
Managing Director  
SEB Fund Services S.A.  
Luxembourg

**Jérôme Wigny**  
Partner  
Elvinger, Hoss & Prussen  
Luxembourg

**Management Company**  
SEB Fund Services S.A.  
4, rue Peternelchen  
L-2370 Howald  
Grand Duchy of Luxembourg

### **Board of Directors of the Management Company**

*Chairman*

**Ralf Ferner**  
Managing Director  
SEB Asset Management S.A.  
Luxembourg



*Vice-Chairman*

**Peter Kubicki**

Managing Director  
Skandinaviska Enskilda Banken S.A., Luxembourg

*Directors*

**Jonas Lindgren**

Head of Prime Brokerage  
SEB Enskilda Securities, Securities Finance, Sweden

**Göran Fors**

**Head of Sales and Market Development**  
**Asset Servicing**  
**Skandinaviska Enskilda Banken AB (publ), Sweden**

**Ann-Charlotte Lawyer**

Managing Director  
SEB Fund Services S.A., Luxembourg

**Custodian**

Skandinaviska Enskilda Banken S.A.  
4, rue Peternelchen  
L-2370 Howald  
Grand Duchy of Luxembourg

**Central Administrative Agent**

SEB Fund Services S.A.  
4, rue Peternelchen  
L-2370 Howald  
Grand Duchy of Luxembourg

**Administrative Agent**

European Fund Administration S.A.  
2, rue d'Alsace  
P.O. Box 1725  
L-1017 Luxembourg  
Grand Duchy of Luxembourg

**Investment Manager**

SEB Investment Management AB  
Sveavägen 8  
SE-106 40 Stockholm  
Sweden

**Distribution Agent**

Skandinaviska Enskilda Banken AB (publ)  
Kungsträdgårdsgatan 8,  
SE-106 40 Stockholm  
Sweden

**Authorised Participant**

Skandinaviska Enskilda Banken AB (publ)  
Kungsträdgårdsgatan 8,  
SE-106 40 Stockholm  
Sweden

**Auditor of the Company**

PricewaterhouseCoopers, *société coopérative*  
400, route d'Esch  
L-1471 Luxembourg

**Legal Adviser as to Luxembourg law**

Elvinger, Hoss & Prussen  
2, place Winston Churchill  
L-1340 Luxembourg  
Grand Duchy of Luxembourg

## DEFINITIONS

<b>"Account"</b>	Means (i) a separate temporary investment account or (ii) a separate disinvestment account as described in further detail under "Share Dealing";
<b>"Administrative Expenses"</b>	Means the expenses incurred in connection with the Company's operations as described in more detail under section "Fees and Expenses";
<b>"Administrative Agreement"</b>	Means the outsourcing agreement dated 1 November 2008 between the Central Administrative Agent and the Administrative Agent;
<b>"Administrative Agent"</b>	Means European Fund Administration S.A. (" <b>EFA</b> ");
<b>"Alternative Sales Charge Arrangements"</b>	Alternative Sales Charge Arrangements consist of a Contingent Deferred Sales Charge and a Distribution Fee applicable to Shares as explained in further detail under "Fees and Expenses" and in the relevant Product Annex;
<b>"Annual Report"</b>	Means the last available annual report of the Company including its audited accounts;
<b>"Articles"</b>	Means the articles of incorporation of the Company, as amended;
<b>"Authorised Participant"</b>	Means an entity or person authorised by the Company for the purpose of subscribing and redeeming Shares of a Sub-Fund on a cash or in-kind basis. The current Authorised Participant of the Company is Skandinaviska Enskilda Banken AB (publ) with registered office at Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden. The Company may add or replace an Authorised Participant from time to time without prior written notice to Shareholders;
<b>"Authorised Participant Agreement"</b>	Means the agreement dated 28 January 2011 between the Management Company and the Authorised Participant;
<b>"Authorised Payment Currency"</b>	Means the currencies in which, in addition to the Reference Currency and the Denomination Currency, subscriptions and redemptions for Shares in a particular Class may be made;
<b>"Bearer Shares"</b>	Means Shares which are represented by a Global Share Certificate as described under "Share Dealing";
<b>"Board of Directors"</b>	Means the board of directors of the Company. Any reference to the Board of Directors includes a reference to its duly authorised agents or delegates;
<b>"Business Day"</b>	Means a day that is defined in the relevant Product Annex;
<b>"Capitalisation Shares"</b>	Means Shares not distributing dividends;
<b>"Central Administrative Agent"</b>	Means SEB Fund Services SA;
<b>"Central Administrative Agent Fee"</b>	Means any fees payable to the Central Administrative Agent pursuant to the Management Company Agreement for the services of central administrative agent, domiciliary agent, registrar, transfer agent and listing agent;

<b>"Class(-es)" or "Share Class(-es)"</b>	Means the class or classes of Shares relating to a Sub-Fund where specific features with respect to sales, conversion or redemption charge, minimum subscription amount, dividend policy, investor eligibility criteria or other specific features may be applicable. The details applicable to each Class will be described in the relevant Product Annex;
<b>"Clearing Agents"</b>	Means any entity affiliated with one or more Relevant Stock Exchanges and which facilitates the validation, delivery and settlement of transactions in the Company's Shares;
<b>"Company"</b>	Means SpotR™ 1, an investment company incorporated under Luxembourg law in the form of a <i>société anonyme</i> qualifying as a <i>société d'investissement à capital variable</i> under the Law (SICAV);
<b>"Confirmation Note"</b>	Means the note to be sent by the Administrative Agent to a Shareholder confirming the orders placed;
<b>"Contingent Deferred Sales Charge"</b>	Means the charge which investors holding Shares may be liable to as described under "Fees and Expenses" and in the relevant Product Annex. No Contingent Deferred Sales Charge will be applicable unless otherwise provided for in the Product Annex;
<b>"Conversion Charge"</b>	Means the charge to be paid by investors in the event of a conversion of Shares as described under "Conversion of Shares" and in the relevant Product Annex;
<b>"Custodian"</b>	Means Skandinaviska Enskilda Banken S.A., with registered office at 4, rue Peterelchen, L-2370 Howald, Grand Duchy of Luxembourg;
<b>"CSSF"</b>	The <i>Commission de Surveillance du Secteur Financier</i> the Luxembourg supervisory authority;
<b>"Custodian Agreement"</b>	Means the agreement dated 28 January 2011 between the Company and the Custodian, as further described under "Management and Administration of the Company";
<b>"Custodian Fee"</b>	Means any fees payable by the Management Company to the Custodian pursuant to the Custodian Agreement;
<b>"Denomination Currency"</b>	Means the currency that is used by the Administrative Agent to calculate the Net Asset Value per Share of the relevant Share Class. Unless otherwise specified in the relevant Product Annex, the Denomination Currency will be the Reference Currency;
<b>"Director"</b>	Means the directors of the Company for the time being;
<b>"Distributor"</b>	Means Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden;
<b>"Distribution Agreement"</b>	Means the agreement dated 28 January 2011 between the Management Company, the Distributor relating to the distribution of the Shares. The Distribution Agreement permits the Distributor to appoint Sub-Distributors for the distribution of Shares;
<b>"Distribution Fee"</b>	Means the fees to be paid by the Company as described under "Fees and Expenses" and/or in the relevant Product Annex;
<b>"Distribution Shares"</b>	Means Shares distributing dividends;

<b>"Eligible State"</b>	Means any member State of the OECD and any other country of Europe, North, Central & South America, Asia, Africa and the Pacific Basin;
<b>"ETF"</b>	Means exchange traded fund(s);
<b>"EU"</b>	Means the European Union whose member states at the date of this Prospectus include Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, the Grand Duchy of Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom;
<b>"EU Member State"</b>	Means any of the member states of the EU;
<b>"Extraordinary Expenses"</b>	Means expenses relating to litigation costs as well as any tax, levy, duty or similar charge imposed on the Company or its assets that would otherwise not qualify as ordinary expenses;
<b>"FDI"</b>	Means financial derivative instrument(s);
<b>"FDI Counterparty"</b>	Means the counterparty specified in the relevant Product Annex;
<b>"First Class Institutions"</b>	Means first class financial institutions selected by the Board of Directors, subject to prudential supervision and belonging to the categories approved by the CSSF for the purposes of the OTC FDI transactions and specialised in this type of transactions;
<b>"Global Share Certificate"</b>	Means a certificate issued in the name of the Company (as described in further detail under "Share Dealing");
<b>"Index"</b>	Is as defined in the relevant Product Annex;
<b>"Index Sponsor"</b>	Means the entity described in the relevant Product Annex, acting as sponsor of the Index, or any successor;
<b>"Initial Issue Price"</b>	Means the price at which Shares may be subscribed to during the Offering Period (if any) and/or up to (but excluding) the Launch Date (if applicable);
<b>"Initial Subscriptions"</b>	Means subscriptions for Shares made at the Initial Issue Price as described in detail under "Share Dealing";
<b>"Institutional Investors"</b>	Means an investor meeting the requirements to qualify as an institutional investor for the purposes of article 175 of the Law;
<b>"Investment Instruments"</b>	Means transferable securities and all other liquid financial assets referred to under section 1 of "Investment Restrictions";
<b>"Investment Manager"</b>	Means, in respect of each Sub-Fund, the company specified as such in the relevant Product Annex;
<b>"Investment Management Agreement"</b>	Means, in respect of each Sub-Fund, the agreement between the Management Company and the relevant Investment Manager, as specified in the relevant Product Annex;
<b>"Investment Objective"</b>	Means the predefined investment objective of the Sub-Funds as specified in the relevant Product Annex;
<b>"Investment Policy"</b>	Means the predefined investment policy of the Sub-Funds as specified in the relevant Product Annex;

<b>"Investment Restrictions"</b>	Means the investment restrictions set out in more detail under "Investment Restrictions";
<b>"Launch Date"</b>	Means the date on which the Company issues Shares relating to a Sub-Fund for the first time in exchange for the subscription proceeds;
<b>"Law"</b>	Means the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended;
<b>"Management Company Agreement"</b>	Means the management company agreement dated 28 January 2011 between the Company and the Management Company;
<b>"Management Company"</b>	Means SEB Fund Services S.A., with registered office at 4, rue Peternelchen, L-2370 Howald, Grand Duchy of Luxembourg. SEB Fund Services S.A. is a management company under Chapter 15 of the Law. Any reference to the Management Company includes a reference to its duly authorised agents or delegates;
<b>"Management Company Fee"</b>	Means any fee payable by the Company to the Management Company which is a maximum percentage that will be calculated upon each Valuation Day on the basis of the Net Assets of the relevant Classes pursuant to the Management Company Agreement;
<b>"Market Makers"</b>	Financial institutions that are members of the Relevant Stock Exchanges and have signed a market making contract with the Company or that are registered as such with the Relevant Stock Exchanges;
<b>"Maturity Date"</b>	Means the date indicated in the relevant Product Annex on which the outstanding Shares will be redeemed, the Sub-Fund being thereafter closed, as more fully described under "Share Dealing". Unless a Maturity Date has been indicated in the relevant Product Annex, Sub-Funds will have no Maturity Date;
<b>"Minimum Holding Requirement"</b>	Means the minimum number of Shares or Net Asset Value per Share (as appropriate) which must be held at any time by a Shareholder. Unless otherwise specified in the relevant Product Annex, the Minimum Holding Requirement will be 1 Share;
<b>"Minimum Initial Subscription Amount"</b>	Means the minimum number of Shares or Net Asset Value per Share (as appropriate) which must be subscribed/converted for by an investor during the Offering Period and up to but excluding the Launch Date (if applicable). Unless otherwise specified in the relevant Product Annex, the Minimum Initial Subscription Amount will be equal to the value of one (1) Share;
<b>"Minimum Net Asset Value"</b>	Means an amount specified in the relevant Product Annex. Unless otherwise specified in the relevant Product Annex, the Minimum Net Asset Value per Sub-Fund will be SEK 300,000,000 (or the equivalent in the Reference Currency of the relevant Sub-Fund);
<b>"Minimum Redemption Amount"</b>	Means the minimum number of Shares or Net Asset Value for which Shares may be redeemed. Unless otherwise specified in the relevant Product Annex, the Minimum Redemption Amount will be equal to the value of one (1) Share;

<b>"Minimum Subsequent Subscription Amount"</b>	Means the minimum number of Shares or Net Asset Value per Share (as appropriate) which must be subscribed/converted for on or after the Launch Date. Unless otherwise specified in the relevant Product Annex, the Minimum Subsequent Subscription Amount will be equal to the value of one (1) Share;
<b>"Money Market Instruments"</b>	Means instruments normally dealt in on a money market which are liquid and have a value which can be accurately determined at any time;
<b>"Net Assets"</b>	Means the Net Asset Value of a Sub-Fund or of a Class of a Sub-Fund or of the Shares but before deduction of the Management Company Fee and any other fees and expenses to be deducted from the assets of such Sub-Fund;
<b>"Net Asset Value"</b>	Means the net asset value of the Company, of a Sub-Fund or of a Class of Shares, as appropriate, calculated as described in this Prospectus;
<b>"Net Asset Value per Share"</b>	Means the Net Asset Value attributable to all the Shares issued in respect of a particular Sub-Fund and/or Class of Shares, as appropriate, divided by the number of Shares issued by the Company in respect of such Sub-Fund or Class of Shares;
<b>"New Class"</b>	Means, in case of conversion of Shares, the new Class of Shares into which a Shareholder has converted part or all of his Shares belonging to the Original Class, as described under "Conversion of Shares";
<b>"New Sub-Fund"</b>	Means in case of conversion of Shares, the new Sub-Fund into which a Shareholder has converted part or all of his Shares relating to the Original Sub-Fund, as described under "Conversion of Shares";
<b>"OECD"</b>	Means the Organisation for Economic Cooperation and Development, whose Member States include at the date of this Prospectus Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, the Grand Duchy of Luxembourg, Mexico, The Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Spain, Sweden, Switzerland, Turkey, the United Kingdom and The United States of America;
<b>"OECD Member State"</b>	Means any of the member states of the OECD;
<b>"Offering Period"</b>	Means the period during which Shares in relation to a Sub-Fund may be subscribed at the Initial Issue Price as specified in the relevant Product Annex;
<b>"Original Class"</b>	Means, in case of a conversion of Shares, the Class of Shares from which a Shareholder wants to convert part or all of his Shares into Shares of a New Class, as described under "Conversion of Shares";
<b>"Original Sub-Fund"</b>	Means in case of a conversion of Shares, the Sub-Fund from which a Shareholder requests to convert part or all of his Shares into Shares relating to the New Sub-Fund, as described under "Conversion of Shares";
<b>"Product Annex"</b>	Means an annex to this Prospectus describing the specific features of a Sub-Fund. The Product Annex is to be regarded as an integral part of the Prospectus;

<b>"Prohibited Persons"</b>	Means any person, firm or corporate entity, determined in the sole discretion of the Board of Directors as being not entitled to subscribe for or hold Shares in the Company or, as the case may be, in a specific Sub-Fund or Class, (i) if in the opinion of the Board of Directors such holding may be detrimental to the Company, (ii) if it may result in a breach of any law or regulation, whether Luxembourg or foreign, (iii) if as a result thereof the Company may become exposed to disadvantages of a tax, legal or financial nature that it would not have otherwise incurred or (iv) if such person would not comply with the eligibility criteria of a given Class;
<b>"Prospectus"</b>	Means this prospectus including, Annual Report, Semi-annual Report, Quarterly Reports (as the case may be) and Product Annexes, as amended, supplemented, restated or otherwise modified from time to time;
<b>"Redemption Charge"</b>	Means the charge or fee to be paid out of the Redemption Price which Shares may be subject to, as described under "Share Dealing" and in the relevant Product Annex. No Redemption Charge will be applicable unless otherwise provided for in the Product Annex;
<b>"Redemption Price"</b>	Means the price at which Shares are redeemed (before deduction of any charges, costs, expenses or taxes), as described under "Share Dealing";
<b>"Redemption Proceeds"</b>	Means the Redemption Price less any charges, costs, expenses or taxes, as described under "Share Dealing";
<b>"Reference Currency"</b>	Means the currency that is used by the Central Administrative Agent to calculate the Net Asset Value of the relevant Sub-Fund. Unless otherwise specified in the relevant Product Annex, the Reference Currency will be SEK;
<b>"Registered Shares"</b>	Means Shares which are issued in registered form of which the ownership is registered and documented in the Company's shareholders' register as described under "Share Dealing";
<b>"Registrar and Transfer Agent"</b>	Means EFA, acting as registrar and transfer agent under the Administrative Agreement;
<b>"Regulated Market"</b>	Means a regulated market, which operates regularly and is recognised and open to the public;
<b>"Regulations"</b>	Means (i) Part 1 of the Law, (ii) the UCITS Directive, (iii) any amendment or replacement legislation thereto for the time being in force and (iv) any rules, guidelines or positions from time to time adopted by the CSSF pursuant thereto;
<b>"Relevant Stock Exchanges"</b>	Markets on which the Shares of the Sub-Funds will be listed, at the discretion of the Board of Directors;
<b>"Retail Investor"</b>	Means an investor not qualifying as an Institutional Investor;
<b>"Semi-annual Report"</b>	Means the last available semi-annual report of the Company including the Company's semi-annual unaudited accounts, all to be considered as an integral part of the Prospectus;
<b>"Shareholder(s)"</b>	Means (i) in respect of Registered Shares, the Shareholder(s) duly registered in the Company's shareholders' register and (ii) in respect of Bearer Shares, the persons holding such Bearer Shares;



<b>"Shares"</b>	Means the Shares with no par value in the Company, issued in such form as described in the relevant Product Annex;
<b>"Sub-Fund"</b>	Means a separate portfolio of assets established for one or more Share Classes of the Company which is invested in accordance with a specific Investment Objective. The Sub-Funds do not have a legal existence distinct from the Company; however each Sub-Fund is liable only for the debts, liabilities and obligations attributable to it. The specifications of each Sub-Fund will be described in the relevant Product Annex;
<b>"Subsequent Subscriptions"</b>	Means subscriptions for Shares made on or after the Launch Date, as described under "Share Dealing";
<b>"Sweden Banking Day"</b>	Means a day (other than a Saturday or a Sunday) on which commercial banks are open and settle payments in Sweden;
<b>"Transaction Day"</b>	Means a Sweden Banking Day on which subscriptions for, conversions from and redemptions of Shares can be made in order to be dealt with by the Registrar and Transfer Agent as described under "Share Dealing" and "Conversion of Shares";
<b>"Transaction Fees"</b>	Means costs and expenses of buying and selling of portfolio securities and financial instruments, brokerage fees and commissions, interest or taxes payable, and other transaction related expenses as more fully described under section "Fees and Expenses" and/or in the relevant Product Annex;
<b>"UCITS"</b>	Means an Undertaking for Collective Investment in Transferable Securities established pursuant to the Regulations;
<b>"UCITS Directive"</b>	Has the meaning ascribed to this term under "Introduction" above;
<b>"Underlying Asset"</b>	Means the underlying asset(s) to which the Investment Policy is linked as described in the relevant Product Annex;
<b>"Underlying Securities"</b>	Means in respect of each Underlying Asset those transferable securities selected by the Index Sponsor as constituting the Underlying Asset. Where available and published, details of those Underlying Securities for an Index may be found in the relevant Product Annex;
<b>"United States"</b>	Means the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico;
<b>"Upfront Subscription Sales Charge"</b>	Means the sales charge which investors subscribing for Shares as described under "Fees and Expenses" and in the relevant Product Annex may be subject to. No Upfront Subscription Sales Charge will be applicable unless otherwise provided for in the Product Annex;
<b>"US Person"</b>	Means US persons (as defined for the purposes of the United States federal securities, commodities and tax laws, including Regulation S under the 1933 Act) or persons who are resident in the United States at the time the Shares are offered or sold; and

**"Valuation Day"**

Means (unless otherwise defined in the Product Annex) the first Sweden Banking Day following a Business Day on which the Net Asset Value per Share for a given Class of Shares or Sub-Fund is calculated based upon the prices of the last Business Day to occur prior to such Valuation Day. In respect of subscriptions for, conversions from and redemptions of Shares, Valuation Day shall (unless otherwise defined in the Product Annex) mean the first Sweden Banking Day following the first Business Day to occur on or after the relevant Transaction Day on which the Net Asset Value per Share for a given Class of Shares or Sub-Fund is calculated, based upon the prices of the last Business Day to occur prior to such Valuation Day.

## EXECUTIVE SUMMARY

This section is a brief extract of the provisions set out in this Prospectus. It is not a complete description of the Prospectus and should be read in conjunction with, and is subject to, the full provisions set out in this Prospectus.

- The Company:** The Company is registered in the Grand Duchy of Luxembourg as an undertaking for collective investment pursuant to Part I of the Law.
- The Sub-Funds:** The Company is presently structured as an umbrella fund to provide both Institutional Investors and Retail Investors with a variety of Sub-Funds to which a specific Investment Objective, Investment Policy, Reference Currency and other specific features particular to each such Sub-Fund are designated. Each Sub-Fund is described in detail in the relevant Product Annex.
- ETF:** Each Sub-Fund is an ETF. The Shares of each Sub-Fund are fully transferable to investors and are listed for trading on one or more stock exchanges.
- Investment Objectives:** The Investment Objective of the Sub-Funds is to provide the investors with a return linked to the performance of the Underlying Asset. **There is no assurance that the Investment Objective of any Sub-Fund will actually be achieved.** To gain exposure to the performance of the Underlying Asset, the Sub-Funds may use various investment techniques, all in accordance with the Investment Restrictions. The return that the investor will receive will be dependent on the performance of the Underlying Asset and the performance of any investments used to link the net proceeds from the issue of Shares to the Underlying Asset.
- Further information relevant to the Sub-Fund's Investment Objective is contained in the main part of the Prospectus under "Investment Objectives and Policies" and under "Investment Restrictions" and will be set out in further detail in the relevant Product Annex.
- The Classes of Shares:** Shares may be divided into "I" and "R" Classes of Shares. Shares of Class "I" Shares are available only to Institutional Investors whilst Shares of Class "R" Shares are open to all types of investors, including retail investors. Shares may also be differentiated between Capitalisation Shares (Class "C" Shares) and Distribution Shares (Class "D" Shares). Other Classes of Shares, or a combination of the above mentions Classes of Shares, may be offered with other specific features.
- Distribution Policy:** The Company intends to declare dividends for Distribution Shares only.
- Investment Risks:** An investment in a Sub-Fund involves a number of risks, including a possible loss of the amount invested. Moreover, there can be no guarantee or assurance that a Sub-Fund will achieve its Investment Objective. A more detailed description of certain risk factors relevant to investors in the Sub-Funds is set out under "Risk Factors" and/or the relevant Product Annex.
- Subscriptions in kind or in cash:** Unless otherwise described in the relevant Product Annex, subscriptions for Shares may be in kind or in cash. Further information can be found under "Share Dealing".

<b>Issue of Shares:</b>	The Shares will be offered for initial subscription during the Offering Period at the Initial Issue Price plus any fees (where applicable) as described in the section dealing with "Fees and Expenses" and in the relevant Product Annex. Subsequent Subscriptions will be made at the Net Asset Value per Share of the relevant Class plus the applicable fees as described in the section dealing with "Fees and Expenses" and in the relevant Product Annex.
<b>Minimum Initial Subscription Amount:</b>	Unless otherwise specified in the relevant Product Annex, the Minimum Initial Subscription Amount will be equal to the value of one (1) Share.
<b>Minimum Subsequent Subscription Amount:</b>	Unless otherwise specified in the relevant Product Annex, the Minimum Subsequent Subscription Amount will be equal to the value of one (1) Share.
<b>Minimum Holding Requirements:</b>	Unless otherwise specified in the relevant Product Annex, the Minimum Holding Requirement will be 1 Share.
<b>Minimum Redemption Amount:</b>	Unless otherwise specified in the relevant Product Annex, the Minimum Redemption Amount will be equal to the value of one (1) Share.
<b>Conversions:</b>	Conversions of Shares relating to one Sub-Fund may be made into Shares relating to another Sub-Fund to the extent authorised in the Product Annex and as described under "Conversion of Shares".
<b>Fees &amp; Commissions:</b>	Further information on the fees and commissions to be paid by the investor can also be found under "Fees and Expenses".
<b>Annual Report:</b>	The Annual Report will be prepared annually for the year ending 31 December and will be produced within a period of 4 months thereafter.
<b>Attribution of Expenses:</b>	Further information on administrative expenses and extraordinary expenses for each Sub-Fund can be found under "Fees and Expenses".
<b>Listing / Dealings:</b>	It is contemplated that an application will be made to list certain Classes of the Shares on (i) the NASDAQ OMX Stockholm AB and/or (ii) any other stock exchange.

## STRUCTURE

### **The Sub-Funds**

The Company has adopted an "umbrella" structure to provide both institutional and individual investors with a choice of different investment portfolios ("**Sub-Funds**"). Each Sub-Fund will be differentiated by its specific Investment Objective, Investment Policy, and currency of denomination or other specific features as described in the relevant Product Annex. A separate pool of assets is generally maintained for each Sub-Fund and is invested in accordance with each Sub-Fund's respective Investment Objective and Policy.

### **The Classes of Shares**

The Board of Directors of the Company may decide to create within each Sub-Fund different Classes of Shares. All Classes of Shares relating to the same Sub-Fund will be commonly invested in accordance with such Sub-Fund's Investment Objective and Policy but may differ with regard to their fee structure, Minimum Initial Subscription Amount, Minimum Subsequent Subscription Amount, Minimum Holding Requirement, Minimum Redemption Requirement, dividend policy, investor eligibility criteria or other particular feature(s) as the Board of Directors shall decide. A separate Net Asset Value per Share will be calculated for each issued Class of Shares in relation to each Sub-Fund. The different features of each Class of Shares available relating to a Sub-Fund are described in detail in the relevant Product Annex.

The Company reserves the right to offer only one or several Classes of Shares for purchase by investors in any particular jurisdiction in order to conform to local law, custom or business practice. The Company also reserves the right to adopt standards applicable to certain classes of investors or transactions in respect of the purchase of a particular Class of Shares.

The Shares will be issued by the Company exclusively in relation to Sub-Funds with the aforementioned Investment Policies and may be subscribed in cash or in kind as explained in further detail under "Share Dealing".

Shares may be divided into "I" and "R" Classes of Shares. Class "I" Shares are available only to Institutional Investors whilst Class "R" Shares are open to all types of investors, including retail investors. Shares may also be differentiated between Capitalisation Shares (Class "C" Shares) and Distribution Shares (Class "D" Shares). Other Classes of Shares, or a combination of the above mentions Classes of Shares, may be offered with other specific features.

Unless indicated to the contrary in the relevant Product Annex, the Shares will be listed for trading on one or more stock exchanges, at the discretion of the Board of Directors.

## INVESTMENT OBJECTIVES AND POLICIES

The provisions of this section apply only insofar as they are compatible with the specific Investment Policy disclosed in the Product Annex to this Prospectus.

The Board of Directors determines the specific Investment Policy and Investment Objective of each Sub-Fund, which are described in more detail in the respective Product Annexes to this Prospectus. The Investment Objectives of the Sub-Funds will be carried out in compliance with the limits and restrictions set forth under "Investment Restrictions" below. Each Sub-Fund will adhere to the general investment strategy as described hereunder, which in the absence of any unforeseen circumstances or other events may not change.

The Investment Objective of the Sub-Funds is to provide the investors with a return (either at the Maturity Date or on such payout date(s) as determined in the relevant Product Annex) linked to an Underlying Asset (as is defined in the relevant Product Annex).

In order to achieve the Investment Objective, the Shareholder of a Sub-Fund will be exposed to the performance of an Underlying Asset.

The Sub-Funds may use various investment techniques to achieve this exposure to the Underlying Asset.

For instance, the exposure may be achieved by way of derivative transactions such as FDI transactions, including but not limited to OTC swap transactions, negotiated at arm's length with the FDI Counterparty. Accordingly, the Sub-Fund may be at any time fully or partially exposed to one or more FDI Counterparty. The return that the investor will receive will be dependent on the performance of the Underlying Asset and the performance of the derivative instrument used to link the net proceeds from the issue of Shares to the Underlying Asset.

### **Use of Swaps**

To the extent that this is in line with the investment policy the Company may invest all or part of the portfolio in swaps. The types of swaps to be used by the Company are described below.

#### *Swap mechanism*

The market value of a swap is based on the performance of the Underlying Asset. On a periodic basis the market value of the swap will be calculated to determine payment obligations. This will result in a requirement for the swap counterpart to make a payment equal to the market value of the swap to the Company or vice-versa. In the case where the Company is required to make a payment to the swap counterpart this payment will be made from the proceeds of any issue of shares and/or the partial or total disposal of the Company's assets.

#### *Types of swaps*

The Company may invest in various types of swaps or combinations thereof including, but not limited to:

- (i) funded swaps – swaps where the Company transfers to a swap counterpart funds (such as cash or other assets) in exchange for receipt of the market value of the Underlying Asset from the swap counterpart at a future date;
- (ii) unfunded swaps – swaps where the Company pays to a swap counterpart interest in exchange for receipt of the performance of the Underlying Asset; and
- (iii) relative performance swaps – swaps where the Company pays to a swap counterpart a fee in exchange for receipt of a payment representing the performance of the Underlying Asset less the performance of a basket of stocks (or other instruments).

### *Termination*

Swaps may be terminated by either party at any time without notice.

If a swap is terminated the market value of the swap will be determined based on independently obtained market quotations of the Underlying Asset. An amount equal to the relevant market value (calculated in accordance with the terms of the swaps) or such other amount as agreed between the parties will be settled between the swap counterpart and the Company. The swaps will at all times be valued in accordance with the provisions of the Prospectus.

### *Agreements*

Swaps entered into between a swap counterpart and the Company are negotiated at arm's length pursuant to a master agreement in accordance with the requirements of the International Swap and Derivatives Association (ISDA) including any supporting agreements and confirmations for each swap transaction.

### *Counterparts*

The Company will only enter into swaps with counterparts which are deemed creditworthy. Counterparts will comply with prudential rules considered by the CSSF as equivalent to EU prudential rules.

### *Absence of discretion*

The swap counterparts assume no discretion over the composition or management of the Company's portfolio or over the underlying of the swap. Their approval is not required in relation to any Company's portfolio transaction.

### *Counterparty risk*

At any particular time the Company may hold several swaps with one or more swap counterparts. The swaps expose the Company to counterparty risk, being the risk of loss arising from the inability of a swap counterpart to honor payments. This scenario is termed an Event of Default.

### *Collateral arrangements*

The Management Company on behalf of the Company will enter into collateral arrangements with all swap counterparts to mitigate potential counterparty risks. These arrangements will be set out in a collateral agreement supporting each ISDA master agreement. The collateral agreement will ensure that swap counterparts transfer to the Company assets which the Company can use or sell in order to cover losses arising from an Event of Default.

The collateral agreement sets out the minimum amount of collateral to be transferred to the Company. The required collateral for each swap type is equal to the counterparty risk. Each swap counterpart shall transfer to the Company eligible collateral as described in the Prospectus with an aggregate value as collateral that is at least equal to the required collateral.

The required collateral is determined daily based on changes in the market value of the Underlying Asset and the creation and termination of swaps. The Management Company will on a daily basis, on behalf of the Company, represent the Company's interest in relation to the collateral agreement with a swap counterpart.

### *Event of Default and consequences*

If an Event of Default has occurred all outstanding swaps with the defaulting swap counterpart will be terminated immediately. To continue to fulfill the investment policy the Company will replace the terminated swaps with either (i) swaps executed with another swap counterpart or (ii) acquire the Underlying Asset.

The Company and investors may suffer a loss as a result of the Event of Default. The nature of the loss for each swap type can be summarized as follows (collateral arrangements not being taken into account):

(i) funded swap - the counterparty risk is equal to the market value of the Underlying Asset, plus or minus fees;

(ii) unfunded swap - the counterparty risk is equal to the change in the market value of the Underlying Asset less interest, plus or minus fees; and

(iii) relative performance swap - the counterparty risk is equal to the market value of the Underlying Asset less the market value of the basket of stocks (or other instruments), plus or minus fees.

The Sub-Funds may also invest in the Underlying Securities of the relevant Underlying Asset in proportion to their weighting in the Underlying Asset and will, subject to the concentration limits discussed below, normally aim to invest a substantial part of its total assets in the Underlying Securities of its Underlying Asset. Each Sub-Fund of this category may hold transferable securities tracking the Underlying Asset in accordance with the Investment Restrictions. Such transferable securities will allow a more practicable management of the Sub-Fund.

Sub-Funds with a Maturity Date will follow an Investment Policy that aims at providing investors with a predefined payout upon the Maturity Date. The ability to provide investors with such a predefined payout is dependent upon a number of parameters, including market movements between the determination of the payout upon the structuring of the Sub-Fund and the Sub-Fund's Launch Date. In order to mitigate these market movements which could affect the payout structure upon the Sub-Fund's commercialisation and launch, the latter may, in accordance with the Investment Restrictions, agree to take over pre-hedging arrangements (if any). The Sub-Fund will bear the costs and expenses relating to such pre-hedging arrangements and such pre-hedging arrangements will be agreed to by taking into account the interests of the Shareholders.

Due to various factors, including the Sub-Fund's fees and expenses involved, the concentration limits described in the Investment Restrictions, other legal or regulatory restrictions, and, in certain instances, certain securities being illiquid, it may not be possible or practicable to purchase all of the Underlying Securities in their weightings or purchase certain of them at all.

**There is no assurance that the Investment Objective of any Sub-Fund will actually be achieved.**

The Underlying Asset may have an Index Sponsor or other agents. The existence of such Index Sponsor and/or agents will be specified in the relevant Product Annex.

#### *Efficient Portfolio Management*

The Company may, on behalf of each Sub-Fund and subject to the Investment Restrictions employ techniques and instruments relating to transferable securities and/or exchange traded derivatives. Such techniques and instruments will only be used for either efficient portfolio management purposes or to provide protection against exchange risk. Such techniques and instruments are set out in the Investment Restrictions.



#### *Changes to Underlying Securities in which the Sub-Fund is invested*

Any changes to an Underlying Asset, such as the composition and/or weighting of its Underlying Securities, may require the Sub-Fund to make corresponding adjustments or rebalancings to its investment portfolio to conform to the relevant Underlying Asset. The Management Company and/or the relevant Investment Manager will monitor such changes and make adjustments to the portfolio as necessary over several days, if necessary.

#### *Reliance on Index Sponsors*

The Management Company and/or the relevant Investment Manager will rely solely on the Index Sponsor for information as to the composition and/or weighting of the Underlying Securities within the Index. If the Management Company and/or the relevant Investment Manager of a Sub-Fund is unable to obtain or process such information then the composition and/or weighting of the Index most recently published may, subject to the Management Company's and/or the relevant Investment Manager's overall discretion, be used by the Sub-Fund for the purpose of all adjustments.

#### **Change of Underlying Asset**

The Board of Directors may decide if it considers it to be in accordance with the Law and in the interest of the Company or any relevant Sub-Fund to do so, to substitute the existing Underlying Asset of a Sub-Fund for another Underlying Asset.

The Board of Directors may, for instance, decide to substitute such an Underlying Asset in the following circumstances:

- the swaps and other techniques or instruments described under "Investment Restrictions" which are necessary for the implementation of the relevant Sub-Fund's Investment Objective cease to be available in a manner which is regarded as acceptable by the Board of Directors;
- in the determination of the Board of Directors, the accuracy and availability of data of a particular Underlying Asset has deteriorated;
- the components of the Underlying Asset would cause the Sub-Fund (if it were to follow the Underlying Asset closely) to be in breach of the limits set out under "Investment Restrictions" and/or materially affect the taxation or fiscal treatment of the Company or any of its Shareholders;
- the particular Underlying Asset ceases to exist or, in the determination of the Board of Directors, there is a material change in the formula for or the method of calculating a component of the Underlying Asset or there is a material modification of the component of the Underlying Asset;
- the counterparty of swap agreements or options or other derivative instruments notifies the Company that there is limited liquidity in a portion of the component securities of the Underlying Asset or it becomes impractical to invest in the components of the Underlying Asset;
- the Index Sponsor increases its license fees to a level which the Board of Directors considers excessive;
- the licence agreement is terminated; or
- any successor Index Sponsor is not considered acceptable by the Board of Directors.

The above list is indicative only and cannot be understood as being exhaustive or limiting the ability of the Board of Directors to change the Underlying Asset in any other circumstances as the Board of Directors considers appropriate. The Shareholders of the relevant Sub-Fund will be notified of the decision of the Board of Directors to proceed to change the Underlying Asset by the publication of a notice in a Luxembourg daily newspaper as well as, if necessary, in the official publications specified in the respective jurisdictions in which the Shares are made available for public distribution. The Prospectus

will be updated in case of substitution of the existing Underlying Asset of a Sub-Fund for another Underlying Asset.

## TYPOLOGY OF RISK PROFILES

Unless otherwise specified in the relevant Product Annex, the Sub-Funds are available for investment by Institutional and Retail Investors. The Sub-Funds are however complex products where typical investors are expected to be informed investors and to especially have a good knowledge of derivatives instruments. Generally speaking, typical investors are expected to be willing to adopt capital and income risk.

The risk associated with an investment in the various Sub-Funds of the Company can be low, medium or high as described below:

- a *'low risk'* grading applies to Sub-Funds exposed to limited capital losses. The low expectation of capital losses is the result of the low intrinsic volatility of the asset class(es) to which the Sub-Funds are exposed and/or the implementation of capital protection strategies (including, as the case may be, a bank guarantee applying on (a) date(s) as specified in the relevant Product Annex);
- a *'medium risk'* grading applies to Sub-Funds exposed to capital losses either because the asset class(es) to which the Sub-Funds are exposed have a medium intrinsic volatility and/or because the Sub-Funds entail some capital protection; and
- a *'high risk'* grading applies to Sub-Funds providing an exposure to asset class(es) with a high intrinsic volatility and/or limited liquidity and where no capital protection strategies are implemented.

The above grading is indicative of the level of risk associated with each Sub-Fund and is not supposed to be a guarantee of likely returns. It should only be used for comparison purposes with other Sub-Funds offered to the public by the Company. If you are in any doubt as to the level of risk that you should take, you should seek independent advice from your personal investment adviser.

## INVESTMENT RESTRICTIONS

The Company and the Sub-Funds are subject to the "Investment Restrictions" set out below. The Company may adopt further investment restrictions in order to conform to particular requirements in the countries where the Shares of the Company shall be distributed. To the extent permitted by applicable law and regulation, the Board of Directors may decide to amend the Investment Restrictions set forth below for any newly created Sub-Fund if this is justified by the specific Investment Policy of such Sub-Fund. Any amendments to the investment restrictions which relate to a particular Sub-Fund will be disclosed in the relevant Product Annex to this Prospectus.

### 1 Investment Instruments

- 1.1** The Company's investments in relation to each Sub-Fund may consist solely of:
- (a) transferable securities and Money Market Instruments admitted to official listing on a stock exchange in an EU Member State;
  - (b) transferable securities and Money Market Instruments dealt on another Regulated Market in an EU Member State;
  - (c) transferable securities and Money Market Instruments admitted to official listing on a stock exchange in a non-EU Member State or dealt on another Regulated Market of an Eligible State;
  - (d) new issues of transferable securities and Money Market Instruments, provided that:
    - the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another Regulated Market, provided that such choice of stock exchange or market is in an Eligible State;
    - such admission is secured within a year of issue;
  - (e) units of UCITS and/or other collective investment undertakings within the meaning of the first and second indent of article 1 (2) of the UCITS Directive, should they be situated in an EU Member State or not, provided that:
    - such other collective investment undertakings are authorised under laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority, CSSF, to be equivalent to that laid down in European Union law, and that cooperation between authorities is sufficiently ensured,
    - the level of protection for unit-holders in the other collective investment undertakings is equivalent to that provided for unit-holders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive,
    - the business of the other collective investment undertakings is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period,
    - no more than 10% of the UCITS' or the other collective investment undertakings' net assets, whose acquisition is contemplated, can, according to their fund rules or constitutional documents, be invested in aggregate in units of other UCITS or other collective investment undertakings;

- (f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-EU Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
  - (g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market referred to in subparagraphs a), b) and c); and/or OTC derivatives, provided that:
    - the underlying consists of instruments covered by this section 1, financial indices, interest rates, foreign exchange rates or currencies, in which a Sub-Fund may invest according to its Investment Objective as stated in the Prospectus and the relevant Product Annex,
    - the counterparties to OTC derivative transactions are First Class Institutions, and
    - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative; and/or
  - (h) Money Market Instruments other than those dealt in on a Regulated Market if the issuer or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
    - issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in the case of a federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
    - issued by an undertaking, any securities of which are listed on a stock exchange or dealt in on Regulated Markets referred to in subparagraphs a), b) or c), or
    - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or
    - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection rules equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which (i) represents and publishes its annual accounts in accordance with Directive 78/660/EEC, (ii) is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or (iii) is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- 1.2** Contrary to the investment restrictions laid down in paragraph 1.1 above, each Sub-Fund may:
- (a) invest up to 10% of its net assets in transferable securities and Money Market Instruments other than those referred to under paragraph 1.1 above; and
  - (b) hold liquid assets on an ancillary basis. Money Market Instruments held as ancillary liquid assets may not have a maturity exceeding 12 months.

## 2 Risk Diversification

- 2.1 In accordance with the principle of risk diversification, the Company is not permitted to invest more than 10% of the net assets of a Sub-Fund in transferable securities or Money Market Instruments of one and the same issuer. The total value of the transferable securities and Money Market Instruments in each issuer in which more than 5% of the net assets of a Sub-Fund are invested must not exceed 40% of the value of the net assets of the respective Sub-Fund. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- 2.2 The Company is not permitted to invest more than 20% of the net assets of a Sub-Fund in deposits made with the same body.
- 2.3 The risk exposure to a counterparty of a Sub-Fund in an OTC FDI transaction may not exceed:
- 10% of its net assets when the counterparty is a credit institution referred to in paragraph 1.1 f), or
  - 5% of its net assets, in other cases.
- 2.4 Notwithstanding the individual limits laid down in paragraphs 2.1, 2.2 and 2.3, a Sub-Fund may not combine:
- investments in transferable securities or Money Market Instruments issued by,
  - deposits made with, and/or
  - exposures arising from OTC derivative transactions undertaken with a single body in excess of 20% of its net assets.
- 2.5 The 10% limit set forth in paragraph 2.1 can be raised to a maximum of 25% in case of certain bonds issued by credit institutions which have their registered office in an EU Member State and are subject by law, in that particular country, to specific public supervision designed to ensure the protection of bondholders. In particular the funds which originate from the issue of these bonds are to be invested, in accordance with the law, in assets which sufficiently cover the financial obligations resulting from the issue throughout the entire life of the bonds and which are allocated preferentially to the payment of principal and interest in the event of the issuer's failure. Furthermore, if investments by a Sub-Fund in such bonds with one and the same issuer represent more than 5% of the net assets, the total value of these investments may not exceed 80% of the net assets of the corresponding Sub-Fund.
- 2.6 The 10% limit set forth in paragraph 2.1 can be raised to a maximum of 35% for transferable securities and Money Market Instruments that are issued or guaranteed by an EU Member State or its local authorities, by another OECD Member State, or by public international organisations of which one or more EU Member States are members.
- 2.7 Transferable securities and Money Market Instruments which fall under the special ruling given in paragraphs 2.5 and 2.6 are not counted when calculating the 40% risk diversification ceiling mentioned in paragraph 2.1.
- 2.8 The limits provided for in paragraphs 2.1 to 2.6 may not be combined, and thus investments in transferable securities or Money Market Instruments issued by the same body or in deposits or derivative instruments with this body shall under no circumstances exceed in total 35% of the net assets of a Sub-Fund.

- 2.9 Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this section 2.
- 2.10 A Sub-Fund may invest, on a cumulative basis, up to 20% of its net assets in transferable securities and Money Market Instruments of the same group.

**3 The following exceptions may be made:**

- 3.1 Without prejudice to the limits laid down in section 6 the limits laid down in section 2 are raised to a maximum of 20% for investment in shares and/or bonds issued by the same body if the constitutional documents of the Company so permit, and, if according to the Product Annex relating to a particular Sub-Fund the Investment Objective of that Sub-Fund is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF, on the following basis:
- its composition is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner.

The above 20% limit may be raised to a maximum of 35%, but only in respect of a single body, where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain transferable securities or Money Market Instruments are highly dominant.

- 3.2 **The Company is authorised, in accordance with the principle of risk diversification, to invest up to 100% of the net assets of a Sub-Fund in transferable securities and Money Market Instruments from various offerings that are issued or guaranteed by an EU Member State or its local authorities, by another OECD Member State, by Singapore, by Brazil or by public international organisations in which one or more EU Member States are members. These securities must be divided into at least six different issues, with securities from one and the same issue not exceeding 30% of the total net assets of a Sub-Fund.**

**4 Investment in UCITS and/or other collective investment undertakings**

- 4.1 A Sub-Fund may acquire the units of UCITS and/or other collective investment undertakings referred to in paragraph 1.1 e), provided that no more than 20% of its net assets are invested in units of a single UCITS or other collective investment undertaking. If the UCITS or the other collective investment undertakings have multiple compartments (within the meaning of article 181 of the Law) and the assets of a compartment may only be used to satisfy the rights of the investors relating to that compartment and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that compartment, each compartment is considered as a separate issuer for the purposes of applying the above limit.
- 4.2 Investments made in units of collective investment undertakings other than UCITS may not exceed, in aggregate, 30% of the net assets of the Sub-Fund.
- 4.3 When a Sub-Fund has acquired units of UCITS and/or other collective investment undertakings, the assets of the respective UCITS or other collective investment undertakings do not have to be combined for the purposes of the limits laid down in section 2.

- 4.4 When a Sub-Fund invests in the units of other UCITS and/or other collective investment undertakings that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a direct or indirect holding of more than 10% of the capital or votes, the Management Company or other company may not charge subscription or redemption fees on account of the Sub-Fund's investment in the units of such other UCITS and/or collective investment undertakings. Moreover, in such case, the Management Company or other company may not charge a management fee to the Sub-Fund's assets in respect of such investments.

A Sub-Fund that invests a substantial proportion of its assets in other UCITS and/or collective investment undertakings shall disclose in its Product Annex the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the other UCITS and/or collective investment undertakings in which it intends to invest. In the annual report of the Company it shall be indicated for each Sub-Fund the maximum proportion of management fees charged both to the Sub-Fund and to the UCITS and/or other collective investment undertaking in which the Sub-Fund invests.

- 4.5 A Sub-Fund (the "Investing Sub-Fund") may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Fund(s) (the "Target Sub-Fund(s)") without the Company being subject to the requirements of the Law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the condition however that:

- the Target Sub-Fund does not, in turn, invest in the Investing Sub-Fund; and
- no more than 10% of the assets that the Target Sub-Funds whose acquisition is contemplated may be invested in Shares of other Target Sub-Funds ; and
- voting rights, if any, attaching to the relevant securities in such Target Sub-Funds are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law; and
- there will be no duplication of management/subscription or repurchase fees between those at the level of the Investing Sub-Fund and the Target Sub-Fund(s).

## 5 **Tolerances and multiple compartment issuers**

If, because of market movements or the exercising of subscription rights, the limits mentioned in section 1 are exceeded, the Company must have as a priority objective in its sale transactions to reduce these positions within the prescribed limits, taking into account the best interests of the Shareholders.

Provided that they continue to observe the principles of diversification, newly established Sub-Funds may deviate from the limits mentioned under sections 2, 3 and 4 above for a period of six months following the date of their initial launch.



If an issuer of Investment Instruments is a legal entity with multiple compartments and the assets of a compartment may only be used to satisfy the rights of the investors relating to that compartment and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that compartment, each compartment is considered as a separate issuer for the purposes of applying the limits set forth under sections 2, 3.1 and 4.

## **6 Investment Prohibitions**

The Company is **prohibited** from:

- 6.1 acquiring equities with voting rights that would enable the Company to exert a significant influence on the management of the issuer in question;
- 6.2 acquiring more than
  - 10% of the non-voting equities of one and the same issuer,
  - 10% of the debt securities issued by one and the same issuer,
  - 10% of the Money Market Instruments issued by one and the same issuer, or
  - 25% of the units of one and the same UCITS and/or other undertaking for collective investment.

The limits laid down in the second, third and fourth indents may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the Money Market Instruments, or the net amount of the securities in issue, cannot be calculated.

Exempted from the above limits are transferable securities and Money Market Instruments which, in accordance with article 48, paragraph 3 of the Law are issued or guaranteed by an EU Member State or its local authorities, by another Member State of the OECD or which are issued by public international organisations of which one or more EU Member States are members.

- 6.3 selling transferable securities, Money Market Instruments and other investment instruments mentioned under sub-paragraphs e) g) and h) of paragraph 1.1 short;
- 6.4 acquiring precious metals or related certificates;
- 6.5 investing in real estate and purchasing or selling commodities or commodities contracts;
- 6.6 borrowing on behalf of a particular Sub-Fund, unless:
  - the borrowing is in the form of a back-to-back loan for the purchase of foreign currency;
  - the loan is only temporary and does not exceed 10% of the net assets of the Sub-Fund in question;
- 6.7 granting credits or acting as guarantor for third parties. This limitation does not refer to the purchase of transferable securities, Money Market Instruments and other investment instruments mentioned under sub-paragraphs e), g) and h) of paragraph 1.1 that are not fully paid up.

## **7 Risk management and limits with regard to derivative instruments and the use of techniques and instruments**

- 7.1 The Company must employ (i) a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio and (ii) a process for accurate and independent assessment of the value of OTC derivatives.

- 7.2 Apart from the OTC derivative transactions in which Sub-Funds will invest as part of their Investment Policy (as stated in the relevant Product Annex), the Company will not use financial derivative instruments other than for currency, interest rate or evolution of the stock markets hedging purposes (unless the Prospectus is updated accordingly). This assumes that there is a sufficient correlation between these transactions and the assets of the relevant Sub-Fund to be hedged.

Under no circumstances shall these operations cause a Sub-Fund to diverge from its Investment Objective as laid down in the Prospectus and the relevant Product Annex.

- 7.3 Each Sub-Fund shall ensure that its global risk exposure relating to derivative instruments does not exceed its total Net Asset Value.

The risk exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

A Sub-Fund may invest, as a part of its Investment Policy and within the limit laid down in paragraphs 2.7 and 2.8, in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in section 2. If a Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in section 2.

When a transferable security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this section.

## **8 Techniques and Instruments for Hedging Currency Risks**

In order to protect its present and future assets and liabilities against the fluctuation of currencies, the Company may enter into foreign exchange transactions, call options or put options in respect of currencies, forward foreign exchange transactions, or transactions for the exchange of currencies, provided that these transactions be made either on a Regulated Market or over-the-counter with First Class Institutions specialising in these types of transactions.

The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and the assets or liabilities to be hedged and implies that, in principle, transactions in a given currency including a currency bearing a substantial relation to the value of the Reference Currency of a Sub-Fund (usually referred to as "cross hedging") may not exceed the total valuation of such assets and liabilities nor may they, as regards their duration, exceed the period where such assets are held or anticipated to be held or for which such liabilities are incurred or anticipated to be incurred.

## **9 Restrictions on Securities Lending and Repurchase Transactions**

The Company may engage in securities lending transactions only subject to the following conditions and restrictions: (i) the Company may only participate in securities lending transactions within a standardised lending system organised by a recognised securities clearing institution or by a First-Class Financial Institution specialised in that type of transaction; (ii) the Company must receive collateral in cash and/or in the form of securities issued or guaranteed by OECD Member States or by their local authorities or by supranational institutions and organisations with EU, regional or world-wide scope, and the Company's beneficial rights over such collateral shall be unencumbered for the term of the lending contract; (iii) lending transactions may not be carried out on more than 50% of the aggregate market value of the securities in the portfolio of each Sub-Fund and (iv) lending transactions may not extend beyond a period of 30 calendar days provided however that the limits in (iii) and (iv) are not applicable where the Company has the right to terminate the contract at any time and obtain restitution of securities equivalent to those lent.

The Company may, either as purchaser or seller, enter into repurchase or buy and sell back transactions pursuant to market-standard repurchase or buy and sell back master agreements with first-class financial institutions that are generally recognised by other market participants as being highly experienced in those types of transactions. The Company shall ensure that such transactions are terminable upon demand, and that at all times (i) the exposure (being the aggregate of the exposures for all outstanding transactions) in respect of each counterparty shall not exceed a level above which the Company would be unable to meet its obligations to redeem Shares; and (ii) the overall level of exposure derived from setting off all such exposures does not exceed a level above which the Company would be unable to meet its obligations to redeem Shares. Such repurchase or buy and sell back transactions will only be entered into on an ancillary basis.

It is not the current intention of the Company to engage in any securities lending transactions or repurchase transactions.

Subject to the acquisition of debt instruments, the making of bank deposits and the repurchase or buy and sell back transactions referred to above, the Company shall not make loans to third parties or guarantee the obligations of third parties.

#### **10 Risk Management Policy for FDI**

The following section provides a summary of the risk management policy and procedures implemented by the Management Company and the relevant Investment Manager in relation to the use of FDIs by the Sub-Funds for investment purposes. Shareholders are invited to refer to the sections headed "RISK FACTORS – General Risks - Use of Derivatives" and "RISK FACTORS – General Risks – Risk of OTC FDI Transactions" in this Prospectus for a general description of the risks associated with the use of OTC FDIs.

The Management Company will, on behalf of the Company, employ a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the each Sub-Fund, in accordance with the regulatory framework in force from time to time, with particular focus on the regulatory framework relating to FDIs. The Management Company will furthermore employ a process for the accurate and independent assessment of the value of any OTC derivative contract.

#### **11 Mitigation of Counterparty Risk Exposure**

When applying the limits specified in sections 2.3 and 2.4 of the chapter "Investment Restrictions" in the Prospectus to the OTC FDI transaction, reference must be made to the net counterparty risk exposure as determined pursuant to the Regulations. In order to reduce its net counterparty risk exposure, the Company may in relation to any of its Sub-Funds use risk mitigation techniques such as netting and financial collateral techniques which are or would become authorised by the Regulations.

The Company may notably reduce the overall counterparty risk of each Sub-Fund's OTC FDI transaction by causing the FDI Counterparty to deliver to the Custodian or to a third party custodian assets, acceptable as collateral by a Sub-Fund .

The Company may also organize relevant collateral arrangements via any of the pooling techniques which are or would become authorised by the Regulations and which are compliant with the ring fencing principles among Sub-Funds as required by the Law. Such a collateral arrangement may in particular be organised through a global account opened in the name of the FDI Counterparty, which account would be pledged in favour of the Company acting on behalf of all or part of its Sub-Funds and the financial assets of which would be allocated among the Sub-Funds concerned so that each of the latter would be able to identify the specific financial assets held on such account which are pledged in its favour.

The Company may also reduce the overall counterparty risk of the Sub-Fund's OTC FDI transaction by resetting the OTC FDI transaction. The effect of resetting the OTC FDI transaction is to reduce the marked

to market of the OTC FDI transaction and, herewith, reduce the net counterparty exposure to the applicable rate.

## **12 Collateral Management**

The risk exposures to a counterparty arising from OTC FDI transactions and efficient portfolio management techniques shall be combined when calculating the counterparty risk limits of Article 43 of the 2010 Law.

Where the Company enters into OTC FDI transactions and efficient portfolio management techniques, all collateral used to reduce the counterparty risk exposure shall comply with the following criteria at all times:

a) liquidity – any collateral received other than cash shall be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received shall also comply with the provisions of Article 48 of the 2010 Law;

b) valuation – collateral received shall be valued on at least a daily basis and assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place;

c) issuer credit quality – collateral received shall be of high quality;

d) correlation – the collateral received by the Company shall be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;

e) collateral diversification (asset concentration) – collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Company receives from a counterparty of efficient portfolio management and OTC FDI transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the Company is exposed to different counterparties, the different baskets of collateral shall be aggregated to calculate the 20% limit of exposure to a single issuer;

f) risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the risk management process;

g) where there is a title transfer, the collateral received shall be held by the depositary of the Company. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral;

h) collateral received shall be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty;

i) non-cash collateral received shall not be sold, re-invested or pledged;

j) cash collateral received shall only be:

- placed on deposit with entities prescribed in Article 41(1)(f) of the 2010 Law;

- invested in high-quality government bonds;

- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;

- invested in short-term money market funds as defined in the CESR/10-049 Guidelines on a common definition of European money market funds.

Re-invested cash collateral shall be diversified in accordance with the diversification requirements applicable to non-cash collateral.

Subject to the above criteria, the eligible collateral includes:

- (i) cash denominated in the currency of the Company (or relevant Sub-Fund) and money market instruments with an external credit rating AA- or above of the issuer;
- (ii) marketable securities representing claims on or claims guaranteed by central banks of eligible jurisdictions, non-central government public sector entities, the Bank for International Settlements, the International Monetary Fund, the European Commission, given that they are traded in large, deep and active markets characterized by a low level of concentration;
- (iii) marketable securities representing claims on or claims guaranteed by eligible jurisdictions, their central banks, non-central government public sector entities or multilateral development banks, with a credit rating of A- or above;
- (iv) shares or units issued by money market UCIs complying with the CESR/10-049 Guidelines on a common definition of European money market funds, offering a daily liquidity, calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- (v) shares or units issued by UCITS offering a daily liquidity and investing mainly in bonds or shares fulfilling the two requirements below;
- (vi) debt instruments with an external rating at least equivalent to “investment grade”;
- (vii) shares and convertible bonds dealt on a regulated market, on the condition that these shares are included in a main index.

The list of eligible jurisdictions includes, but is not limited to, Canada, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States of America.

For the valuation of the collateral the following haircuts will be applicable.

Collateral	Haircut		
1. cash in Company’s (or relevant Sub-Fund’s) currency	0%-5%		
2. money market instruments with an external credit rating A or above	0.5%-5%		
3. debt instruments	residual maturity		
	less than 1 year	1-5 years	5-10 years
corporate debt instruments with a rating of A or above	1%-4%	3%-7%	6%-12%
bonds issued or guaranteed by an eligible jurisdiction	0.5%-2%	1%-5%	4%-8%
4. shares or units issued by money market UCITS offering a daily liquidity, calculating a daily net asset value, and investing in instruments being assigned a	0.5%-2%		

rating of AAA or its equivalent	
5. shares or units of UCITS offering a daily liquidity and primarily investing in bonds or equities fulfilling requirements of the eligible collateral	look-through per time to maturity
6. convertible bonds dealt on a regulated market whose underlying share are included in a main index	15%-20%
7. security part of a main market index (e.g. DAX, FTSE 100, DJIA, NASDAQ 100)	5%-15%
8. security part of other market index (e.g. HDAX, S&P 500)	8%-20%

The Management Company reserves the right to review and amend the above haircuts at any time when the market conditions have changed and when and if this is deemed in the best interest of the Company.

Cash as collateral may only be placed in:

- (i) high quality eligible sovereign debt and/or debt guaranteed by an eligible jurisdiction subject to a AAA-equivalent rating;
- (ii) any other government bonds generally considered risk-free in reference to AAA-equivalent rating;
- (iii) short term money market funds subject to a AAA-equivalent rating;
- (iv) plain vanilla corporate bonds or plain vanilla money market instruments with a short maturity (generally 3 months) from issuers in OECD member countries subject to AAA-equivalent rating.

The above provisions reflect the requirements of the ESMA 2012/832 Guidelines on ETFs and other UCITS issues. In the case where these provisions were to be amended or repealed the Management Company reserves the right to implement the newly applicable ESMA requirements upon their entering into force.

### **RISK MANAGEMENT PROCEDURE**

In accordance with applicable laws and regulations, and in particular CSSF regulation No. 10-4 transposing Commission Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company, CSSF circular 11/512, the ESMA guidelines on risk measurement and the calculation of global exposure and counterparty risk for UCITS (ref.: ESMA/10-788) and the ESMA guidelines on risk management principles for UCITS (ref.: ESMA/09-178), the Management Company employs a risk management process, which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio. The Management Company, on behalf of the Company will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

The risk profile of the Company is monitored taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

Unless otherwise provided for any Sub-Fund in the relevant Annex, the commitment approach is used to monitor and measure the global exposure of each Sub-Fund.

This approach measures the global exposure related solely to positions on financial derivative instruments, taking into account netting and/or hedging policies.

## **RISK FACTORS**

The following is a general discussion of a number of risks which may affect the value of Shares. See also the section of the relevant Product Annex headed "Other Information – Risk Factors" (if any) for a discussion of additional risks particular to a specific issue of Shares. Such risks are not, nor are they intended to be, exhaustive. Not all risks listed necessarily apply to each issue of Shares, and there may be other considerations that should be taken into account in relation to a particular issue. What factors will be of relevance to a particular Sub-Fund will depend upon a number of interrelated matters including, but not limited to, the nature of the Shares and the Sub-Fund's Investment Policy.

No investment should be made in the Shares until careful consideration of all these factors has been made.

### **Introduction**

The value of investments and the income from them, and therefore the value of and income from Shares relating to a Sub-Fund can go down as well as up and an investor may not get back the amount he invests. Due to the various commissions and fees which may be payable on the Shares, an investment in Shares should be viewed as medium to long term. An investment in a Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investors should only reach an investment decision after careful consideration with their legal, tax, accounting, financial and other advisers. The legal, regulatory, tax and accounting treatment of the Shares can vary in different jurisdictions. Any descriptions of the Shares set out in the Prospectus and/or a Product Annex are for general information purposes only. Investors should recognise that the Shares may decline in value and should be prepared to sustain a total loss of their investment. Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of the Shares.

### **General Risks**

*Extreme Market Movements:* In the event of large Index movements, including large intra-day movements, a Sub-Fund's performance may be inconsistent with its stated investment objective.

*Valuation of the Shares:* The value of a Share will fluctuate as a result of, amongst other things, changes in the value of the Sub-Fund's assets, the Underlying Asset and, where applicable, the derivative techniques used to link the two.

*Lack of discretion of the Management Company to adapt to market changes:* Unlike many conventional funds but like most traditional ETFs, the Sub-Funds are not "actively managed". Accordingly, the Management Company will not adjust the composition of a Sub-Fund's portfolio except (where relevant) in order to seek to closely correspond to the duration and return of the relevant Underlying Asset. The Sub-Funds do not try to "beat" the market they track and do not seek temporary defensive positions when markets decline or are judged to be overvalued. Accordingly, a fall in the relevant Underlying Asset may result in a corresponding fall in the value of the Shares of the relevant Sub-Fund.

*Risk of OTC FDI Transactions:* OTC FDI transactions (including OTC swap transactions) are subject to the risk that the OTC FDI Counterparty may default on its obligations. The relevant Product Annex will set out the FDI Counterparty for the OTC FDI transaction(s). If a default were to occur in relation to the FDI Counterparty, the Sub-Funds will have contractual remedies pursuant to the relevant OTC FDI transaction. In particular the OTC FDI transaction provides that a termination amount will be determined

and such amount may be payable by the OTC FDI Counterparty to the Company or by the Company to the OTC FDI Counterparty, as the case may be. However, such remedies may be subject to bankruptcy and insolvency laws which could affect a Sub-Fund's rights as a creditor. For example, a Sub-Fund may not receive the net amount of payments that it contractually is entitled to receive on termination of the OTC FDI transaction where the OTC FDI Counterparty is insolvent or otherwise unable to pay the termination amount. Nevertheless this risk is limited as the net counterparty risk exposure of each Sub-Fund is subject to a limit of 10% of its Net Asset Value on a single OTC FDI Counterparty under the Regulations. Please refer to the section "Risk Management Policy for FDI" for further information on the risk management policy implemented by the Management Company and the relevant Investment Manager in relation to the use of FDIs by the Sub-Funds for investment purposes.

*Valuation of the Underlying Asset and the Sub-Fund's assets:* The Sub-Fund's assets, the Underlying Asset or the derivative techniques used to link the two may be complex and specialist in nature. Valuations for such assets or derivative techniques will only usually be available from a limited number of market professionals which frequently act as counterparties to the transactions to be valued. Such valuations are often subjective and there may be substantial differences between any available valuations.

*Exchange Rates:* An investment in the Shares may directly or indirectly involve exchange rate risk. Because the Net Asset Value of the Sub-Fund will be calculated in its Reference Currency, the performance of an Underlying Asset or of its constituents denominated in another currency than the Reference Currency will also depend on the strength of such currency against the Reference Currency and the interest rate of the country issuing this currency. Equally, the currency denomination of any Sub-Fund asset in another currency than the Reference Currency will involve exchange rate risk for the Sub-Fund.

*Interest Rates:* Fluctuations in interest rates of the currency or currencies in which the Shares, the Sub-Fund's assets and/or the Underlying Asset are denominated may affect the cost of FDIs including OTC swap transactions and the real value of the Shares.

*Inflation:* The rate of inflation will affect the actual rate of return on the Shares. An Underlying Asset may reference the rate of inflation.

*Yield:* Returns on Shares may not be directly comparable to the yields which could be earned if any investment were instead made in any Sub-Fund's assets or Underlying Asset.

*Correlation:* The Shares may not correlate either perfectly or highly with movements in the value of Sub-Fund's assets and/or the Underlying Asset.

*Volatility:* The value of the Shares may be affected by market volatility and/or the volatility of the Sub-Fund's assets and/or the Underlying Asset.

*Credit Risk:* The ability of the Company to make payments to Shareholders in respect of the Shares will be diminished to the extent of any other liabilities undertaken by, or imposed on, the Company. Any Sub-Fund's assets, Underlying Asset or derivative technique used to link the two may involve the risk that the counterparty to such arrangements may default on any obligations to perform thereunder.

*Liquidity Risk:* Certain types of securities may be difficult to buy or sell, particularly during adverse market conditions, which may affect their value. The fact that the Shares may be listed on a stock exchange is not an assurance of liquidity in the Shares.

*Leverage Risk:* The Sub-Fund's assets, Underlying Asset and the derivative techniques used to link the two may comprise elements of leverage which may potentially magnify losses and may result in losses greater than the amount invested.



*Political Factors, Emerging Market and Non-OECD Member State Assets:* The performance of the Shares and/or the possibility to purchase, sell, or repurchase the Shares may be affected by changes in general economic conditions and uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and changes in regulatory requirements. Such risks can be heightened in investments in, or relating to, emerging markets or non-OECD Member States. In addition, local custody services remain underdeveloped in many non-OECD and emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances, a Sub-Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets or non-OECD Member States, may not provide the same degree of investor information or protection as would generally apply to major markets.

*Capital Protection:* Shares may be expressed to be fully or partially protected. In certain circumstances, such protection may not apply. Shareholders may be required to hold their Shares until maturity in order fully to realise the maximum protection available. Shareholders should read the terms of any protection with great care. Specifically, it should be noted that, unless otherwise expressly provided, it is unlikely that protection levels will be based on the price at which Shareholders may purchase the Shares in the secondary market (if any).

*Path Dependency:* Shares may be linked to Underlying Assets the performance of which is path dependent. This means that any decision or determination made can have a cumulative effect and may result in the value of such product over time being significantly different from the value it would have been if there had been no such cumulative effect.

*Share Subscriptions and Redemptions:* Provisions relating to the subscription and redemption of Shares grant the Company discretion to limit the amount of Shares available for subscription or redemption on any Transaction Day and, in conjunction with such limitations, to defer or pro rata such subscription or redemption. In addition, where requests for subscription or redemption are received late, there will be a delay between the time of submission of the request and the actual date of subscription or redemption. Such deferrals or delays may operate to decrease the number of Shares or the redemption amount to be received.

*Listing:* There can be no certainty that a listing on any stock exchange applied for by the Company will be achieved and/or maintained or that the conditions of listing will not change. Further, trading in Shares on a Relevant Stock Exchange may be halted pursuant to such Relevant Stock Exchange's rules due to market conditions and investors may not be able to sell their Shares until trading resumes.

*Legal and Regulatory:* The Company must comply with regulatory constraints or changes in the laws affecting it, the Shares, or the Investment Restrictions, which might require a change in the investment policy and objectives followed by a Sub-Fund. The Sub-Fund's assets, the Underlying Asset and the derivative techniques used to link the two may also be subject to change in laws or regulations and/or regulatory action which may affect their value.

*Nominee Arrangements:* Where an investor invests in Shares via the Distributor and/or a nominee or holds interests in Shares through a Clearing Agent, such investor will typically not appear on the Register of the Company and may not therefore be able to exercise voting or other rights available to those persons appearing on the Register.

*Use of Derivatives:* As a Sub-Fund whose performance is linked to an Underlying Asset will often be invested in derivative instruments or securities which differ from the Underlying Asset, derivative techniques will be used to link the value of the Shares to the performance of the Underlying Asset. While the prudent use of such derivatives can be beneficial, derivatives also involve risks which, in certain cases, can be greater than the risks presented by more traditional investments. There may be transaction costs associated with the use of derivatives.

*Past and Future Performance:* The performance of a Sub-Fund is dependent upon several factors including, but not limited to, the Underlying Asset's performance, as well as fees and expenses, tax and administration duties, etc. which will or may have actually been charged, applied and/or discounted. These elements generally vary during any performance period, and it should therefore be noted that when comparing performance periods, some may appear to have enhanced or reduced performance when compared to similar performance periods, due to the application (or reduction) of some or all of the factors set out above. Past performance, as published in the simplified prospectuses or in any marketing documentation, is not a guarantee of, and should not be used as a guide to, future returns.

### **Underlying Asset Risks**

*Underlying Asset calculation and substitution:* In certain circumstances described in the relevant Product Annex, the Underlying Asset may cease to be calculated or published on the basis described or such basis may be altered or the Underlying Asset may be substituted.

In certain circumstances such as the discontinuance in the calculation or publication of the Underlying Asset or suspension in the trading of any constituents of the Underlying Assets, it could result in the suspension of trading of the Shares or the requirement for Market Makers to provide two way prices on the Relevant Stock Exchanges.

*Corporate Actions:* Securities comprising an Underlying Asset may be subject to change in the event of corporate actions in respect of those securities.

*Tracking Difference:* The following are some of the factors which may result in the value of the Shares varying from the value of the Underlying Asset: investments in assets other than the Underlying Asset may give rise to delays or additional costs and taxes compared to an investment in the Underlying Asset; investment or regulatory constraints may affect the Company but not the Underlying Asset; the fluctuation in value of Sub-Fund's assets; where applicable, any differences between the Maturity Date of the Shares and the maturity date of the relevant Sub-Fund's assets; in relation to where the index is based on a short or inverse index, any cost associated with the purchase of FDIs in order to replicate the inverse performance of the Underlying Asset; and the existence of a cash position held by a Sub-Fund.

*Adjustment to OTC FDI Transactions to reflect index replication costs:* The FDI Counterparty may enter into hedging transactions in respect of the OTC FDI transaction(s). According to the OTC FDI transaction(s) entered into between the Sub-Funds and the FDI Counterparty, the Sub-Funds shall receive the performance of the Indexes adjusted to reflect certain index replication costs associated with (i) the buying and selling and any borrowing and/or financing by the FDI Counterparty of the constituents of the Indexes in order to replicate the Indexes performance; or (ii) financing charges incurred to safeguard against severe market movements of the constituents of the Indexes; or (iii) unexpected financing costs in the event of severe markets movements; or (iv) custody or other related costs incurred by the FDI Counterparty in relation to holding the constituents of the Indexes; or (v) taxes or other duties imposed on the buying or selling of the constituents of the Indexes; or (vi) taxes imposed on any income derived from the constituents of the Indexes; or (vii) any other transactions performed by the FDI Counterparty in relation to the constituents of the Indexes. These index replication costs may affect the ability of the Sub-Funds to achieve their Investment Objectives. As a result, the attention of investors is drawn to the fact that (x) the Net Asset Value of the Sub-Funds may be adversely impacted by any such adjustments to the valuation of the OTC FDI transaction(s); (y) the potential negative impact on the Sub-Funds' performance that investors may suffer as a result of any such adjustments could depend on the timing of their investment in and/or divestment from the Sub-Funds; and (z) the magnitude of such potential negative impact on the performance of the Sub-Funds may not correspond to an investor's profit or loss arising out of such investor's holding in the Sub-Funds as a result of the potential retroactive effect of any such costs, including those arising from changes in taxation in certain jurisdictions.

*No investigation or review of the Underlying Asset(s):* None of the Company, any relevant Investment Manager or any of its affiliates has performed or will perform any investigation or review of the Underlying Asset on behalf of any prospective investor in the Shares. Any investigation or review made by or on behalf of the Company, the relevant Investment Manager or any of its affiliates is or shall be for their own proprietary investment purposes only.

*Licence to use the relevant Index may be terminated:* The Company has been granted a licence by each of the Index Sponsors to use the relevant Index in order to create a Sub-Fund based on the relevant Underlying Asset and to use certain trade marks and any copyright in the relevant Index. A Sub-Fund may not be able to fulfil its objective and may be terminated if the licence agreement between the Sub-Fund and the relevant Index Sponsor is terminated. A Sub-Fund may also be terminated if the relevant Index ceases to be compiled or published and there is no replacement Underlying Asset using the same or substantially similar formula for the method of calculation as used in calculating the relevant Index.

Certain risks associated with investment in particular Underlying Assets or any securities comprised therein are set out below:

- Shares

The value of an investment in Shares will depend on a number of factors including, but not limited to, market and economic conditions, sector, geographical region and political events.

- Pooled Investment Vehicles

Alternative investment funds, mutual funds and similar investment vehicles operate through the pooling of investors' assets. Investments are then invested either directly into assets or are invested using a variety of hedging strategies and/or mathematical modelling techniques, alone or in combination, any of which may change over time. Such strategies and/or techniques can be speculative, may not be an effective hedge and may involve substantial risk of loss and limit the opportunity for gain. It may be difficult to obtain valuations of products where such strategies and/or techniques are used and the value of such products may depreciate at a greater rate than other investments. Pooled investment vehicles are often unregulated, make available only limited information about their operations, may incur extensive costs, commissions and brokerage charges, involve substantial fees for investors (which may include fees based on unrealised gains), have no minimum credit standards, employ high risk strategies such as short selling and high levels of leverage and may post collateral in unsegregated third party accounts.

- Indices

The compilation and calculation of an index will generally be rules based, account for fees and include discretions exercisable by the index sponsor. Methodologies used for certain proprietary indices are designed to ensure that the level of the index reaches a pre-determined level at a specified time. However, this mechanism may have the effect of limiting any gains above that level. Continuous protection or lock-in features designed to provide protection in a falling market may also result in a lower overall performance in a rising market.

- Real Estate

The risks associated with a direct or indirect investment in real estate include: the cyclical nature of real estate values, changes in environmental, planning, landlord and tenant, tax or other laws or regulations affecting real property, demographic trends, variations in rental income and increases in interest rates.

- Commodities

Prices of commodities are influenced by, among other things, various macro economic factors such as changing supply and demand relationships, weather conditions and other natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments (including government intervention in certain markets) and other events.

- Structured Finance Securities

Structured finance securities include, without limitation, asset-backed securities and credit-linked securities, which may entail a higher liquidity risk than exposure to sovereign or corporate bonds. Certain specified events and/or the performance of assets referenced by such securities, may affect the value of, or amounts paid on, such securities (which may in each case be zero). It is not the Company's current intention to invest in any structured finance securities.

- Others

Underlying Asset(s) may include other assets which involve substantial financial risk such as distressed debt, low quality credit securities, forward contracts and deposits with commodity trading advisors (in connection with their activities).

*Potential Conflicts of Interest:* Skandinaviska Enskilda Banken AB (publ) may potentially act as FDI Counterparty, Distributor, Market Maker and/or sub-custodian to the Company. Skandinaviska Enskilda Banken AB (publ), acting in any such role, and the Directors, the Custodian, the Central Administrative Agent, any Shareholder, other Investment Manager, Index Sponsor, FDI Counterparty or Distributor, and any Market Maker may undertake activities which may give rise to potential conflicts of interest including, but not limited to, financing or banking transactions with the Company or investing and dealing in Shares, other securities or assets (including sales to and purchases from the Company) of the kind included in the Sub-Fund's assets or Underlying Asset.

*Allocation of shortfalls among Classes of a Sub-Fund:* The right of holders of any Class of Shares to participate in the assets of the Company is limited to the assets (if any) of the relevant Sub-Fund and all the assets comprising a Sub-Fund will be available to meet all of the liabilities of the Sub-Fund, regardless of the different amounts stated to be payable on the separate Classes (as set out in the relevant Product Annex). For example, if (i) on a winding-up of the Company or (ii) as at the Maturity Date (if any), the amounts received by the Company under the relevant Sub-Fund's assets (after payment of all fees, expenses and other liabilities which are to be borne by the relevant Sub-Fund) are insufficient to pay the full Redemption Amount payable in respect of all Classes of Shares of the relevant Sub-Fund, each Class of Shares of the Sub-Fund will rank pari passu with each other Class of Shares of the relevant Sub-Fund, and the proceeds of the relevant Sub-Fund will be distributed equally amongst each Shareholder of that Sub-Fund pro rata to the amount paid up on the Shares held by each Shareholder. The relevant Shareholders will have no further right of payment in respect of their Shares or any claim against any other Sub-Fund or any other assets of the Company. This may mean that the overall return (taking account of any dividends already paid) to Shareholders who hold Shares paying dividends quarterly or more frequently may be higher than the overall return to Shareholders who hold Shares paying dividends annually and that the overall return to Shareholders who hold Shares paying dividends may be higher than the overall return to Shareholders who hold Shares paying no dividends. In practice, cross liability between Classes is only likely to arise where the aggregate amounts payable in respect of any Class exceed the assets of the Sub-Fund notionally allocated to that Class, that is, those amounts (if any) received by the Company under the relevant Sub-Fund's assets (after payment of all fees, expenses and other liabilities which are to be borne by such Sub-Fund) that are intended to fund payments in respect of such Class or are otherwise attributable to that Class. Such a situation could arise if, for example, there is a default by a counterparty in respect of the relevant Sub-Fund's assets. In these circumstances, the remaining assets of the Sub-Fund notionally allocated to any other Class of the same Sub-Fund may be

available to meet such payments and may accordingly not be available to meet any amounts that otherwise would have been payable on such other Class.

*Segregated Liability between Sub-Funds:* While the provisions of the Law provide for segregated liability between Sub-Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims. Accordingly, it is not free from doubt that the assets of any Sub-Fund of the Company may be exposed to the liabilities of other funds of the Company. As at the date of this Prospectus, the Directors are not aware of any existing or contingent liability of any Sub-Fund of the Company.

*Consequences of winding-up proceedings:* If the Company fails for any reason to meet its obligations or liabilities, or is unable to pay its debts, a creditor may be entitled to make an application for the winding-up of the Company. The commencement of such proceedings may entitle creditors (including counterparties) to terminate contracts with the Company (including Sub-Fund's assets) and claim damages for any loss arising from such early termination. The commencement of such proceedings may result in the Company being dissolved at a time and its assets (including the assets of all Sub-Funds) being realised and applied to pay the fees and expenses of the appointed liquidator or other insolvency officer, then in satisfaction of debts preferred by law and then in payment of the Company's liabilities, before any surplus is distributed to the Shareholders of the Company. In the event of proceedings being commenced, the Company may not be able to pay the full amounts anticipated by the Product Annex in respect of any Class or Sub-Funds.

## ADMINISTRATION OF THE COMPANY

### Determination of the Net Asset Value

#### *General Valuation Rules*

The Net Asset Value of the Company is at any time equal to the total of the Net Asset Values of the Sub-Funds.

The Articles provide that the Board of Directors shall establish a portfolio of assets for each Sub-Fund as follows:

- (i) the proceeds from the issue of each Share are to be applied in the books of the relevant Sub-Fund to the pool of assets established for such Sub-Fund and the assets and liabilities and incomes and expenditures attributable thereto are applied to such portfolio subject to the provisions set forth hereafter;
- (ii) where any asset is derived from another asset, such asset will be applied in the books of the relevant Sub-Fund from which such asset was derived, meaning that on each revaluation of such asset, any increase or diminution in value of such asset will be applied to the relevant portfolio;
- (iii) where the Company incurs a liability which relates to any asset of a particular portfolio or to any action taken in connection with an asset of a particular portfolio, such liability will be allocated to the relevant portfolio;
- (iv) where any asset or liability of the Company cannot be considered as being attributable to a particular portfolio, such asset or liability will be allocated to all the Sub-Funds *pro rata* to the Sub-Funds' respective Net Asset Value at their respective Launch Dates;
- (v) upon the payment of dividends to the Shareholders in any Sub-Fund, the Net Asset Value of such Sub-Fund shall be reduced by the gross amount of such dividends.

The liabilities of each Sub-Fund shall be segregated on a Sub-Fund-by-Sub-Fund basis with third party creditors having recourse only to the assets of the Sub-Fund concerned.

Any assets held in a particular Sub-Fund not expressed in the Reference Currency will be translated into the Reference Currency at the rate of exchange prevailing in a recognised market on the Business Day immediately preceding the Valuation Day.

The Net Asset Value per Share of a specific Class of Shares will be determined by dividing the value of the total assets of the Sub-Fund which are attributable to such Class of Shares less the liabilities of the Sub-Fund which are attributable to such Class of Shares by the total number of Shares of such Class of Shares outstanding on the relevant Transaction Day.

For the determination of the Net Asset Value of a Class of Shares the rules sub (i) to (v) above shall apply *mutatis mutandis*. The Net Asset Value per Share of each Class in each Sub-Fund will be calculated by the Central Administrative Agent in the Reference Currency of the relevant Class of Shares and, as the case may be, in the Denomination Currency as specified in the relevant Product Annex by applying the relevant market conversion rate prevailing on each Valuation Day.

The assets and liabilities of the Sub-Funds are valued periodically as specified in the Prospectus and/or in the relevant Product Annex.

The Net Asset Value per Share is or will be calculated on each Valuation Day. The Net Asset Value for all Sub-Funds will be determined on the basis of the last closing prices on the Business Day immediately preceding the Valuation Day or the last available prices from the markets on which the investments of the various Sub-Funds are principally traded.

The Net Asset Value per Share of the different Classes of Shares can differ within each Sub-Fund as a result of the declaration/payment of dividends, differing fee and cost structure for each Class of Shares. In calculating the Net Asset Value, income and expenditure are treated as accruing on a day to day basis.

The Company intends to declare dividends for the Distribution Shares only.

Shareholders owning Distribution Shares are entitled to dividends, which will be determined in accordance with the provisions set out in the relevant Product Annex.

#### *Specific Valuation Rules*

The Net Asset Value of the Sub-Funds shall be determined in accordance with the following rules:

- (i) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as may be considered appropriate in such case to reflect the true value thereof;
- (ii) the value of all securities which are listed or traded on an official stock exchange or traded on any other Regulated Market will be valued on the basis of the last available prices on the Business Day immediately preceding the Valuation Day or on the basis of the last available prices on the main market on which the investments of the Sub-Funds are principally traded. The Board of Directors will approve a pricing service which will supply the above prices. If, in the opinion of the Board of Directors, such prices do not truly reflect the fair market value of the relevant securities, the value of such securities will be determined in good faith by the Board of Directors either by reference to any other publicly available source or by reference to such other sources as it deems in its discretion appropriate;
- (iii) securities not listed or traded on a stock exchange or a Regulated Market will be valued on the basis of the probable sales price determined prudently and in good faith by the Board of Directors;
- (iv) securities issued by open-ended investment funds shall be valued at their last available net asset value or in accordance with item (ii) above where such securities are listed;
- (v) the liquidating value of futures, forward or options contracts that are not traded on exchanges or on other organised markets shall be determined pursuant to the policies established by the Board of Directors, on a basis consistently applied. The liquidating value of futures, forward or options contracts traded on exchanges or on other organised markets shall be based upon the last available settlement prices of these contracts on exchanges and organised markets on which the particular futures, forward or options contracts are traded; provided that if a futures, forward or options contract could not be liquidated on such Business Day with respect to which a Net Asset Value is being determined, then the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable;
- (vi) liquid assets and money market instruments may be valued at nominal value plus any accrued interest or using an amortised cost method; this amortised cost method may result in periods during which the value deviates from the price the relevant Sub-Fund would receive if it sold the investment. The Management Company may, from time to time, assess this method of valuation and recommend changes, where necessary, to ensure that such assets will be valued at their fair value as determined in good faith pursuant to procedures established by the Board of Directors. If the Board of Directors believes that a deviation from the amortised cost per Share may result in material dilution or other unfair results to Shareholders, the Board of Directors shall take such corrective action, if any, as it deems appropriate, to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results;

- (vii) the swap transactions will be consistently valued based on a calculation of the net present value of their expected cash flows; and
- (viii) all other securities and other permissible assets as well as any of the above mentioned assets for which the valuation in accordance with the above sub-paragraphs would not be possible or practicable, or would not be representative of their fair value, will be valued at fair market value, as determined in good faith pursuant to procedures established by the Board of Directors.

**Temporary Suspension of Calculation of Net Asset Value and of Issues, Redemptions and Conversions**

Pursuant to its Articles, the Company may suspend the calculation of the Net Asset Value of the Sub-Funds, Shares and/or Classes of Shares and the issue, redemption and conversion of Shares:

- (i) during any period in which any of the principal stock exchanges or other markets on which a substantial portion of the constituents of the Hedging Asset and/or the Underlying Asset from time to time are quoted or traded is closed otherwise than for ordinary holidays, or during which transactions therein are restricted, limited or suspended, provided that such restriction, limitation or suspension affects the valuation of the Hedging Asset or the Underlying Asset;
- (ii) where the existence of any state of affairs which, in the opinion of the Board of Directors, constitutes an emergency or renders impracticable, a disposal or valuation of the assets attributable to a Sub-Fund;
- (iii) during any breakdown of the means of communication or computation normally employed in determining the price or value of any of the assets attributable to a Sub-Fund;
- (iv) during any period in which the Company is unable to repatriate monies for the purpose of making payments on the redemption of Shares or during which any transfer of monies involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;
- (v) when for any other reason the prices of any constituents of the Underlying Asset or, as the case may be, the Hedging Asset and, for the avoidance of doubt, where the applicable techniques used to create exposure to the Underlying Asset, cannot promptly or accurately be ascertained;
- (vi) in the case of the Company's liquidation or in the case a notice of termination has been issued in connection with the liquidation of a Sub-Fund or Class of Shares; and
- (vii) where in the opinion of the Board of Directors, circumstances which are beyond the control of the Board of Directors make it impracticable or unfair vis-à-vis the Shareholders to continue trading the Shares.

Such suspension in respect of a Sub-Fund shall have no effect on the calculation of the Net Asset Value per Share, the issue, redemption and conversion of Shares of any other Sub-Fund.

Notice of the beginning and of the end of any period of suspension will be given to the Luxembourg supervisory authority and to the Relevant Stock Exchange(s) and to any foreign regulator where any Sub-Fund is registered in accordance with the relevant rules. Any suspension shall also be notified to the Shareholders requesting subscription, redemption or conversion of their Shares during the period of suspension.

**Publication of the Net Asset Value**

The Net Asset Value per Share of each Class of Shares within each Sub-Fund (expressed in the Reference Currency and, as the case may be, translated into the Denomination Currency as specified in the relevant Product Annex), and any dividend declaration will be made public at the registered office of the Company and made available at the offices of the Central Administrative Agent on each Valuation Day. The Company may arrange for the publication of this information in one or more leading financial



newspapers in such countries where the Sub-Funds are distributed to the public and may notify the relevant stock exchanges where the Shares are listed. The Company cannot accept any responsibility for any error or delay in publication or for non-publication of prices which are beyond its control.

The Net Asset Value per Share may also be available on the following websites: [www.sebgroup.com/spotr](http://www.sebgroup.com/spotr) (English) and [www.spotr.se](http://www.spotr.se) (Swedish). The access to such publication on the Website may be restricted and is not to be considered as an invitation to subscribe for, purchase, convert, sell or redeem Shares.

## SHARE DEALING

Shares can be dealt on either the primary market or secondary market.

### ***The Primary Market***

The primary market is the market on which Shares are issued by the Company. Shares can be subscribed and redeemed for cash or in kind by notifying the Company, care of the Registrar and Transfer Agent, or an Authorised Participant.

"In kind" means that, rather than receiving cash in respect of a subscription and delivering cash proceeds in respect of a redemption, the Sub-Fund will receive Investment Instruments and a cash amount (the "**Cash Amount**") in respect of a subscription and deliver Investment Instruments and a Cash Amount in respect of a redemption acceptable by the Investment Manager. Any such Cash Amount may comprise, inter alia, (i) the accrued dividends attributable to the relevant Shareholder of the Sub-Fund when applicable (generally dividends and interest earned less fees and expenses incurred since the previous distribution, and/or (ii) cash amounts representing the remaining portion of the subscription or redemption price that cannot be paid by Investment Instruments due to rounding and/or (iii) any other duties or charges that may be payable.

### **Issuing of Shares**

The Board of Directors is authorised to issue Shares of any Class of Shares without limitation at any time.

Furthermore, the Board of Directors reserves the right to discontinue at any time and without notice the issue and sale of Shares. The Board of Directors also reserves the right to authorise at any time and without notice the issue and sale of Shares for Sub-Funds that were previously closed for further subscriptions. Such decision will be taken by the Board of Directors with due regard to the interest of the existing Shareholders.

The Launch Date and the Offering Period (if any) for each newly created or activated Sub-Fund will be determined by the Board of Directors and disclosed in the relevant Product Annex.

The Board of Directors may in its discretion decide, prior to the Launch Date, to cancel the offering of a Sub-Fund. The Board of Directors may also decide to cancel the offering of a new Class of Shares. In such case, investors having made an application for subscription will be duly informed and any subscription monies already paid will be returned. For the avoidance of doubt, no interest will be payable on such amount prior to their return to the investors.

The Company will issue no Shares during any period in which the calculation of the Net Asset Value per Share of the relevant Sub-Fund is suspended.

No fractions of Shares can be allotted and issued unless the Shareholder holds Shares through a Clearing Agent such as in the case of Bearer Shares represented by a Global Share Certificate.

### **Subscription in Cash or in Kind**

Subscriptions may take place in cash or in kind on any Transaction Day unless otherwise specified in the relevant Product Annex.

If a particular Sub-Fund issues Shares as consideration for the receipt of Investment Instruments in kind, any such contribution must comply with (i) each Sub-Fund's Investment Objective and (ii) the Investment Restrictions as described under "Investment Restrictions". Shares will only be issued upon receipt of Investment Instruments and, as the case may be, related Cash Amount being transferred as payment in kind. Such subscriptions in kind, if made, will be reviewed and the value of such Investment Instruments and Cash Amount so contributed will be consistent with the valuation rules set forth under "Administration of the Company". Such subscriptions in kind will be verified by the Auditor during the course of the audit process. Any costs resulting from such a subscription in kind will be borne exclusively by the relevant investor.

The Board of Directors may, in its sole and absolute discretion, restrict either subscriptions in cash or in kind for a Sub-Fund.

### **Initial Issue Price of Shares**

Applications for Initial Subscriptions will be accepted at the Initial Issue Price plus the Upfront Subscription Sales Charge (if applicable) as described in the section dealing with "Fees and Expenses" and/or in the relevant Product Annex. Applications for Shares of a new Class will be accepted at a price, which will be determined in the relevant Product Annex.

Subsequent Subscriptions will be accepted at a price corresponding to the Net Asset Value per Share as determined on the Valuation Day immediately following the relevant Transaction Day, plus the applicable Upfront Subscription Sales Charge (if applicable) as described in the section dealing with "Fees and Expenses" and/or in the relevant Product Annex.

### **Minimum Initial and Subsequent Subscriptions and Minimum Holding Requirements**

The Minimum Initial Subscription Amount and the Minimum Subsequent Subscription Amount that can be applied for may vary according to the Sub-Fund and the Class of Shares. The Board of Directors reserves the right from time to time to waive any requirements relating to a Minimum Initial Subscription Amount and a Minimum Subsequent Subscription Amount as and when it determines in its reasonable discretion and by taking into consideration the equal treatment of Shareholders.

The Board of Directors may, at any time, redeem all Shares from Shareholders whose holding is less than the Minimum Holding Requirement. In such case the Shareholder concerned will receive prior notice so as to be able to increase his holding above such amounts during a period of 10 Sweden Banking Days following the receipt of such notice.

### **Direct Subscriptions via the Company**

Direct Initial or Subsequent Subscriptions for Shares must be made to the Registrar and Transfer Agent in Luxembourg at the address mentioned in this Prospectus by way of fax, letter or electronic file transfer. In such case, the Registrar and Transfer Agent will charge the full amount of the Upfront Subscriptions Sales Charge provided for in the relevant Product Annex which will revert to the Distributor.

The Registrar and Transfer Agent may request such identification documents as he deems necessary in order to comply with the anti-money laundering laws in Luxembourg. In the case of doubt as to the investor's identity or in the absence of sufficient information to enable the Registrar and Transfer Agent to ascertain such identity, the latter may request further information and/or documents to enable it to ascertain with certainty such identity. If the investor refuses or fails to provide the requested information and/or documents, the Registrar and Transfer Agent may refuse to enter, or delay the entry of, the

investor's details on the Company's shareholders' register. Any such information provided to the Registrar and Transfer Agent is collected for anti-money laundering compliance purposes only.

In addition, the Registrar and Transfer Agent is under an obligation to identify the origin of the monies received from a financial institution unless such financial institution is subject to an obligatory identification procedure equivalent to that required under Luxembourg law. Any Subscriptions may be temporarily suspended until the Registrar and Transfer Agent has properly identified the source of the monies.

#### **Subscriptions via Authorised Participants**

Initial or Subsequent Subscriptions for Shares can also be made indirectly, via an Authorised Participant. In such case, the Company may waive the above mentioned identification requirements in the following circumstances or in such other circumstances which are regarded as sufficient under current Luxembourg money laundering rules:

- a) if and when a subscription is made via an Authorised Participant which is supervised by a regulatory authority which imposes a client identification obligation equivalent to that required under Luxembourg law for the prevention of money laundering and to which the Distributor or the Sub-Distributor is subject;
- b) if and when a subscription is made via an Authorised Participant whose parent is supervised by a regulatory authority imposing a client identification obligation equivalent to that required under Luxembourg law for the prevention of money laundering and where the law applicable to the parent or the group policy imposes an equivalent obligation on its subsidiaries or branches.

The financial regulatory authorities of those countries, which have ratified the recommendations of the Financial Action Task Force (FATF), are generally deemed to impose on the professionals of the financial sector subject to their supervision a client identification obligation equivalent to that required under Luxembourg law.

#### **Refusal of Subscription**

The Board of Directors reserves the right to reject, in its sole and absolute discretion, in whole or in part, any direct or indirect application for Shares.

The Board of Directors may also, in its sole discretion and absolute discretion, restrict direct subscriptions of Shares via the Company, if Shares can be subscribed to indirectly via an Authorised Participant.

The Board of Directors may, in its sole and absolute discretion, cancel any direct or indirect application for Shares if the applying investors do not settle their subscriptions within a reasonable period (as determined by the Board of Directors or the Distributor) after the relevant settlement period as disclosed in this Prospectus.

The Board of Directors may, in its sole discretion, restrict or prevent the ownership of Shares in the Company by a Prohibited Person. In particular, the Board of Directors has resolved to prevent the unauthorised ownership of Shares by a US Person. The Board of Directors will also not accept to issue Shares of Class "I" to persons or companies who may not be considered as Institutional Investors. The Board of Directors will, in its sole and absolute discretion, refuse to issue Shares of Class "I" if there is not sufficient evidence that the person or the company to which such Shares are sold, qualifies as an Institutional Investor. The Board of Directors may also, at its discretion, delay the acceptance of any subscription application for Shares of Class "I" until such time as the Company (or the Registrar or Transfer Agent) has received sufficient evidence that the applicant qualifies as an Institutional Investor. The Board of Directors will have due regard to the guidelines and recommendations (if any) issued by Luxembourg authorities to decide whether an investor qualifies or not as an Institutional Investor. Institutional Investors subscribing in their own name, but on behalf of a third party, must certify to the

Company that such subscription is made on behalf of an Institutional Investor as aforesaid and the Board of Directors may request such information and evidence that the beneficial owner of the Shares qualifies as an Institutional Investor. The Board of Directors may further in its sole and absolute discretion refuse any application made for Shares.

### **Deferral of Subscriptions**

The Board of Directors may, in its sole and absolute discretion, determine that in certain circumstances, it is detrimental for existing Shareholders to accept an application for Shares in cash or in kind, representing more than 5% of the Net Asset Value of a Sub-Fund. In such case, the Board of Directors may postpone the application and, in consultation with the relevant investor, either require such investor to stagger the proposed application over an agreed period of time, or establish an Account outside the structure of the Company in which to invest the investor's subscription monies. Such Account will be used to acquire the Shares over a pre-agreed time schedule. The investor shall be liable for any transaction costs or reasonable expenses incurred in connection with the acquisition of such Shares.

Any applicable Upfront Subscription Sales Charge will be deducted from the subscription monies before the investment of the subscription monies commences.

### **Processing of Direct Subscriptions to the Company**

Unless otherwise specified in the relevant Product Annex, subscription orders for Shares received by the Registrar and Transfer Agent on a Transaction Day prior to the relevant deadline for such Shares will be processed on the Valuation Day relating to such Transaction Day on the basis of the Net Asset Value per Share calculated on such Valuation Day. Any applications received by the Registrar and Transfer Agent after the applicable deadline on a Transaction Day will be deferred to the next Transaction Day and processed on the basis of the Net Asset Value per Share calculated on the Valuation Day that corresponds to such next Transaction Day. The Company has permitted Authorised Participants to proceed with applications for subscriptions made in respect of Shares after the relevant deadline on the same conditions as if they would have been received prior to a specified time by the Registrar and Transfer Agent and provided that they are executed on behalf of an Authorised Participant only and with respect to order matching purposes.

The relevant deadline with respect to each Sub-Fund will be specified in the relevant Product Annex.

Direct investors for Shares must provide cleared funds to be received by the Custodian by the relevant deadline on the Transaction Day in order to receive Shares for which the Net Asset Value is calculated on the Valuation Day that corresponds to such Transaction Day. Full payment instructions may be obtained through the Registrar and Transfer Agent.

Unless otherwise specified in the relevant Product Annex, the standard settlement period for subscribing directly to Shares of Classes will be no later than 5 Business Days following the relevant Transaction Day.

Investors for Shares must make payment in the Reference Currency or the Denomination Currency of the relevant Class of Shares. In addition, investors for these Classes of Shares may subscribe in another Authorised Payment Currency. Depending whether a Multi-Currency NAV is published or not, the Central Administrative Agent or the Registrar and Transfer Agent, respectively, will proceed with the currency conversion. The relevant agent will arrange for any necessary currency transaction to convert the subscription monies into the Reference Currency or the Denomination Currency of the relevant Class of Shares. Any such currency transaction will be effected with the relevant agent at the investor's risk and cost. Such currency exchange transactions may delay any transaction in Shares.

No Shares will be issued by the Company during any period in which the calculation of the Net Asset Value per Share of the relevant Sub-Fund is suspended. Direct applications made or pending during such suspension may be withdrawn by notice in writing received by the Registrar and Transfer Agent prior to the end of such suspension period. Applications that are not withdrawn will be considered on the first

Valuation Day in respect of the first Business Day immediately following the end of such suspension period.

A Confirmation Note of completed subscriptions together with share certificates representing Registered Shares, if applicable, is sent at the exclusive risk of the investor within 5 Business Days following the relevant Valuation Day. Such a Confirmation Note will provide for full details of the transaction. A Shareholder must notify the Registrar and Transfer Agent in writing of all changes in respect of the personal details, loss of Shareholder number or loss of, or damage to, a share certificate. The loss of share certificates must be handled in accordance with the relevant provisions under Luxembourg law. Failure to do so may result in delays, which might affect the redemption of the Shares. The Company reserves the right to require an indemnity or such verification as it deems to be necessary and is countersigned by a bank, a stockbroker or any other party acceptable to the Company before the instructions by a Shareholder are accepted.

#### **Processing of Subscriptions via Authorised Participants**

Different subscription procedures and time limits may apply if applications for Shares are made via an Authorised Participant although the ultimate deadlines with the Registrar and Transfer Agent referred to in the preceding paragraph remain unaffected. Full payment instructions for subscribing via an Authorised Participant may be obtained through the relevant Authorised Participant.

The Authorised Participants are not permitted to withhold subscription orders to benefit themselves by a price change.

Investors should note that they may be unable to purchase Shares via Authorised Participants on days that any such Authorised Participant is not open for business.

The standard settlement period for subscribing to Shares via Authorised Participants will be no later than 5 Business Days following the relevant Transaction Day, unless otherwise specified in the relevant Product Annex.

The subscription proceeds relating to Initial Subscriptions must be received from the Authorised Participants by the Registrar and Transfer Agent on or prior to the Launch Date during normal business hours.

In circumstances in which the subscription proceeds are not received from an Authorised Participant in a timely manner, the relevant allotment of Shares may be cancelled and the Authorised Participant may be required to compensate the Company for any costs and expenses thereby created. The Authorised Participant may claim compensation for any such cost from the investor.

No Shares will be issued by the Company during any period in which the calculation of the Net Asset Value per Share of the relevant Sub-Fund is suspended by the Company as discussed under Temporary Suspension of Net Asset Value and of Issues, Redemptions and Conversions.

Investors have to contact the Authorised Participants for arrangements regarding applications to be made or pending during such suspension period. Applications made or pending during such suspension period may be withdrawn by notice in writing received by the Registrar and Transfer Agent prior to the end of such suspension period. Applications that are not withdrawn will be considered on the first Valuation Day in respect of the first Business Day immediately following the end of such suspension period.

#### **Redemptions in Cash or in Kind**

Redemptions may take place in cash or, if the Shareholder requesting the redemption so accepts, in kind, unless redemption in cash only is specified in the relevant Product Annex.

If a particular Sub-Fund distributes Investment Instruments and a Cash Amount as consideration for redeemed Shares, any such distribution must comply with (i) each Sub-Fund's Investment Objective and (ii) the Investment Restrictions as described under "Investment Restrictions". Investment Instruments and Cash Amount will only be distributed upon the Shares being redeemed.

Such redemptions in kind, if made, will be reviewed and the value of such Investment Instruments and Cash Amount so distributed will be consistent with the valuation rules set forth under "Administration of the Company". Such redemptions in kind will be verified by the Auditor during the course of the audit process. Any costs resulting from such redemption in kind will be borne exclusively by the relevant investor.

#### **Redemption Price**

Shares may be redeemed on any Transaction Day. However, investors should note that a redemption of Shares via an Authorised Participant will be subject to the relevant Authorised Participant being open for business.

The Redemption Proceeds of the Shares will correspond to the Net Asset Value of such Share, less any applicable redemption charges or fees as described in more detail under "Fees and Expenses". Shareholders are reminded that the Redemption Proceeds can be higher or lower than the subscription amount. No fractions of Shares can be redeemed unless otherwise specified in the relevant Product Annex.

#### **Redemption Size**

Shareholders may ask for the redemption of all or part of their Shares of any Class.

The Minimum Redemption Amount may vary according to the Sub-Fund or the Class of Shares.

The Company is not bound to execute a request for redemption of Shares if such request relates to Shares having a value greater than 10% of the Net Asset Value of any Sub-Fund, unless otherwise defined in the relevant Product Annex. The Board of Directors reserves the right from time to time to waive any Minimum Redemption Amount by taking into consideration the equal treatment of Shareholders.

The Board of Directors may, at any time, decide to compulsorily redeem all Shares from Shareholders whose holding is less than the Minimum Holding Requirement. In such case the Shareholder concerned will receive prior notice so as to be able to increase his holding above such amounts within 10 Sweden Banking Days after receipt of such notice.

Furthermore, if the Net Asset Value of any Sub-Fund or Class of Shares on a given Valuation Day shall become less than the Minimum Net Asset Value, the Company may in its discretion, redeem all of the relevant Shares then outstanding (as described in full detail under "General Information on the Company and the Shares").

For Sub-Funds having a Maturity Date, all Shares for which no redemption request has been made in respect of this Maturity Date, will be compulsorily redeemed on such Maturity Date at the Net Asset Value per Share calculated on the Maturity Date. Such Sub-Fund shall be closed at least 10 Sweden Banking Days after the Maturity Date.

The Sub-Funds will in principle have no Maturity Date unless otherwise determined in the Product Annex. Sub-Funds for which no Maturity Date has been designated may be closed in accordance with the procedures laid down in the Articles by a decision of the Board of Directors and will be redeemed at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses) calculated on the Valuation Day at which such decision shall take effect. Such Sub-Fund shall be closed at least 10 Sweden Banking Days after the date at which such decision shall take effect.

Any proceeds the Company is unable to redeem to the relevant Shareholders on the Maturity Date, will be deposited with the Custodian for a period of 6 months, after such period, the assets will be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto.

#### **Procedure for Direct Redemption via the Company**

Shareholders wishing to have all or part of their Shares redeemed by the Company may apply for such redemption via the Registrar and Transfer Agent on any Transaction Day. Such redemption applications made directly to the Registrar and Transfer Agent (as opposed to redemption applications made via an Authorised Participant as described below under the subsection "Redemption Procedure via an Authorised Participant") must be made by fax or by letter to the Registrar and Transfer Agent. The Company may also decide that applications for redemptions may be made by electronic file transfer.

The Registrar and Transfer Agent may require written confirmations of any such application. Where Shareholders are registered as joint Shareholders in the Shareholders' register, the Registrar and Transfer Agent will consider each such Shareholder as having sole signing authority with respect to the joint ownership of such Shares and may bind the respective holders of such Shares for the purposes of any confirmations made.

All direct applications for redemption will be considered as binding and irrevocable.

An application for direct redemption of Shares must include (i) the number of Shares the Shareholder wishes to redeem (for each (sub)-Class of Shares), (ii) the Shareholder's personal details and (iii) the Shareholder's applicable settlement instructions.

Unless otherwise specified in the relevant Product Annex, applications for redemption of Shares received by the Registrar and Transfer Agent on any Transaction Day before the relevant redemption deadline, if accepted, will be effected on the basis of the Net Asset Value per Share calculated on the corresponding Valuation Day.

The redemption deadline will be specified in the relevant Product Annex. Any applications received after the redemption deadline on the relevant Transaction Day will be deferred to the next Transaction Day and will be dealt with on the basis of the Net Asset Value per Share calculated on the Valuation Day corresponding to such next Transaction Day. The Company has permitted Authorised Participants to proceed with applications for redemptions made in respect of Shares after the relevant redemption deadline on the same conditions as if they would have been received prior to the relevant redemption deadline, provided such applications are received prior to a time specified by the Registrar and Transfer Agent and provided that they are executed on behalf of Authorised Participant only, and with respect to order matching purposes.

Where share certificates have been issued with respect to Registered Shares, the Shareholder requesting the redemption of such Shares must provide the Registrar and Transfer Agent with the relevant share certificates.

Failure to provide any of the above information may result in delays for the application for redemption being dealt with.

Any Shareholder may be required to provide the Registrar and Transfer Agent with any information or document considered as necessary for the purpose of determining whether or not the beneficial owner of such Shares is (i) a Prohibited Person, (ii) a US Person or (iii) any person holding Shares of Class "I" not qualifying as an Institutional Investor.

If at any time it shall come to the Company's or the Registrar and Transfer Agent's attention that Shares are beneficially owned by one of the persons mentioned under (i), (ii) and (iii) above, either alone or in conjunction with any other person, and such person fails to comply with the instructions of the Company or Registrar and Transfer Agent to sell his Shares and to provide the Registrar and Transfer Agent with

evidence of such sale within 30 calendar days of being so instructed by the Company or the Registrar and Transfer Agent, the Company may in its discretion compulsorily redeem such Shares at the Redemption Price immediately after the close of business specified in the notice given by the Company to the Prohibited Person of such compulsory redemption, the Shares will be redeemed in accordance with their respective terms and such investors will cease to be the owners of such Shares. Where the person holding Shares of Class "I" does not qualify as an Institutional Investor, the Company may alternatively convert such Shares into Shares of a Sub-Fund or Class which is not restricted to Institutional Investors, provided that there exists a Sub-Fund or Class with similar characteristics, at a rate determined in subsection "Conversion Formula" under "Conversion of Shares" below.

Shareholders should note that in these circumstances a Redemption Charge may be levied on the basis of the Redemption Price.

With respect to Shares, the Company may, if the Shareholder requesting the redemption so accepts, satisfy the redemption request by allocating to such Shareholder assets from the relevant Sub-Fund equal in value to the value of the Shares to be redeemed. The nature and type of such assets shall be determined on a fair and reasonable basis and will take into account the interests of the remaining Shareholders of the relevant Sub-Fund.

The investor applying for direct cash redemption will be notified of the Redemption Price as soon as reasonably practicable after determination of the relevant Net Asset Value per Share.

Cash redemption payments will be made in the Reference Currency or the Denomination Currency of the relevant Sub-Fund or Share Class, or, alternatively, at the request of the Shareholder, in the Authorised Payment Currency in which the subscription was made. Depending whether a Multi-Currency NAV is published or not, the Administrative Agent or the Registrar and Transfer Agent, respectively, will proceed with the currency conversion. If necessary, the relevant agent will effect a currency transaction at the Shareholder's cost, to convert the Redemption Proceeds from the Reference Currency of the relevant Sub-Fund into the relevant Authorised Payment Currency. Any such currency transaction will be effected with the relevant agent at the investor's risk and cost. Such currency exchange transactions may delay any transaction in Shares.

The Registrar and Transfer Agent will issue instructions for payment or settlement to be effected no later than 5 Business Days after the relevant Valuation Day for all Sub-Funds. The Company reserves the right to delay payment for a further 5 Business Days, provided such delay is in the interest of the remaining Shareholders.

Where a Sub-Fund has a Maturity Date and no request for redemption is made before such Maturity Date, the Registrar and Transfer Agent shall issue instructions for payment or settlement to be effected no later than 10 Sweden Banking Days following such Maturity Date. Where the Sub-Fund has no Maturity Date and no request for redemption is made prior to the date at which the Sub-Fund is closed, the Registrar and Transfer Agent shall issue instructions for payment or settlement to be effected no later than 10 Sweden Banking Days following the date at which the Sub-Fund is closed.

#### **Redemption Procedure via an Authorised Participant**

The redemption procedures and the redemption deadlines may be different if applications for redemption are made to an Authorised Participant, although the ultimate deadlines and procedures of the Registrar and Transfer Agent referred to above will remain unaffected. The Shareholders may obtain information on the redemption procedure directly from the Authorised Participant.

#### **Temporary Suspension of Redemption**

The Company will not redeem any Shares during any period in which the calculation of the Net Asset Value per Share of the relevant Sub-Fund is suspended. Notice of such suspension will be given to Shareholders having tendered their redemption request directly to the Registrar and Transfer Agent.



Redemption requests will be considered on the first Valuation Day in respect of the first Business Day following the end of the suspension period.

If a period of suspension lasts for more than 30 calendar days after the date on which the application for redemption has been received by an Authorised Participant or the Registrar and Transfer Agent as the case may be, such application may be cancelled by the Shareholder by way of a written notice to the Authorised Participant or to the Registrar and Transfer Agent as the case may be, provided that the notice is received on a Sweden Banking Day prior to the end of the suspension period.

**Special Procedure for Cash Redemptions Representing 10% or more of the Net Asset Value of any Sub-Fund**

If any application for cash or in kind redemption is received in respect of any one Valuation Day (the "**First Valuation Date**") which either singly or when aggregated with other applications so received, is more than 10% of the Net Asset Value of any one Sub-Fund, the Board of Directors reserves the right in its sole and absolute discretion (and taking into account the best interests of the remaining Shareholders) to scale down pro rata each application with respect to such First Valuation Date so that not more than 10% of the Net Asset Value of the relevant Sub-Fund be redeemed or converted on such First Valuation Date. To the extent that any application is not given full effect on such First Valuation Date by virtue of the exercise of the power to prorate applications, it shall be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Shareholder in respect of the next Valuation Day and, if necessary, subsequent Valuation Days with a maximum of 7 Valuation Days. With respect to any application received in respect of the First Valuation Day, to the extent that subsequent applications shall be received in respect of following Valuation Days, such later applications shall be postponed in priority to the satisfaction of applications relating to the First Valuation Day, but subject thereto shall be dealt with as set out in the preceding sentence.

For the purpose of these provisions, conversions shall be treated as redemptions.

**Form of the Shares and Register**

The Shares can be issued in the form of Registered Shares or Bearer Shares represented by a Global Share Certificate.

Shares of Class "I" are expected to be issued in the form of Registered Shares or, as the case may be, represented by a Global Share Certificate subject to the Company being able to identify at any given point in time whether the persons holding such Shares qualify as Institutional Investors.

***Registered Shares***

As provided in the Product Annex, the Shares can be issued in registered form and the Shareholders' register is conclusive evidence of the ownership of such Shares. In respect of Registered Shares, no fractions will be issued, unless otherwise provided in the Product Annex.

Registered Shares may be issued with or without share certificates. In the absence of a specific request for the issuance of share certificates at the time of application, Registered Shares will in principle be issued without share certificates. The uncertified form enables the Company to effect redemption instructions without undue delay and consequently the Company recommends investors to maintain their Registered Shares in uncertified form. If an investor (or an agent acting on behalf of the investor) requests the issuance of Registered Shares in the form of share certificates, such certificates will be sent at the investor's sole risk to such investor (or any agent which has been appointed by the investor), within 30 calendar days of completion of the registration process or transfer.

***The Secondary Market***

The Shares may be purchased or sold on the secondary market through a stock exchange or over the counter.

It is expected that the Shares will be listed on one or more Relevant Stock Exchanges to facilitate the secondary market trading in the Shares. The purpose of the listing of the Shares on one or more Relevant Stock Exchanges is to enable investors to buy shares in smaller quantities than would be possible through the primary market or over the counter. Unless otherwise provided in the relevant Product Annex, such transactions will take place in cash. Orders to buy or sell Shares through the Relevant Stock Exchanges can be placed via a member firm or stockbroker.

Such orders to buy or sell Shares in the secondary market through the Relevant Stock Exchange or over the counter may incur costs over which the Company has no control. The Company does not charge any subscription or redemption fee for purchases and sales on the secondary market.

The price of any Shares traded on the secondary market will depend, inter alia, on market supply and demand, movements in the value of the Underlying Asset as well as other factors such as prevailing financial market, corporate, economic and political conditions. In accordance with the requirements of the Relevant Stock Exchanges, Market Makers are expected to provide liquidity and two way prices to facilitate the secondary market trading of the Shares.

#### **Intra-Day Net Asset Value**

The Company may at its discretion make available or may designate other persons to make available on its behalf an Intra-Day Net Asset Value for one or more Sub-Funds. The Intra-Day Net Asset Value, if made available, will be calculated using the similar methodology as used for calculating the daily Net Asset Value based upon information available during the Shares' trading day on the secondary market. The Company or its designee will make an Intra-Day Net Asset Value available via financial data providers (e.g. Bloomberg).

The Intra-Day Net Asset Value is solely an indicative estimate of the net asset value per Share and may not necessarily reflect the true value of a Share. The Intra-Day Net Asset Value should not be taken to be the value of a Share or the price at which Shares may be subscribed for or redeemed or purchased or sold on any secondary market.

#### **Shares Listed on Exchange in Sweden**

Shares listed for trading on a Stock Exchange in Sweden will be shown in the Register of the Company as being held by the Swedish central securities depository which will be Euroclear Sweden AB or any successor acceptable to the Company (the "CSD" or "Euroclear Sweden"). Euroclear Sweden will hold all interests in the Shares for the sole purpose of enabling clearing and settlement of such interests in uncertified and dematerialised bookentry form in the records maintained by Euroclear Sweden in accordance for the benefit of the ultimate beneficial owners.

Euroclear Sweden is a subsidiary within the Euroclear group of companies and is authorised and regulated by the Swedish Financial Supervisory Authority (*Finansinspektionen*) as a central securities depository within the meaning of the Swedish Financial Instruments Accounts Act (1998:1497) and as a clearing organisation within the meaning of the Swedish Securities Markets Act (2007:528).

Beneficial interests in the Shares will be held in uncertified and dematerialised bookentry form and all transactions relating to the beneficial interests in the Shares (such as issuance, sale and transfer, pledge arrangements and other dispositions and redemptions) are executed as computerised bookentry registrations in accordance with the Swedish Financial Instruments Accounts Act and all such other Swedish laws, regulations and operating procedures applicable to nas/or issued by Euroclear Sweden (the "CSD Rules"). Consequently, in order to effect such entries, beneficial owners must establish a bookentry account through a credit institution or a securities firm acting as an account operator with Euroclear Sweden.

Beneficial interests in Shares shown in the records of Euroclear Sweden are treated as negotiable instruments and not subject to any restrictions on free negotiability under Swedish Law. No beneficial

owner is entitled to transfer (and Euroclear Sweden will not allow any such transfer) any such Shares directly to the Registrar and thereby removing such Shares from the records of Euroclear Sweden. No global or other physical security will be issued in respect of any Shares shown in the records of Euroclear Sweden.

Each person who is for the time being shown in the records of Euroclear Sweden or any successor thereto acceptable by the Company as the holder of a particular security is treated by the Company and the Agents as the holder of such security for all purposes.

The Company shall be entitled to obtain information from the CSD in relation to the Shares.

#### **Redemption of the Shares bought on the Secondary Market**

Shares purchased on the secondary market cannot usually be sold directly back to the Company. Investors must buy and sell Shares on the secondary market with the assistance of a financial intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current net asset value when buying Shares on the secondary market and may receive less than the current net asset value when selling them on the secondary market.

If the price of the Shares on a stock exchange in Sweden significantly varies from the Net Asset Value, investors who bought their Shares on the secondary market may apply directly to the Company or to the Authorised Participant for the redemption of their Shares. The announcement of the direct redemption of the Shares by the Company under these extraordinary conditions will be made through the Stock Exchange in Sweden.

The investor willing to redeem the Shares purchased on the secondary market by the Company directly or through the Authorised Participant shall refer to his financial intermediary that has to inform the Registrar and Transfer Agent of the identity of such investor, the number of Shares and the details of the relevant Sub-Fund and Share Class to be redeemed. Application for redemption shall be made in accordance with the procedure described in the section "Procedure for Direct Redemption via the Company" and the redemption fees disclosed in the relevant Product Annex shall apply.

### **CONVERSION OF SHARES**

Unless otherwise stated in the relevant Product Annex, Shareholders will not be entitled to convert within a given Class of Shares or Sub-Fund all or part of their Shares into Shares relating to other Sub-Funds or Classes of Shares. Prior to converting any Shares, Shareholders should consult with their tax and financial advisers in relation to the legal, tax, financial or other consequences of converting such Shares.

#### **Direct Application for Conversions**

If conversions are allowed, direct conversion applications shall be made in writing by fax or letter to the Registrar and Transfer Agent stating which Shares are to be converted. The Company may also decide that applications for conversion may be made by electronic file transfer.

The application for conversion must include (i) the monetary amount the Shareholder wishes to convert or (ii) the number of Shares the Shareholder wishes to convert, together with the Shareholder's personal details and Shareholder's account number. Where share certificates have been issued with respect to Registered Shares as described under "Share Dealing", the Shareholder requesting the conversion of his Shares must provide the Registrar and Transfer Agent with the Share Certificates relating to the Shares to be converted. Failure to provide any of the above information may result in delay of the application for conversion while verification is being sought from the Shareholder. The period of notice is the same as for applications for redemption.

Conversions will result in the application of a Conversion Charge as set out under the section "Fees and Expenses" below. No Conversion Charge will be applicable unless otherwise specified in the Product Annex. The Conversion Charge will always be payable to the Distributor or the Sub-Distributor dealing with the conversion request. No Redemption Charge will be due upon the conversion of Shares.

Shareholders should note that if an application for conversion relates to a partial conversion of an existing holding and the remaining balance within the existing holding is below the Minimum Holding Requirement, the Company will not be bound to comply with such application.

Applications for conversion received by the Registrar and Transfer Agent on any Transaction Day before the relevant deadline (which is the same deadline as for subscriptions and redemptions) will be processed on that Transaction Day based on the Net Asset Value per Share calculated on the later of the corresponding Valuation Day or the next day which is a Valuation Day for both Sub-Funds concerned, determined using the relevant valuation methodology for the particular Sub-Fund or Sub-Funds. Any applications received after the applicable deadline on the relevant Transaction Day will be processed on the later of the Valuation Day corresponding to the next succeeding Transaction Day on the basis of the Net Asset Value per Share next determined and the next day which is a Valuation Day for both Sub-Funds concerned, determined using the relevant valuation methodology for the particular Sub-Fund or Sub-Funds.

#### **Application via an Authorised Participant**

Different conversion procedures and time limits may apply if applications for conversion are made to an Authorised Participant although the ultimate deadlines with the Registrar and Transfer Agent will remain unchanged. In such instances, the Authorised Participant will inform the investor of the conversion procedure relevant to such investor, together with any time limit by which the application must be received. Investors should note that they may be not be able to convert Shares via an Authorised Participant on days on which such Authorised Participants are not open for business.

Applications for conversion on any one Valuation Day which either singly or when aggregated with other applications for conversion or redemption so received, represent more than 10% of the Net Asset Value of any one Sub-Fund, may be subject to equivalent procedures as set forth herein under the subsection "Special Procedure for Cash Redemptions Representing 10% or more of the Net Asset Value of any Sub-Fund".

#### **Conversion Formula**

The rate at which all or part of the Shares in relation to a given Original Sub-Fund are converted into Shares relating to a New Sub-Fund, or all or part of the Original Shares of a particular Class of Shares are converted into a New Class of Shares in relation to the same Sub-Fund, is determined in accordance with the following formula:

$$A = \frac{B \times C \times E}{D}$$

where:

- A is the number of Shares to be allocated or issued by the Company in relation to the New Sub-Fund or New Class of Shares;
- B is the number of Shares relating to the Original Sub-Fund or to the Original Class of Shares which is to be converted;
- C is the Net Asset Value per Share (minus the relevant Conversion Charge, where applicable) of the Original Class of Shares or the relevant Class of Shares within the Original Sub-Fund at the relevant Valuation Day;
- D is the Net Asset Value per Share of the New Class of Shares or the relevant Class of Shares within the New Sub-Fund at the relevant Valuation Day; and
- E is the currency conversion factor, if any, as will be determined by the Board of Directors.

After conversion of the Shares, the Registrar and Transfer Agent will inform the Shareholder of the number of Shares in relation to the New Sub-Fund or New Class of Shares obtained by conversion and the price thereof. No fractions of Shares will be allotted in the New Sub-Fund (if applicable).

In the case of conversion to Global Share Certificates, no fractions of Shares will be issued and the remaining amount will be reimbursed to the relevant Shareholder who will be liable for any related transaction costs and/or expenses.

## **PROHIBITION OF LATE TRADING AND MARKET TIMING**

Late Trading is to be understood as the acceptance of a subscription (or conversion or redemption) order after the relevant cut-off times (as specified below) on the relevant Transaction Day and the execution of such order at the price based on the Net Asset Value applicable to such same day. Late Trading is strictly forbidden.

Market Timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts Shares of the Company within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the relevant Sub-Fund. Market Timing practices may disrupt the investment management of the portfolios and harm the performance of the relevant Sub-Fund.

In order to avoid such practices, Shares are issued at an unknown price and neither the Company, nor the Authorised Participants will accept orders received after the relevant cut-off times.

The Company reserves the right to refuse purchase (and conversion) orders into a Sub-Fund by any person who is suspected of market timing activities.

## FEES AND EXPENSES

### **Dealing Fees Payable by Investors**

The Shares will be subject to different selling commission and fee structures that will be determined by the Authorised Participants. Any exceptions to the selling commission and fee structures detailed hereunder will be described in the relevant Product Annex.

#### *Upfront Subscription Sales Charge*

Subscription for Shares made during the Offering Period may be subject to an Upfront Subscription Sales Charge calculated on the Initial Issue Price in the Denomination Currency. Investors subscribing to Shares on or after the Launch Date may be subject to an Upfront Subscription Sales Charge which will be calculated on the basis of the Net Asset Value per Share as determined on the Valuation Day immediately following the relevant Transaction Day. The Upfront Subscription Sales Charge may be waived in whole or in part at the discretion of the Board of Directors. The applicable Upfront Subscription Sales Charge for Shares will be mentioned in the Product Annex. The Upfront Subscription Sales Charge shall revert to the Authorised Participant through which the subscription was made. The Authorised Participant may apply different Upfront Subscription Sales Charges in accordance with various distribution policies.

#### *Redemption Charge*

The Board of Directors of the Company may decide that Shares will be subject to a Redemption Charge of, unless otherwise provided for in the relevant Product Annex, maximum 5% which will be calculated on the basis of the Net Asset Value per Share as determined on the Valuation Day immediately following the relevant Transaction Day (as will be determined in the Product Annex) and will usually revert to the Authorised Participants. The Redemption Charge may be waived in whole or in part at the discretion of the Board of Directors with due regard to the equal treatment of Shareholders. Shares for which a Maturity Date is designated will not be subject to any Redemption Charge if redeemed on such Maturity Date. Shares for which no Maturity Date has been designated and which have been terminated by a decision of the Board of Directors will not be subject to a Redemption Charge if redeemed as a result of the termination of the relevant Sub-Fund.

#### *Conversion Charge*

Conversions from Shares relating to one Sub-Fund to Shares relating to another Sub-Fund or, in relation to the same Sub-Fund, from one Class of Shares to another Class of Shares will be subject to a Conversion Charge of, unless otherwise provided for in the relevant Product Annex, maximum 1% based on the Net Asset Value per Share (as will be determined in the Product Annex). No Conversion Charge will be applicable unless otherwise specified in the Product Annex.

### **Fees and Expenses Payable by the Company**

#### *Distribution Fee*

In accordance with and subject to the relevant agreement in place, Sub-Funds which are distributed via the Distributor or the Sub-Distributors may pay the Distributor or Sub-Distributors, as the case may be, a Distribution Fee, accrued daily and paid on a quarterly or monthly basis, at an annual rate which is determined in the relevant Product Annex, and will be based on the Net Assets of the Shares and paid out of the assets of the Sub-Fund relating to such Shares only. The Distributor may re-allow an amount of the Distribution Fee to the Sub-Distributors.

### *Management Company Fee*

In accordance with and subject to the terms of the Management Company Agreement, the annual Management Company Fee will be a percentage of the Net Assets of each Sub-Fund or Class of Shares or the Initial Issue Price (as will be indicated in the Product Annex). Management Company Fees are payable periodically at a rate which is within a range specified in the relevant Product Annex of each Sub-Fund. The Management Company is also entitled to receive reimbursement for any reasonable disbursements and out-of-pocket expenses. The Management Company Fee will be calculated upon each Valuation Day.

### *Extraordinary Expenses*

The Company shall be liable for Extraordinary Expenses including, without limitation, expenses relating to litigation costs and any tax, levy, duty or similar charge imposed on the Company or its assets that would otherwise not qualify as ordinary expenses. Extraordinary expenses are accounted for on a cash basis and are paid when incurred or invoiced on the basis of the Net Asset Value of the Sub-Funds to which they are attributable. Extraordinary Expenses are allocated across each Class of Shares.

### *Investment Manager*

The Management Company shall remunerate the relevant Investment Manager out of the Management Company Fee as agreed from time to time between the two parties.

### *Transaction Fees*

Transaction Fees are any fees and expenses incurred in buying and selling securities or other investments held by a Sub-Fund, e.g., brokerage costs and commissions and correspondence fees for transferring securities or investments or other interests, unless otherwise specified in the relevant Product Annex.

## **Administrative Expenses**

### *Central Administrative Agent Fee*

The Central Administrative Agent Fee due under the Management Company Agreement to the Central Administrative Agent for the services of central administrative agent, domiciliary agent, registrar, transfer agent and listing agent is included in the Management Company Fee.

### *Custodian Fee*

The Custodian Fee, which is normally due under the Custodian Agreement will be borne by the Management Company out of the Management Company Fee.

According to the Custodian Agreement, the Management Company pays to the Custodian a Custodian Fee out of the Management Company Fee according to current bank practice in Luxembourg for its services as custodian bank. The fee will be calculated on the basis of a percentage of the assets of each Sub-Fund under the custody of the Custodian and will be paid on a monthly basis by the Management Company to the Custodian. The Custodian is entitled to receive reimbursement for its reasonable out-of-pocket expenses incurred in connection with the Company.



## GENERAL TAXATION

### Warning

The information set forth below is based on present law and administrative practice and may be subject to modification. Prospective investors should inform themselves of, and where appropriate take advice on, the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription, purchase, holding, selling (via an exchange or otherwise) and redemption of Shares in the country of their citizenship, residence or domicile.

### The Company

Under current law and practice, the Company is not liable to any Luxembourg income taxes, stamp or other tax. Investment income for dividends and interest received by the Company may, however, be subject to withholding taxes in the country of origin at varying rates; such withholding taxes are not recoverable.

The Company is, however, subject in Luxembourg to the *Taxe d'Abonnement* at a rate of 0.05% per annum or 0.01% per annum as applicable. The *Taxe d'Abonnement* is calculated in accordance with the Law and is payable quarterly on the basis of the Net Asset Value of the Sub-Fund at the end of the relevant calendar quarter, it being understood that investments by a Sub-Fund in shares or units of another Luxembourg undertaking for collective investment which is subject to the *Taxe d'Abonnement* are excluded from the Net Asset Value of the Sub-Fund serving as basis for the calculation of the *Taxe d'Abonnement* payable by that Sub-Fund.

The benefit of the 0.01% *Taxe d'Abonnement* is among others available to Classes of Shares reserved to one or more Institutional Investors on the basis of applicable Luxembourg laws and regulations as these are known to the Company at the time of admission of an investor in such Classes of Shares. Such assessment is subject to such changes in the laws and regulations of Luxembourg and to such interpretation on the status of an eligible investor by any competent Luxembourg authority as will exist from time to time. Any such reclassification made by an authority as to the status of an investor may submit the entire Class to a *Taxe d'Abonnement* at the rate of 0.05% per annum.

Are exempt from the *Taxe d'Abonnement* the Sub-Funds (i) whose Shares are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public; and (ii) whose exclusive objective is to replicate the performance of one or more indices, it being understood that this condition of exclusive objective does not prevent the management of liquid assets, if any, on an ancillary basis, or the use of techniques and instruments used for hedging or for purposes of efficient portfolio management. In case of several Classes of Shares within a Sub-Fund, the exemption only applies to the Classes fulfilling condition (i) above. Moreover, and without prejudice to additional or alternative criteria that may be determined by appropriate Regulations, the index referred to under condition (ii) above must represent an adequate benchmark for the market to which it refers and must be published in an appropriate manner. Unless otherwise provided for in the relevant Product Annex, each Class of each Sub-Fund will benefit from this exemption of the *Taxe d'Abonnement* as from the date of its first listing or trading on a stock exchange or on another regulated market operating regularly, recognised and open to the public.

### The Shareholders

Under current legislation, Shareholders are not normally subject to any capital gains, income, withholding, gift, estate, inheritance or other taxes in Luxembourg except for Shareholders domiciled, resident or having a permanent establishment in Luxembourg.

In accordance with the provisions of the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "EUSD") which entered into force on 1 July 2005, withholding tax could apply when a Luxembourg paying agent makes distributions from and redemptions

of shares/units in certain funds and where the beneficiary of these proceeds is an individual or a residual entity residing in another EU Member State or dependent and associated territory. Unless such individual specifically requests to be brought within the EUSD exchange of information regime such distributions and redemptions should be subject to withholding at the rate of 35% since 1 July 2011. In application of agreements concluded by Luxembourg and some dependant territories of the EU, the same treatment would apply to payments made by a Luxembourg paying agent to an individual residing in any of the following territories: Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat and the British Virgin Islands.

The EUSD was implemented in Luxembourg by Laws dated 21 June 2005 (the "**Luxembourg Savings Law**").

All Luxembourg undertakings for collective investment (except SICAVs established under Part II of the Law) fall within the scope of the Luxembourg Savings Law (the "**Qualifying Funds**").

As the Company is structured as an umbrella fund, each Sub-Fund of the Company should be treated as a separate Qualifying Fund for the purposes of the Luxembourg Savings Law.

Under the EUSD the following are considered as interest payments: (i) interest related to debt claims of every kind, (ii) capitalised or accrued interest, (iii) income deriving from interest payments distributed by a Qualifying Fund, and (iv) income realised upon the sale, refund, or redemption of shares or units in such Qualifying Fund provided that such Qualifying Fund invests directly or indirectly at least 25% of their assets in debt claims.

According to the Luxembourg Savings Law, income referred to in (iii) and (iv) above will be considered as interest payments only to the extent they directly or indirectly arise from interest payments as defined under (i) and (ii) (under the condition that an appropriate tracking of the payments could be performed).

Furthermore, Luxembourg opted to exclude from the scope of the EUSD any fund investing less than 15% of its assets in debt-claims. Thus, income distributed by such funds or realised upon the sale, refund or redemption of the shares or units of such funds will not be considered as interest payments.

In order to determine whether the 15% and/or 25% thresholds could be met, the Investment Policy of each Sub-Fund must be examined. In case of a lack of precision of such Investment Policy description, the actual composition of the assets of each Sub-Fund should then be analysed.

Each Sub-Fund of the Company falls within the scope of the EUSD. Thus, any kind of interest payment, as defined in the EUSD, of the Sub-Funds will be taxed under the EUSD, unless the investor opts for the exchange of information regime.

The European Commission has recently adopted a proposal to amend the EUSD. These changes broadly relate to the scope of, and mechanisms implemented by, the EUSD. If these changes are implemented, the position of Shareholders in relation to the EUSD could be different to that set out above.

## GENERAL INFORMATION ON THE COMPANY AND THE SHARES

### I. The Shares

#### *I.a: Rights attached to the Shares*

The Shares do not carry any preferential or pre-emptive rights and each Share, irrespective of the Class of Shares or Sub-Fund to which it relates is entitled to one vote at all general meetings of Shareholders. The Shares are issued without par value and must be fully paid for. The Shares in relation to any Sub-Fund, within a given Class of Shares, are freely transferable (provided that the Shares are not transferred to a Prohibited Person). Upon issue, and subject to the Class they belong to, the Shares are entitled to participate equally in the profits and dividends of the Sub-Fund attributable to the relevant Class of Shares in which they have been issued as well as in the liquidation proceeds of such Sub-Fund.

If Bearer Shares are issued for any Class of Shares, Global Share Certificates will be issued as described under "Share Dealing". No fractions of Shares will be issued.

#### *I.b: Listing of the Shares*

Application can be made to list the Shares of each Class of Shares of the Sub-Funds on any Relevant Stock Exchange. If the Board of Directors decides to create additional Sub-Funds or Classes it may in its discretion apply for the Shares of such Sub-Funds to be listed on any Relevant Stock Exchanges. For so long as the Shares of any Sub-Fund are listed on any Relevant Stock Exchange, the Sub-Fund shall comply with the requirements of the Relevant Stock Exchange relating to those Shares. For the purposes of compliance with the national laws and regulations concerning the offering and/or listing of the Shares outside Luxembourg this document may have attached to it one or more documents setting out information relevant for the jurisdictions in which the Shares are offered for subscription.

#### *I.c: Dividend policy*

Income and capital gains arising in each Sub-Fund in relation to Shares of "C" Classes will be reinvested in such Sub-Fund. The value of the Shares of each such Class will reflect the capitalisation of income and gains. The Board of Directors currently intends to propose to the annual general meeting of the Company the reinvestment of the net results of the year for all such Classes of Shares of Sub-Fund. However, should payment of a dividend in respect of any such Classes of Shares be considered to be appropriate, the Board of Directors will propose to the general meeting of Shareholders that a dividend be declared out of any income attributable to such Class of Shares and available for distribution and/or realised investments.

For "D" Classes, the Company intends to declare dividends. Such dividends, if any, will be declared on the dates, which will be determined in the relevant Product Annex. Dividends which should have been declared on a day which is not a Sweden Banking Day, will be accrued and declared on the next succeeding Sweden Banking Day. Dividends will generally be paid within 10 Sweden Banking Days of the date of declaration.

In the event that a dividend is paid in one or several Sub-Funds, such dividend will be paid to the registered Shareholders by cheque, mailed at their risk to their address as shown on the register of Shareholders or by bank transfer. Dividend cheques not cashed within 5 years will be forfeited and will accrue for the benefit of the Sub-Fund out of which the dividend is payable. All dividends will be calculated and paid in accordance with the requirements of the Relevant Stock Exchange.

## II. The Company

### *II.a: Incorporation of the Company*

The Company is an investment company that has been incorporated under the laws of the Grand Duchy of Luxembourg as a SICAV on 28 January 2011 for an unlimited period. The minimum capital required by Luxembourg law is Euro 1,250,000.

The Articles have been deposited with the Luxembourg Trade and Companies' Register ("*Registre de Commerce et des Sociétés de Luxembourg*") and will be published in the *Recueil des Sociétés et Associations* of the Grand Duchy of Luxembourg (the "*Mémorial*") on 21 February 2011. The Company is registered with the Luxembourg Trade and Companies' Register under number B 158.826.

### *II.b: Merger of Sub-Funds or Classes of Shares*

Although it is not the intention of the Company to merge any of the Sub-Funds or Classes of Shares, if the Net Asset Value of a Sub-Fund or Class of Shares falls below the Minimum Net Asset Value or if a change in the economic or political situation relating to the Sub-Fund or Class of Shares concerned would justify such merger, the Board of Directors may decide in its discretion to close down any Sub-Fund or Class of Shares by way of merger into another Sub-Fund or Class of Shares of the Company or into another fund or class of shares of another Luxembourg UCITS. In addition, the Board of Directors may decide such merger if required by the interests of the Shareholders of any of the Sub-Funds or Classes of Shares concerned. Such decision will be published prior to the effective date of the merger and the publication will indicate the reasons for, and the procedures of, the merger operations and will contain information in relation to the new Sub-Fund or new Classes of Shares or new sub-fund or class of shares of another Luxembourg UCITS, as the case may be. Such publication will be made at least one calendar month before the date on which the merger becomes effective in order to enable the Shareholders to request redemption of their Shares, free of a Redemption Charge, before the operation involving contribution into the new Sub-Fund or Class of Shares or new sub-fund or class of shares of another Luxembourg UCITS becomes effective.

The merger of a Sub-Fund or Class of Shares with another Sub-Fund or Class of Shares or with another Luxembourg UCITS, in each case for reasons other than those mentioned in the preceding paragraph, may be effected only upon its prior approval by the Shareholders of the Sub-Fund or Class of Shares to be merged, at a duly convened Sub-Fund or Class of Shares meeting of such Shareholders which may be validly held without a *quorum* and decided by a simple majority of the Shareholders of the relevant Sub-Fund or Class of Shares present or represented.

A merger so decided by the Board of Directors and approved by the Shareholders of the affected Sub-Fund or Class of Shares will be binding to the Shareholders of the relevant Sub-Fund or Class of Shares upon at least one month's prior notice given to them, during which period Shareholders may redeem their Shares without any charges.

In the case of a merger with a "*fonds commun de placement*", the decision will be binding only on those Shareholders having voted in favour of the merger.

As from 1 July 2011, the provisions set forth in this section which are applicable to the mergers of Sub-Funds, and, where appropriate, to the merger of the Company, shall no longer be applicable and the provisions on mergers of UCITS set forth in the Law and any implementing regulation shall apply. Thereupon, any merger of a Sub-Fund shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger to a meeting of Shareholders of the Sub-Fund concerned. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast. In case of a merger of a Sub-Fund where, as a result, the Company ceases to exist, the merger shall be decided by a meeting of Shareholders resolving in accordance with the quorum and majority requirements for changing the Articles.

### *II.c: Dissolution and Liquidation of the Company*

The Company has been established for an unlimited period of time. However, the Company may be dissolved and liquidated at any time by a resolution of an extraordinary general meeting of Shareholders. Such a meeting must be convened if the Net Asset Value of the Company becomes less than two thirds of the minimum required by the Law.

In the event of dissolution, the liquidator(s) appointed by the Shareholders of the Company will realise the assets of the Company in the best interests of the Shareholders, and the Central Administrative Agent, upon instruction given by the liquidator(s), will distribute the net proceeds of liquidation (after deducting all liquidation expenses) among the Shareholders of each Class of Shares in proportion to their respective rights. As provided for by Luxembourg law, at the close of liquidation, the proceeds of liquidation corresponding to Shares not surrendered for repayment will be kept in safe custody at the "*Caisse de Consignation*". If not claimed, they shall be forfeited after 30 years. If an event requiring liquidation arises, issue, redemption, exchange or conversion of the Shares are void.

### *II.d: Termination of Sub-Funds*

The Board of Directors may redeem all (but not some) of the outstanding Shares of a Sub-Fund or Class of Shares in the following circumstances:

- if, for any reason, the value of the total net assets of any individual Sub-Fund or Class, declines to, or fails to reach, at any time, the Minimum Net Asset Value;
- if the Board of Directors deems it appropriate, because of changes in the economical or political situation affecting the relevant Sub-Fund or Class; and
- if the Board of Directors deems it appropriate because it is in the best interest of the relevant Shareholders,

which may include – but is not limited to – any of the following:

- in the case of a material decrease of the Net Asset Value of the relevant Sub-Fund or Class to the extent that there is no reasonable recovery forecast;
- in the case of (i) a change of tax, law or regulatory provisions or (ii) the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), that has an impact on the performance or the attractiveness for investment of the relevant Sub-Fund or Class;
- if the Company, the Management Company or any Shareholder is exposed, for any reason, to a reputational risk in respect of the continuation of a Sub-Fund or Class, such as, but not limited to, a reputational risk in respect of using a particular service provider associated with such Sub-Fund or Class, to the extent that there is no reasonable satisfactory alternate to such service provider;
- if an entity providing such services in relation to a Sub-Fund or Class or its Underlying Asset:
  - (i) fails to perform its duties in a satisfactory manner;
  - (ii) is subject to criminal or regulatory sanctions or is subject to a criminal or regulatory investigation which could lead to criminal or regulatory sanctions;
  - (iii) loses any licence of authorisation necessary to perform its services in relation to such Sub-Fund or Class or Underlying Asset; or
  - (iv) notifies the termination of the relevant agreement;to the extent that there is no reasonably satisfactory alternate to such service provider;

- the counterparty of swap agreements or options or other derivative instruments used in order to meet the Investment Objective and Policy of a Sub-Fund or Class is unable to, or it is impractical for such counterparty, after using commercially reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset which such counterparty reasonably deems necessary or appropriate to hedge the risk relating to the relevant derivative instrument and there is no reasonably satisfactory alternate to such counterparty;
- if the counterparty of swap agreements or options or other derivative instruments used in order to meet the Investment Objective and Policy of the Sub-Fund or Class notifies the termination of the relevant agreement or in the occurrence of an early termination event (as defined in the relevant Product Annex) in relation to such derivative instrument and there is no reasonably satisfactory alternate to such derivative instrument; or
- in any circumstances listed under paragraph "Change of Underlying Asset" of Chapter "Investment Objectives and Policies".

The Shares shall be redeemed at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses), calculated on the Valuation Day specified as the effective date for such redemption.

The Company shall serve a notice to the Shareholders of the relevant Class of Shares or Sub-Fund in writing and/or by way of publication in newspapers in accordance with the Articles prior to the effective date for the compulsory redemption, which will indicate the reasons for, and the procedure of, the redemption operations.

In determining the procedure to be followed, the Company will take into due consideration the termination/delisting requirements provided for by any applicable stock exchange rules and/or regulations.

In addition, the general meeting of Shareholders of a Sub-Fund or of a (sub)-Class of Shares issued in any Sub-Fund may, upon proposal from the Board of Directors, resolve to close a Sub-Fund or a Class of Shares by way of liquidation or to redeem all the Shares relating to the relevant Sub-Fund or Class of Shares issued in a Sub-Fund and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated on the Valuation Day at which such decision shall take effect. There shall be no *quorum* requirements for such general meeting of Shareholders which shall decide by resolution taken by simple majority of those present or represented. For Sub-Funds for which no Maturity Date has been designated, the Board of Directors may in accordance with the provisions of the Articles in its discretion decide to close such a Sub-Fund and redeem all the Shares relating to such Sub-Fund and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated on the Valuation Day at which such decision shall take effect. The Shareholders of the relevant Sub-Fund will be notified of the decision of the Board of Directors or the resolution of the general meeting of Shareholders in that Sub-Fund to redeem all the Shares by the publication of a notice in the *Mémorial* as well as, if necessary and required by the laws of the respective country, in the official publications specified for the respective countries in which the shares are sold.

All redeemed Shares shall be cancelled and will become null and void. Upon compulsory redemptions, the relevant Sub-Fund or Class of Shares will be closed.

Liquidation or redemption proceeds which may not be distributed to the relevant Shareholders will be deposited in accordance with the Regulations with the *Caisse de Consignation* on behalf of the persons entitled thereto. If not claimed, they shall be forfeited after 30 years.

#### *II.e: General Meetings*

The annual general meeting of Shareholders of the Company is held at the registered office of the Company and will be held on the second Tuesday of April of each year at 11.00 a.m. and for the first time in 2012 (or if such day is not a Luxembourg Banking Day, on the next following Luxembourg Banking Day).

Shareholders of any Class of Shares or Sub-Fund may hold, at any time, general meetings to decide on any matters which relate exclusively to such Sub-Fund or to such Class of Shares.

Notices of all general meetings will be sent by mail to all registered Shareholders at their registered address at least 8 calendar days prior to the meeting. Such notice will indicate the time and place of the meeting, the conditions of admission thereto, will contain the agenda and refer to the requirements of Luxembourg law with regard to the necessary *quorum* and majorities at the meeting. To the extent required by law, further notices will be published in the *Mémorial*, in a Luxembourg newspaper and/or such other newspapers as the Board of Directors may determine.

Any such notice may also provide that the quorum and the majority at this general meeting shall be determined according to the Shares issued and outstanding at a certain date and time preceding the general meeting (the "Record Date"), whereas the right of a Shareholder to attend a general meeting of Shareholders and to exercise the voting right attaching to his/its/her Shares shall be determined by reference to the Shares held by this Shareholder as at the Record Date.

#### *II.f: Annual, Semi-Annual and Quarterly Reports*

Audited Annual Reports, containing the audited consolidated financial reports of the Company and the Sub-Funds expressed in Euro in respect of the preceding financial period, will be made available at the registered office of the Company, of the Registrar and Transfer Agent and of the Authorised Participants at least 15 days before the Annual General Meeting and for the first time in 2012. In addition, Semi-annual Reports will also be made available at such registered office within two months after 30 June and for the first in 2011. The Company's financial year ends on 31 December. In addition Quarterly Reports will be made available if so provided in the relevant Product Annex.

The Company may make available to Shareholders and potential investors an abridged version of the financial reports referred to above, which shall not contain the detailed list of shareholdings held by each of the Sub-Funds. Such abridged annual reports and abridged semi-annual reports will contain the offer to provide to those persons upon request and free of charge a copy of the complete version of such documents.

#### *II.g: Documents Available for Inspection*

Copies of the following documents may be inspected free of charge during usual business hours on any Luxembourg business day at the registered office of the Company, 49, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg:

- (i) the Articles;
- (ii) the Management Company Agreement;
- (iii) the Investment Management Agreement;
- (iv) the Custodian Agreement;
- (v) The Distribution Agreement;
- (vi) The Authorised Participant Agreement; and
- (vii) the financial reports of the Company.

The Articles may be delivered to investors at their request.

## MANAGEMENT AND ADMINISTRATION OF THE COMPANY

### **The Board of Directors**

According to the Articles, the Board of Directors is vested with the broadest powers to perform all acts of administration and disposition in the Company's interests. All powers not expressly reserved by law to the general meeting of Shareholders fall within the competence of the Board of Directors.

The Board of Directors of the Company hereinafter is responsible for the overall investment policy, objective, management and control of the Company and for its administration. The Board of Directors will in particular be responsible for the day-to-day discretionary management of the various Sub-Funds unless otherwise indicated in the relevant Product Annex. There are no existing or proposed service contracts between any of the Directors and the Company. None of the Directors has received any remuneration or other direct or indirect benefit material to him. However, Elvinger, Hoss & Prussen may charge fees as legal advisor to the Company as to Luxembourg law.

#### **Ralf Ferner**

Managing Director  
SEB Asset Management S.A.  
Luxembourg

#### **Ann-Charlotte Lawyer**

Managing Director  
SEB Fund Services S.A.  
Luxembourg

#### **Jérôme Wigny**

Partner  
Elvinger, Hoss & Prussen  
Luxembourg

### **The Management Company and Central Administrative Agent**

The Directors of the Fund have appointed SEB Fund Services S.A. as the Management Company and Central Administrative Agent of the Fund to be responsible on a day-to-day basis, under supervision of the Directors, for providing administration, investment management and advisory services in respect of all Sub-Funds. In respect of all Sub-Funds, the Management Company has delegated its investment management and advisory functions to SEB Investment Management AB.

SEB Fund Services S.A. was incorporated for an unlimited period on 2 August 1993 in the form of a "société anonyme" in Luxembourg under the name of "SEB Lux Advisory Company S.A.". It has been transformed into a management company and changed name with effect on 22 October 2004. The Management Company is governed by Chapter 15 of the Law.

It has its registered office in Luxembourg at 4, rue Pernelchen, L-2370 Howald. The articles of incorporation of the Management Company were published in the Mémorial C, official gazette of the Grand-Duchy of Luxembourg, as of 16 November 2004. The last amendment of the articles was published on 18 May 2012.

The exclusive objective of the Management Company is the creation, the administration, the management and the distribution of undertakings for collective investment, venture capital investment



companies (SICAR) and pension funds. Its capital is EUR 7,200,000.00 fully paid up, represented by 1,200 registered Shares.

The Management Company shall also ensure compliance of the Fund with the investment restrictions and oversee the implementation of the Fund's strategies and investment policy.

The Management Company shall also send reports to the Directors on a periodic basis and inform each board member without delay of any non-compliance of the Fund with the investment restrictions.

The accounts of the Management Company are audited by an independent authorised auditor. This task has been entrusted to PricewaterhouseCoopers, *société coopérative*.

The Management Company currently also acts as management company for other investment funds. The names of these investment funds are available on request at the Management Company's registered office.

### **The Administrative Agent**

Pursuant to the Administrative Agreement, SEB Fund Services S.A, as Central Administrative Agent has delegated, at its own expense and under its own responsibility, the duties relating to the administration of the Fund as well as the transfer and registrar agent function to EFA, a *société anonyme* established in Luxembourg (hereinafter the "**Administrative Agent**"). In this capacity, the Administrative Agent will carry out all administrative duties related to the administration of the Fund, including the calculation of the net asset value of the Shares and the provision of accounting services to the Fund. As registrar and transfer agent, it will process all subscriptions, redemptions, conversions, cancellations and transfers of shares and will register these transactions in the register of the Fund.

European Fund Administration S.A. was incorporated as a public limited company under the laws of the Grand Duchy of Luxembourg on 15 October 1996 and has its registered office at 2, rue d'Alsace, L-1122 Luxembourg. Its capital amounts to 13,250,000.- Euro, subscribed and fully paid up as at the date of this Prospectus. EFA is an independent and highly specialized company offering a complete range of fund administration services to investment funds, unit linked portfolios and pension funds (fund accounting and NAV-calculation, transfer agency services, domiciliation, compliance and risk reporting, fiscal services).

### **The Investment Manager**

The Management Company may appoint, in respect of each Sub-Fund, a separate investment manager, such investment manager being referred to as the "**Investment Manager**" in the Prospectus. Any such Investment Manager will be appointed by the Management Company pursuant to the relevant Investment Management Agreement as further set out in the Product Annex relating to each Sub-Fund.

### **The Custodian**

The Fund has appointed Skandinaviska Enskilda Banken S.A. as custodian (the "**Custodian**").

Skandinaviska Enskilda Banken S.A. was incorporated for an unlimited period in Luxembourg as a *société anonyme* on 30 March 1973 and has its registered office at 4, rue Peterelchen, L-2370 Howald. Its authorised capital amounts to 117,985,000.- Euro, subscribed and fully paid up as at the date of this Prospectus. It carries out its activities mainly in the field of private banking, financial advice, management of marketable assets, and stock exchange transactions.

The Custodian must:

- a) ensure that the sale, issue, redemption and cancellation of Shares effected by or on behalf of the Fund are carried out in accordance with the law and the Articles;
- b) ensure that in transactions involving the assets of the Fund, the consideration is remitted to it within the usual time limits;

- c) ensure that the income of the Fund is applied in accordance with its Articles.

**The Auditor of the Company**

PricewaterhouseCoopers, *société coopérative*  
400, route d'Esch  
L-1471 Luxembourg

**The Legal Adviser as to Luxembourg Law**

Elvinger, Hoss & Prussen  
2, place Winston Churchill  
L-1340 Luxembourg  
Grand Duchy of Luxembourg

## PRODUCT ANNEXES

### Product Annex 1 : SpotR™ 1 – SpotR™ OMXS30 UCITS ETF

*This Product Annex which relates to SpotR™ 1 - SpotR™ OMXS30 UCITS ETF (the "Sub-Fund") is part of the Prospectus and together constitutes the terms and conditions of the Sub-Fund. Investors are advised to carefully review the risks associated with an investment in this Sub-Fund. Risk information is provided in this Product Annex and under section "Risk Factors" in the main part of the Prospectus.*

#### Investment Objective

The Investment Objective of the Sub-Fund is to replicate, as far as possible, the performance of the OMX Stockholm 30 Gross Index (the "**Index**" as further described below under "General Description of the Index") prior to calculation of fees, expenses and transaction costs. The Sub-Fund does not intend to make dividend payments.

The Index comprises 30 shares, Swedish depository receipts and similar securities which have the largest volume of trading, calculated in Swedish kronor on the NASDAQ OMX Stockholm AB exchange, weighted according to market capitalisation.

#### Investment Policy

##### *Method*

The Sub-Fund intends to achieve the Investment Objective by, in accordance with the Investment Restrictions set forth under section "Investment Restrictions" in the Prospectus, investing all or a material part of the proceeds of any issue of Shares in:

- (i) financial derivative instruments ("**FDIs**") including, but not limited to, swap transactions ("**Swaps**"). A *Swap is an agreement between the Sub-Fund and a Swap Counterparty to exchange a stream of cash flows against another stream as described under paragraph "Use of Swaps" of Chapter "Investment Objectives and Policies"*;
- (ii) any of the shares, Swedish depository receipts and similar securities which are constituents of the Index ("**Constituents**"), including any rights, options or other securities distributed to holders of the constituents of the Index or other traded financial instruments necessary to adequately hedge the risk in the constituents of the Index (together the "**Stocks**"); and
- (iii) units or shares issued by **UCITS** which aim to substantially replicate the Index or Constituents.

As a preferred method to achieve its Investment Objective, the Sub-Fund intends to track the Index via synthetic replication, i.e. the Sub-Fund intends to utilise Swaps which stream of cash flows primarily are dependent on the performance of the Index. The Sub-Fund may with regards to the best interest of its Shareholders from time to time switch partially or in full between the methods described above.

For the information on the collateral arrangements and the collateral composition please visit the websites: [www.sebgroup.com/spotr](http://www.sebgroup.com/spotr) (English) and [www.spotr.se](http://www.spotr.se) (Swedish).

##### *Tracking error*

The Sub-Fund is subject to tracking difference risk which may result in the value of the Shares varying from the value of the Index. For further information on why tracking difference may occur, please refer to the section "Risk Factors" in the Prospectus.

The tracking difference should be differentiated from the tracking error which is defined as the volatility of the difference between the return of the Sub-Fund and the return of the Index. The tracking error measures how consistently the Sub-Fund's return matches the Index's return. The tracking error, while estimated ex-post, should not exceed 0.1% under normal market conditions. The Company draws the investors' attention to the fact that the given figure is only the estimate of the tracking error under normal market conditions and should not be understood as strict limit.

By way of derogation to subsection 4 "Investment in UCITS and/or other collective investment undertakings" in the section "Investment Restrictions", the Sub-Fund will not invest more than 10% of its assets in units or shares of other UCITS and/or other collective investment undertakings in order to be eligible for investment by UCITS governed by the UCITS Directive.

#### *Borrowings*

The Sub-Fund may only borrow, for the account of the Sub-Fund, up to 10% of the Net Asset Value of the Sub-Fund on a temporary basis provided that such borrowing is to cover redemptions of Shares. The assets of the Sub-Fund may be charged as collateral for any such borrowings.

The Sub-Fund may not borrow for investment purposes and will therefore not be subject to any shortfall risk. Shortfall risk should, in this context, be understood as an accelerated decrease of the Net Asset Value due to the use of any borrowed funds, as would be the case if income appreciation on investments made with borrowed funds is less than the required interest payments on such borrowed funds. Any financial obligation arising in respect of use of FDIs shall never exceed the available capital in the Sub-Fund.

#### *Efficient portfolio management*

The Sub-Fund will not make use of the techniques and instruments relating to transferable securities and money market instruments referred to in CSSF circular 08/356 and CSSF circular 13/559.

Further information relevant to the Sub-Fund's Investment Policy is contained in the main part of the Prospectus under "Investment Objectives and Policies" and under "Investment Restrictions".

#### **Exchange Traded Fund**

The Sub-Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Sub-Fund are fully transferable to investors and will be listed for trading on one or more stock exchanges. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as ordinary shares of a listed trading company.

#### **Profile of Typical Investor**

An investment in the Sub-Fund is suitable for investors who are able and willing to invest in a Sub-Fund with a high risk grading seeking capital appreciation from investments in securities listed on the NASDAQ OMX Stockholm AB exchange.

#### **Risk Factors**

**Investors will bear risks as described under the heading Risk Factors in the Prospectus and risks described in this Product Annex. Investors should carefully consider the risk factors prior to investing in**

the Sub-Fund. The value of the Sub-Fund's Shares is linked to the Index, the performance of which may rise or fall. The Sub-Fund intends to first and foremost utilise Swaps to achieve the Investment Objective. The valuation of the Swaps will reflect the performance of the Index. The Index performance is linked to the performance of the Constituents of the Index which, in turn, is exposed to the general markets movements (both negative as well as positive).

Investors should note that the Sub-Fund is not capital protected or guaranteed and that the capital invested or its respective amount are not protected or guaranteed. The value of investors' investment could fall as well as rise. Investors in this Sub-Fund should accept that there is no guarantee that they will recover their initial investment and be prepared and able to sustain losses up to the total capital invested.

#### Investment Manager

SEB Investment Management AB, a fund management company supervised by the Swedish Financial Supervisory Authority (*Finansinspektionen*) has been appointed as Investment Manager with respect to the Sub-Fund pursuant to an investment management agreement terminable by either party giving no less than three months prior notice to the other party.

The Investment Manager was appointed pursuant to the relevant investment management agreement with the Management Company entered into as of 28 January 2011 (the "**Investment Management Agreement**") to provide day-to-day management of the Fund's investments, subject to the overall supervision and responsibility of the Management Company. The Investment Manager is required to adhere strictly to the guidelines laid down by the Management Company. In particular, the Investment Manager is required to ensure that the assets of the Sub-Fund are invested in a manner consistent with the Fund's and the Sub-Funds' investment restrictions and that cash belonging to each Sub-Fund is invested in accordance with the guidelines laid down by the Directors and the Management Company.

According to the Investment Management Agreement, the Investment Manager may, with the prior approval of the Management Company, delegate to a third party all or a part of its management duties. Any new delegation shall be reflected in an updated Prospectus.

#### **General Information relating to the Sub-Fund**

<b>Minimum Net Asset Value</b>	SEK 500,000,000.
<b>Launch Date</b>	Means the <b>16 March 2011</b> .
<b>Business Day</b>	Means a day (other than a Saturday or a Sunday) on which commercial banks, foreign exchange markets and Clearing Agents are open and settle payments in Luxembourg and on which the Underlying Asset is calculated by the relevant Index Provider.
<b>Transaction Day</b>	Means a Sweden Banking Day on which subscriptions for, conversions from and redemptions of Shares can be made in order to be dealt with by the Registrar and Transfer Agent, as described under "Share Dealing" and "Conversion of Shares" in the main part of the Prospectus.

	<p>The applicable dead-line to consider applications received the same day is 5.00p.m.</p> <p>Any applications received by the Registrar and Transfer Agent after such deadline on a Transaction Day will be deferred to the next Transaction Day and processed on the basis of the Net Asset Value per Share calculated on the Valuation Day that corresponds to such next Transaction Day.</p>
<b>Investment Manager</b>	SEB Investment Management A.B.

#### Description of the Shares

<b>Classes:</b>	"IC" = Institutional Capitalization Shares.
<b>Form of Shares:</b>	Registered Shares or Bearer Shares represented by a Global Share Certificate.
<b>ISIN Code</b>	<b>LU0561878983</b>
<b>Reference Currency</b>	SEK.
<b>FDI Counterparty or Swap Counterparty</b>	Skandinaviska Enskilda Banken AB (publ), whose credit rating is A1 (Moody's) and A+ (Standard and Poor's) as of the date of this Prospectus.
<b>Minimum Initial Subscription Amount</b>	SEK 5,000,000.
<b>Minimum Subsequent Subscription Amount</b>	SEK 5,000,000.
<b>Management Company Fee</b>	Up to 0.20% annually.
<b>Upfront Subscription Sales Charge during/after the Offering Period:</b>	The higher of (i) SEK 30,000 per subscription request; and (ii) 0.03% of the Net Asset Value per Share on which the subscription is based, multiplied by the number of shares subscribed.
<b>Redemption Charge</b>	The higher of (i) SEK 30,000 per redemption request; and (ii) 0.03% of the Net Asset Value per Share on which the redemption is based, multiplied by the number of shares redeemed.
<b>Conversion Charge</b>	Shareholders are entitled to convert their Shares. A Conversion Charge of an amount equal to the higher of (i) SEK 30,000 per conversion request; and (ii) 0.03% of the Net Asset Value per Share on which the conversion is based, multiplied by the number of Shares converted.

## General Description of the Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. The details below only reflect an extract of information from public sources. The index provider is NASDAQ OMX (the "**Index Provider**"). In case of any discrepancy between the description presented below and the Index Provider's description, the description of the Index Provider prevails. Information on the Index appears on the website identified below in "Further Information". Such information may change from time to time and details of the changes will appear on that website.

### *General Information on the Index*

The Index used as Underlying Asset for SpotR™ 1 - SpotR™ OMXS30 UCITS ETF is the OMX Stockholm 30 Gross Index. The Index serves as an indicator of the overall trend on the NASDAQ OMX Stockholm AB exchange, and is widely used as underlying in financial products such as exchange traded funds, options, futures and mutual funds. The index was developed with a base level of 125 as of 30 September 1986.

### *Criteria and selection*

The Index comprises 30 shares, Swedish depository receipts and similar securities which have the largest volume of trading, calculated in Swedish kronor on the NASDAQ OMX Stockholm AB exchange. The Constituents for the Index is exclusively weighted according to market capitalisation, meaning that the impact of a component's price change is proportional to the issue's overall market value.

The Index is reviewed semi-annually with any changes effective on the first trading day in January and July. The control period for the Constituents that are included for a given half of the calendar year is the six-month period beginning seven months prior to the beginning of the calendar half-year. If, during the control period, an index share is not among the 45 most traded stocks on the exchange, the index share is replaced by the non-index share which has the highest traded volume during the control period. If a share is listed on the NASDAQ OMX Stockholm AB exchange, but is not an index share, and is among the 15 most traded shares on the Exchange during the control period, then that share will replace the index share that has the lowest traded volume. The Index rebalancing has no impact on the costs associated with the execution of the investment strategy of the Sub-Fund under normal market conditions.

In order to strengthen the correlation between the Index and the true performance of the market, all dividends are reinvested in the Index. Reinvestment is carried out in all Constituents in proportion to their respective weights.

### *Further information*

For more information investors are referred to the Index Provider's website. Readers should take notice that the composition of the Index may change over time, and that information concerning any such changes will be posted by the Index Provider online. For more information readers are referred to [www.nasdaqomx.com](http://www.nasdaqomx.com)

Information on the Index is also available via Bloomberg (Bloomberg code OMXS30GI Index) and Reuters (Reuters code .OMXS30GI).

## **IMPORTANT**

### *Licensor and license agreement*

The OMX Stockholm 30 Gross Index is a registered trademark of NASDAQ OMX (the "Licensor") and is thus protected against unauthorised use. The Licensor grants licenses for use of the Index as a benchmark for capital market products. Skandinaviska Enskilda Banken AB (publ.) ("License Holder") has concluded a license agreement with the Licensor which grants the License Holder the right to use the index underlying the Investment Fund.

### *Disclaimer of liability by the licensor*

The products are neither sponsored, endorsed, sold or promoted by the Licensor or any business connected with it. The licensors have neither decided on the legality or suitability of the products nor on the accuracy or appropriateness of the descriptions and information about the products. The licensors give no explicit or implicit warranty nor guarantee to the owners of the products or to members of the public as to whether it is advisable to invest in securities in general or in these products in particular or whether the Index is capable of replicating the performance of the general stock market.

The only relationship of the Licensor to the License Holder arises from it being granted licences for the Index and certain trading names of the licensor as well as use of the OMX Stockholm 30 Gross Index which NASDAQ OMX establishes, formulates and calculates without consideration of the licence holder. NASDAQ OMX has no obligation to take into account the needs of the licence holder or the owners of the products in establishing, formulating and calculating the OMX Stockholm 30 Gross Index. The companies are neither responsible for determining the point in time, price or volume of the products which are to be issued nor is it responsible for issuing or calculating the equation which is used to transfer the products into available cash and nor were they involved in this process. The licensors have no responsibility with respect of the management, marketing or trading of the products.

THE LICENSORS DO NOT GUARANTEE THE ACCURACY AND/OR UNINTERRUPTED CALCULATION OF THE OMX STOCKHOLM 30 GROSS INDEX AND THE INFORMATION CONTAINED THEREIN. THE LICENSORS GIVE NO GUARANTEE EITHER EXPLICITLY OR IMPLICITLY WITH REGARDS THE RESULTS WHICH CAN BE ACHIEVED BY THE LICENSOR, THE OWNERS OF THE PRODUCTS OR ANY OTHER ACTUAL OR LEGAL PERSONS FROM THE USE OF THE OMX STOCKHOLM 30 GROSS INDEX OR THE INFORMATION CONTAINED THEREIN. THE LICENSORS GIVE NO EXPLICIT NOR IMPLICIT GUARANTEE AND EXPRESSLY DENY ANY GUARANTEE OF A STANDARD MARKET QUALITY OR SUITABILITY FOR A PARTICULAR PURPOSE OR USE WITH REGARD THE OMX STOCKHOLM 30 GROSS INDEX OR THE INFORMATION CONTAINED THEREIN. WITHOUT ANY RESTRICTION OF THE ABOVE UNDERTAKINGS, THE COMPANIES ARE LIABLE IN NO WAY FOR ANY LOSS OF PROFITS OR ACTUAL DAMAGE, SECONDARY DAMAGE, DAMAGES OF A PUNITIVE NATURE, CONSEQUENTIAL DAMAGES, EVEN IF THE POSSIBILITY OF SUCH DAMAGES HAS BEEN ADVISED.



## Product Annex 2 : SpotR™ 1 – SpotR™ Bull OMXS30 UCITS ETF

*This Product Annex which relates to SpotR™ 1 - SpotR™ Bull OMXS30 UCITS ETF (the "Sub-Fund") is part of the Prospectus and together constitutes the terms and conditions of the Sub-Fund. Investors are advised to carefully review the risks associated with an investment in this Sub-Fund. Risk information is provided in this Product Annex and under section "Risk Factors" in the main part of the Prospectus.*

### Investment Objective

The Sub-Fund is a leveraged fund. The Investment Objective of the Sub-Fund is to replicate, as far as possible, approximately two times the daily performance of the OMX Stockholm 30 Gross Index (the "Index" as further described below under "General Description of the Index") prior to calculation of fees, expenses, transaction costs and interest. The Sub-Fund does not intend to make dividend payments.

The Index comprises 30 shares, Swedish depository receipts and similar securities which have the largest volume of trading, calculated in Swedish kronor on the NASDAQ OMX Stockholm AB exchange, weighted according to market capitalisation.

### Investment Policy

#### *Method*

The Sub-Fund intends to achieve the Investment Objective by, in accordance with the Investment Restrictions set forth under section "Investment Restrictions" in the Prospectus, investing all or a material part of the proceeds of any issue of Shares in:

- (i) financial derivative instruments ("**FDIs**") including, but not limited to, swap transactions ("**Swaps**"). A *Swap* is an agreement between the Sub-Fund and a Swap Counterparty to exchange a stream of cash flows against another stream as described under paragraph "Use of Swaps" of Chapter "Investment Objectives and Policies";
- (ii) any of the shares, Swedish depository receipts and similar securities which are constituents of the Index ("**Constituents**"), including any rights, options or other securities distributed to holders of the constituents of the Index or other traded financial instruments necessary to adequately hedge the risk in the constituents of the Index (together the "**Stocks**"); and
- (iii) units or shares issued by **UCITS** which aim to substantially replicate the Index or Constituents.

As a preferred method to achieve its Investment Objective, the Sub-Fund intends to track the index via synthetic replication, i.e. the Sub-Fund intends to utilise Swaps which stream of cash flows primarily are dependent on the performance of the Index. The Sub-Fund may with regards to the best interest of its Shareholders from time to time switch partially or in full between the methods described above.

For the information on the collateral arrangements and the collateral composition please visit the websites: [www.sebgroup.com/spotr](http://www.sebgroup.com/spotr) (English) and [www.spotr.se](http://www.spotr.se) (Swedish).

#### *Tracking error*

The Sub-Fund is subject to tracking difference risk which may result in the daily value of the Shares varying from the two times daily value of the Index. For further information on why tracking difference may occur, please refer to the section "Risk Factors" in the Prospectus.

The tracking difference should be differentiated from the tracking error which for this Sub-Fund is defined as the volatility of the difference between the daily return of the Sub-Fund and the two times daily return of the Index. The tracking error for this Sub-Fund measures how consistently the Sub-Fund's return matches the two times return of the Index. The tracking error for this Sub-Fund, while estimated ex-post, should not exceed 2% under normal market conditions. The Company draws the investors' attention to the fact that the given figure is only the estimate of the tracking error under normal market conditions and should not be understood as strict limit.

By way of derogation to subsection 4 "Investment in UCITS and/or other collective investment undertakings" in the section "Investment Restrictions", the Sub-Fund will not invest more than 10% of its assets in units or shares of other UCITS and/or other collective investment undertakings in order to be eligible for investment by UCITS governed by the UCITS Directive.

#### *Borrowings*

The Sub-Fund may only borrow, for the account of the Sub-Fund, up to 10% of the Net Asset Value of the Sub-Fund on a temporary basis provided that such borrowing is to cover redemptions of Shares. The assets of the Sub-Fund may be charged as collateral for any such borrowings.

The Sub-Fund may not borrow for investment purposes and will therefore not be subject to any shortfall risk. Shortfall risk should, in this context, be understood as an accelerated decrease of the Net Asset Value due to the use of any borrowed funds, as would be the case if income appreciation on investments made with borrowed funds is less than the required interest payments on such borrowed funds. Any financial obligation arising in respect of use of FDIs shall never exceed the available capital in the Sub-Fund.

#### *Efficient portfolio management*

The Sub-Fund will not make use of the techniques and instruments relating to transferable securities and money market instruments referred to in CSSF circular 08/356 and CSSF circular 13/559.

Further information relevant to the Sub-Fund's Investment Policy is contained in the main part of the Prospectus under "Investment Objectives and Policies" and under "Investment Restrictions".

#### **Leverage**

The use of leverage increases the Sub-Fund's exposure to the Index. As a consequence, the performance profile of the Sub-Fund will be a multiple of the performance of the Index, both gains and losses.

The Sub-Fund will seek to achieve a target leveraged performance of two times the daily performance of the Index ("**Target Leverage**") prior to calculation of fees, expenses, transaction costs and interest.

The Sub-Fund will use FDIs to achieve leverage. To obtain leveraged exposure to the Index the Sub-Fund will incur interest costs which will have a negative effect on the performance of the Sub-Fund. The interest costs are a function of the market interest rate. Any available obligation arising in respect of use of FDIs shall never exceed the available capital in the Sub-Fund.

#### *Leverage adjustment*

The leverage of the Sub-Fund will change with the market value development of the Index. A positive (or negative) performance of the Index will decrease (or increase) the leverage multiple. The leverage multiple is checked once each Transaction Day as close as practically possible to the closing time of the NASDAQ OMX Stockholm AB exchange. If the leverage multiple at the time of the leverage check deviates from the Target Leverage, a leverage adjustment is triggered and the leverage is adjusted to the Target Leverage.

The leverage multiple is expected to fluctuate during each Transaction Day due to daily fluctuations in the market value of the Index. While the leverage check is done close to the closing time of the exchange the closing price of the Index may deviate from the market value of the Index at the time of the leverage check. As a consequence, the leverage multiple at the time for which the closing price of the Index is calculated (i.e. the time for which the Net Asset Value of the Sub-Fund is calculated by the Central Administrative Agent) may deviate from the leverage multiple at the time of the leverage check.

This means that the leverage multiple may be different from the Target Leverage at the closing time of the Index without a leverage adjustment being triggered, provided that the leverage multiple was in line with the Target Leverage at the time of the leverage check on the same Transaction Day.

Without prejudice to the above, the Investment Manager may, at its sole discretion, due to market conditions increase the frequency of leverage checks and leverage adjustments.

#### *Periodic performance*

The objective of the Sub-Fund is to replicate a multiple of the performance of the Index on a daily basis which should not be equated to replicating a multiple of the performance of the Index over an extended period of time. As an investor it is important to understand the effects of path dependency and the compounding of daily performances of the Index. The investment over an extended period will not necessarily correlate or be symmetrical with the performance of the Index.

#### *Leverage risk*

Leveraged index investments, such as this Sub-Fund, aims to achieve a performance which is a multiple of the performance of an Index. The risks of a leveraged investment are greater than the risk associated with an un-leveraged investment as gains and losses are magnified compared to an un-leveraged investment. A relative small adverse movement of the value of the Index will generate proportionately greater loss for an investor compared to an investment in an un-leveraged investment based on the same Index. Furthermore, leverage will magnify daily price volatility compared to an un-leveraged investment based on the same Index.

#### **Exchange Traded Fund**

The Sub-Fund is an Exchange Traded Fund ("ETF"). The Shares of this Sub-Fund are fully transferable to investors and will be listed for trading on one or more stock exchanges. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as ordinary shares of a listed trading company.

#### **Profile of Typical Investor**

An investment in the Sub-Fund is suitable for investors who are able and willing to invest in a Sub-Fund with a high risk grading seeking capital appreciation from investments in securities listed on the NASDAQ OMX Stockholm AB exchange. The Sub-Fund is intended for financially sophisticated investors who fully understand the characteristics and risk associated with leveraged investments. The Sub-Fund is intended for investors who wish to take a very short term view on the Index and is not intended as a buy and hold investment.

#### **Risk Factors**

**Investors will bear risks as described under the heading Risk Factors in the Prospectus and risks described in this Product Annex. Investors should carefully consider the risk factors prior to investing in**

the Sub-Fund. The value of the Sub-Fund's Shares is linked to the Index, the performance of which may rise or fall. The Sub-Fund intends to first and foremost utilise Swaps to achieve the Investment Objective. The valuation of the Swaps will reflect the performance of the Index. The Index performance is linked to the performance of the Constituents of the Index which, in turn, is exposed to the general markets movements (both negative as well as positive).

The Sub-Fund is a leveraged investment and investors should therefore expect greater daily price movements and, in the event of an adverse price movement, greater losses compared to an un-leveraged investment based on the same Index.

Investors should note that the Sub-Fund is not capital protected or guaranteed and that the capital invested or its respective amount are not protected or guaranteed. The value of investors' investment could fall as well as rise. Investors in this Sub-Fund should accept that there is no guarantee that they will recover their initial investment and be prepared and able to sustain losses up to the total capital invested.

#### Investment Manager

SEB Investment Management AB, a fund management company supervised by the Swedish Financial Supervisory Authority (*Finansinspektionen*) has been appointed as Investment Manager with respect to the Sub-Fund pursuant to an investment management agreement terminable by either party giving no less than three months prior notice to the other party.

The Investment Manager was appointed pursuant to the relevant investment management agreement with the Management Company entered into as of 28 January 2011 (the "**Investment Management Agreement**") to provide day-to-day management of the Fund's investments, subject to the overall supervision and responsibility of the Management Company. The Investment Manager is required to adhere strictly to the guidelines laid down by the Management Company. In particular, the Investment Manager is required to ensure that the assets of the Sub-Fund are invested in a manner consistent with the Fund's and the Sub-Funds' investment restrictions and that cash belonging to each Sub-Fund is invested in accordance with the guidelines laid down by the Directors and the Management Company.

According to the Investment Management Agreement, the Investment Manager may, with the prior approval of the Management Company, delegate to a third party all or a part of its management duties. Any new delegation shall be reflected in an updated Prospectus.

#### **General Information relating to the Sub-Fund**

<b>Minimum Net Asset Value</b>	SEK 500,000,000.
<b>Launch Date</b>	Means the <b>16 March 2011</b> .
<b>Business Day</b>	Means a day (other than a Saturday or a Sunday) on which commercial banks, foreign exchange markets and Clearing Agents are open and settle payments in Luxembourg and on which the Underlying Asset is calculated by the relevant Index Provider.
<b>Transaction Day</b>	Means a Sweden Banking Day on which subscriptions for, conversions from and redemptions of Shares can be made in order to be

	<p>dealt with by the Registrar and Transfer Agent, as described under "Share Dealing" and "Conversion of Shares" in the main part of the Prospectus.</p> <p>The applicable dead-line to consider applications received the same day is 5.00 p.m.</p> <p>Any applications received by the Registrar and Transfer Agent after such deadline on a Transaction Day will be deferred to the next Transaction Day and processed on the basis of the Net Asset Value per Share calculated on the Valuation Day that corresponds to such next Transaction Day.</p>
<b>Investment Manager</b>	SEB Investment Management A.B.

#### Description of the Shares

<b>Classes:</b>	"IC" = Institutional Capitalization Shares.
<b>Form of Shares:</b>	Registered Shares or Bearer Shares represented by a Global Share Certificate.
<b>ISIN Code</b>	<b>LU0561879106</b>
<b>Reference Currency</b>	SEK.
<b>FDI Counterparty or Swap Counterparty</b>	Skandinaviska Enskilda Banken AB (publ), whose credit rating is A1 (Moody's) and A+ (Standard and Poor's) as of the date of this Prospectus.
<b>Minimum Initial Subscription Amount</b>	SEK 5,000,000.
<b>Minimum Subsequent Subscription Amount</b>	SEK 5,000,000.
<b>Management Company Fee</b>	Up to 0.50% annually.
<b>Upfront Subscription Sales Charge during/after the Offering Period:</b>	The higher of (i) SEK 30,000 per subscription request; and (ii) 0.03% of the Net Asset Value per Share on which the subscription is based, multiplied by the number of shares subscribed.
<b>Redemption Charge</b>	The higher of (i) SEK 30,000 per redemption request; and (ii) 0.03% of the Net Asset Value per Share on which the redemption is based, multiplied by the number of shares redeemed.
<b>Conversion Charge</b>	Shareholders are entitled to convert their Shares. A Conversion Charge of an amount equal to the higher of (i) SEK 30,000 per conversion request;

	and (ii) 0.03% of the Net Asset Value per Share on which the conversion is based, multiplied by the number of Shares converted.
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**General Description of the Index**

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. The details below only reflect an extract of information from public sources. The index provider is NASDAQ OMX (the "**Index Provider**"). In case of any discrepancy between the description presented below and the Index Provider's description, the description of the Index Provider prevails. Information on the Index appears on the website identified below in "Further Information". Such information may change from time to time and details of the changes will appear on that website.

*General Information on the Index*

The Index used as Underlying Asset for SpotR™ 1 - SpotR™ Bull OMXS30 UCITS ETF is the OMX Stockholm 30 Gross Index. The Index serves as an indicator of the overall trend on the NASDAQ OMX Stockholm AB exchange, and is widely used as underlying in financial products such as exchange traded funds, options, futures and mutual funds. The index was developed with a base level of 125 as of 30 September 1986.

*Criteria and selection*

The Index comprises 30 shares, Swedish depository receipts and similar securities which have the largest volume of trading, calculated in Swedish kronor on the NASDAQ OMX Stockholm AB exchange. The Constituents for the Index is exclusively weighted according to market capitalisation, meaning that the impact of a component's price change is proportional to the issue's overall market value.

The Index is reviewed semi-annually with any changes effective on the first trading day in January and July. The control period for the Constituents that are included for a given half of the calendar year is the six-month period beginning seven months prior to the beginning of the calendar half-year. If, during the control period, an index share is not among the 45 most traded stocks on the exchange, the index share is replaced by the non-index share which has the highest traded volume during the control period. If a share is listed on the NASDAQ OMX Stockholm AB exchange, but is not an index share, and is among the 15 most traded shares on the Exchange during the control period, then the share will replace the index share that has the lowest traded volume. The Index rebalancing has no impact on the costs associated with the execution of the investment strategy of the Sub-Fund under normal market conditions.

In order to strengthen the correlation between the Index and the true performance of the market, all dividends are reinvested in the Index. Reinvestment is carried out in all Constituents in proportion to their respective weights.

*Further information*

For more information investors are referred to the Index Provider's website. Readers should take notice that the composition of the Index may change over time, and that information concerning any such changes will be posted by the Index Provider online. For more information readers are referred to [www.nasdaqomx.com](http://www.nasdaqomx.com)

Information on the Index is also available via Bloomberg (Bloomberg code OMXS30GI Index) and Reuters (Reuters code OMXS30GI).

## **IMPORTANT**

### *Licensor and license agreement*

The OMX Stockholm 30 Gross Index is a registered trademark of NASDAQ OMX (the "**Licensor**") and is thus protected against unauthorised use. The Licensor grants licenses for use of the Index as a benchmark for capital market products. Skandinaviska Enskilda Banken AB (publ.) ("**License Holder**") has concluded a license agreement with the Licensor which grants the License Holder the right to use the index underlying the Investment Fund.

### *Disclaimer of liability by the licensor*

The products are neither sponsored, endorsed, sold or promoted by the Licensor or any business connected with it. The licensors have neither decided on the legality or suitability of the products nor on the accuracy or appropriateness of the descriptions and information about the products. The licensors give no explicit or implicit warranty nor guarantee to the owners of the products or to members of the public as to whether it is advisable to invest in securities in general or in these products in particular or whether the Index is capable of replicating the performance of the general stock market.

The only relationship of the Licensor to the License Holder arises from it being granted licences for the Index and certain trading names of the licensor as well as use of the OMX Stockholm 30 Gross Index which NASDAQ OMX establishes, formulates and calculates without consideration of the licence holder. NASDAQ OMX has no obligation to take into account the needs of the licence holder or the owners of the products in establishing, formulating and calculating the OMX Stockholm 30 Gross Index. The companies are neither responsible for determining the point in time, price or volume of the products which are to be issued nor is it responsible for issuing or calculating the equation which is used to transfer the products into available cash and nor were they involved in this process. The licensors have no responsibility with respect of the management, marketing or trading of the products.

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### Product Annex 3 : SpotR™ 1 – SpotR™ Bear OMXS30 UCITS ETF

*This Product Annex which relates to SpotR™ 1 - SpotR™ Bear OMXS30 UCITS ETF (the "Sub-Fund") is part of the Prospectus and together constitutes the terms and conditions of the Sub-Fund. Investors are advised to carefully review the risks associated with an investment in this Sub-Fund. Risk information is provided in this Product Annex and under section "Risk Factors" in the main part of the Prospectus.*

#### Investment Objective

The Sub-Fund is an inverse leveraged fund. The Investment Objective of the Sub-Fund is to replicate, as far as possible, approximately two times the daily inverse performance of the OMX Stockholm 30 Gross Index (the "**Index**") prior to calculation of fees, expenses, transaction costs and interest. The Sub-Fund does not intend to make dividend payments.

The Index comprises 30 shares, Swedish depository receipts and similar securities which have the largest volume of trading, calculated in Swedish kronor on the NASDAQ OMX Stockholm AB exchange, weighted according to market capitalisation.

#### Investment Policy

##### *Method*

The Sub-Fund intends to achieve the Investment Objective by, in accordance with the Investment Restrictions set forth under section "Investment Restrictions" in the Prospectus, investing all or a material part of the proceeds of any issue of Shares in:

- (i) financial derivative instruments ("**FDIs**") including, but not limited to, swap transactions ("**Swaps**"). A *Swap* is an agreement between the Sub-Fund and a Swap Counterparty to exchange a stream of cash flows against another stream as described under paragraph "Use of Swaps" of Chapter "Investment Objectives and Policies";
- (ii) any of the shares, Swedish depository receipts and similar securities which are constituents of the Index ("**Constituents**"), including any rights, options or other securities distributed to holders of the constituents of the Index or other traded financial instruments necessary to adequately hedge the risk in the constituents of the Index (together the "**Stocks**"); and
- (iii) units or shares issued by **UCITS** which aim to substantially replicate the Index or Constituents.

As a preferred method to achieve its Investment Objective, the Sub-Fund intends to track the Index via synthetic replication, i.e. the Sub-Fund intends to utilise Swaps which stream of cash flows primarily are dependent on the performance of the Index. The Sub-Fund may with regards to the best interest of its Shareholders from time to time switch partially or in full between the methods described above.

For the information on the collateral arrangements and the collateral composition please visit the websites: [www.sebgroup.com/spotr](http://www.sebgroup.com/spotr) (English) and [www.spotr.se](http://www.spotr.se) (Swedish).

##### *Tracking error*

The Sub-Fund is subject to tracking difference risk which may result in the daily value of the Shares varying from the two times daily inverse value of the Index. For further information on why tracking difference may occur, please refer to the section "Risk Factors" in the Prospectus.



The tracking difference should be differentiated from the tracking error which for this Sub-Fund is defined as the volatility of the difference between the return of the Sub-Fund and the two times inverse return of the Index. The tracking error for this Sub-Fund measures how consistently the Sub-Fund's return matches the two times inverse return of the Index. The tracking error for this Sub-Fund, while estimated ex-post, should not exceed 1.2% under normal market conditions. The Company draws the investors' attention to the fact that the given figure is only the estimate of the tracking error under normal market conditions and should not be understood as strict limit.

By way of derogation to subsection 4 "Investment in UCITS and/or other collective investment undertakings" in the section "Investment Restrictions", the Sub-Fund will not invest more than 10% of its assets in units or shares of other UCITS and/or other collective investment undertakings in order to be eligible for investment by UCITS governed by the UCITS Directive.

#### *Borrowings*

The Sub-Fund may only borrow, for the account of the Sub-Fund, up to 10% of the Net Asset Value of the Sub-Fund on a temporary basis provided that such borrowing is to cover redemptions of Shares. The assets of the Sub-Fund may be charged as collateral for any such borrowings.

The Sub-Fund may not borrow for investment purposes and will therefore not be subject to any shortfall risk. Shortfall risk should, in this context, be understood as an accelerated decrease of the Net Asset Value due to the use of any borrowed funds, as would be the case if income appreciation on investments made with borrowed funds is less than the required interest payments on such borrowed funds. Any financial obligation arising in respect of use of FDIs shall never exceed the available capital in the Sub-Fund.

#### *Efficient portfolio management*

The Sub-Fund will not make use of the techniques and instruments relating to transferable securities and money market instruments referred to in CSSF circular 08/356 and CSSF circular 13/559.

Further information relevant to the Sub-Fund's Investment Policy is contained in the main part of the Prospectus under "Investment Objectives and Policies" and under "Investment Restrictions".

#### **Leverage**

The use of leverage increases the Sub-Fund's exposure to the Index. As a consequence, the performance profile of the Sub-Fund will be a multiple of the inverse performance of the Index, both gains and losses.

The Sub-Fund will seek to achieve a target leveraged performance of two times the daily inverse performance of the Index ("**Target Leverage**") prior to calculation of fees, expenses, transaction costs and interest.

The Sub-Fund will use FDIs to achieve leverage. To obtain inverse leveraged exposure to the Index the Sub-Fund will receive interest income which will have a positive effect on the performance of the Sub-Fund. The interest income is a function of the market interest rate. Any available obligation arising in respect of use of FDIs shall never exceed the available capital in the Sub-Fund.

#### *Leverage adjustment*

The leverage of the Sub-Fund will change with the market value development of the Index. A negative (or positive) performance of the Index will decrease (or increase) the leverage multiple. The leverage multiple is checked once each Transaction Day as close as practically possible to the closing time of the NASDAQ OMX Stockholm AB exchange. If the leverage multiple at the time of the leverage check deviates

from the Target Leverage, a leverage adjustment is triggered and the leverage is adjusted to the Target Leverage.

The leverage multiple is expected to fluctuate during each Transaction Day due to daily fluctuations in the market value of the Index. While the leverage check is done close to the closing time of the exchange the closing price of the Index may deviate from the market value of the Index at the time of the leverage check. As a consequence, the leverage multiple at the time for which the closing price of the Index is calculated (i.e. the time for which the Net Asset Value of the Sub-Fund is calculated by the Central Administrative Agent) may deviate from the leverage multiple at the time of the leverage check.

This means that the leverage multiple may be different from the Target Leverage at the closing time of the Index without a leverage adjustment being triggered, provided that the leverage multiple was in line with the Target Leverage at the time of the leverage check on the same Transaction Day.

Without prejudice to the above, the Investment Manager may, at its sole discretion, due to market conditions increase the frequency of leverage checks and leverage adjustments.

#### *Periodic performance*

The objective of the Sub-Fund is to replicate a multiple of the inverse performance of the Index on a daily basis which should not be equated to replicating a multiple of the inverse performance of the Index over an extended period of time. As an investor it is important to understand the effects of path dependency and the compounding of daily performances of the Index. The investment over an extended period will not necessarily correlate or be symmetrical with the inverse performance of the Index.

#### *Leverage risk*

Leveraged index investments, such as this Sub-Fund, aims to achieve a performance which is a multiple of the performance of an Index. The risks of a leveraged investment are greater than the risk associated with an un-leveraged investment as gains and losses are magnified compared to an un-leveraged investment. A relative small adverse movement of the value of the Index will generate proportionately greater loss for an investor compared to an investment in an un-leveraged investment based on the same Index. Furthermore, leverage will magnify daily price volatility compared to an un-leveraged investment based on the same Index.

#### *Impact of inverse leverage*

The Sub-Fund aims to provide investors with inverse (i.e. short or reversed) leveraged exposure to the Index. This means that following any positive performance of the Index the Sub-Fund's Net Asset Value is expected to depreciate and visa-versa. As the Sub-Fund uses leverage this effect is magnified.

**The Sub-Fund should primarily be used by investors who have a negative outlook on the performance of the Index and the market which the Index represents.**

#### **Exchange Traded Fund**

The Sub-Fund is an Exchange Traded Fund ("ETF"). The Shares of this Sub-Fund are fully transferable to investors and will be listed for trading on one or more stock exchanges. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as ordinary shares of a listed trading company.

#### **Profile of Typical Investor**

An investment in the Sub-Fund is suitable for investors who are able and willing to invest in a Sub-Fund with a high risk grading seeking capital appreciation from investments in securities listed on the NASDAQ OMX Stockholm AB exchange. The Sub-Fund is intended for financially sophisticated investors who fully understand the characteristics and risk associated with leveraged investments. The Sub-Fund is intended for investors who wish to take a very short term view on the Index and is not intended as a buy and hold investment.

#### **Risk Factors**

**Investors will bear risks as described under the heading Risk Factors in the Prospectus and risks described in this Product Annex. Investors should carefully consider the risk factors prior to investing in the Sub-Fund. The value of the Sub-Fund's Shares is linked to the Index, the performance of which may rise or fall. The Sub-Fund intends to first and foremost utilise Swaps to achieve the Investment Objective. The valuation of the Swaps will reflect the performance of the Index. The Index performance is linked to the performance of the Constituents of the Index which, in turn, is exposed to the general markets movements (both negative as well as positive).**

**The Sub-Fund is a leveraged investment and investors should therefore expect greater daily price movements and, in the event of an adverse price movement, greater losses compared to an un-leveraged investment based on the same Index.**

**Investors should note that the Sub-Fund is not capital protected or guaranteed and that the capital invested or its respective amount are not protected or guaranteed. The value of investors' investment could fall as well as rise. Investors in this Sub-Fund should accept that there is no guarantee that they will recover their initial investment and be prepared and able to sustain losses up to the total capital invested.**

#### **Investment Manager**

SEB Investment Management AB, a fund management company supervised by the Swedish Financial Supervisory Authority (*Finansinspektionen*) has been appointed as Investment Manager with respect to the Sub-Fund pursuant to an investment management agreement terminable by either party giving no less than three months prior notice to the other party.

The Investment Manager was appointed pursuant to the relevant investment management agreement with the Management Company entered into as of 28 January 2011 (the "**Investment Management Agreement**") to provide day-to-day management of the Fund's investments, subject to the overall supervision and responsibility of the Management Company. The Investment Manager is required to adhere strictly to the guidelines laid down by the Management Company. In particular, the Investment Manager is required to ensure that the assets of the Sub-Fund are invested in a manner consistent with the Fund's and the Sub-Funds' investment restrictions and that cash belonging to each Sub-Fund is invested in accordance with the guidelines laid down by the Directors and the Management Company.

According to the Investment Management Agreement, the Investment Manager may, with the prior approval of the Management Company, delegate to a third party all or a part of its management duties. Any new delegation shall be reflected in an updated Prospectus.

#### **General Information relating to the Sub-Fund**

<b>Minimum Net Asset Value</b>	SEK 500,000,000.
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<b>Launch Date</b>	Means the <b>16 March 2011</b> .
<b>Business Day</b>	Means a day (other than a Saturday or a Sunday) on which commercial banks, foreign exchange markets and Clearing Agents are open and settle payments in Luxembourg and on which the Underlying Asset is calculated by the relevant Index Provider.
<b>Transaction Day</b>	<p>Means a Sweden Banking Day on which subscriptions for, conversions from and redemptions of Shares can be made in order to be dealt with by the Registrar and Transfer Agent, as described under "Share Dealing" and "Conversion of Shares" in the main part of the Prospectus.</p> <p>The applicable dead-line to consider applications received the same day is 5.00 p.m.</p> <p>Any applications received by the Registrar and Transfer Agent after such deadline on a Transaction Day will be deferred to the next Transaction Day and processed on the basis of the Net Asset Value per Share calculated on the Valuation Day that corresponds to such next Transaction Day.</p>
<b>Investment Manager</b>	SEB Investment Management A.B.

#### Description of the Shares

<b>Classes:</b>	"IC" = Institutional Capitalization Shares.
<b>Form of Shares:</b>	Registered Shares or Bearer Shares represented by a Global Share Certificate.
<b>ISIN Code</b>	<b>LU0561879361</b>
<b>Reference Currency</b>	SEK.
<b>FDI Counterparty or Swap Counterparty</b>	Skandinaviska Enskilda Banken AB (publ), whose credit rating is A1 (Moody's) and A+ (Standard and Poor's) as of the date of this Prospectus.
<b>Minimum Initial Subscription Amount</b>	SEK 5,000,000.
<b>Minimum Subsequent Subscription Amount</b>	SEK 5,000,000.
<b>Management Company Fee</b>	Up to 0.50% annually.

<b>Upfront Subscription Sales Charge during/after the Offering Period:</b>	The higher of (i) SEK 30,000 per subscription request; and (ii) 0.03% of the Net Asset Value per Share on which the subscription is based, multiplied by the number of shares subscribed.
<b>Redemption Charge</b>	The higher of (i) SEK 30,000 per redemption request; and (ii) 0.03% of the Net Asset Value per Share on which the redemption is based, multiplied by the number of shares redeemed.
<b>Conversion Charge</b>	Shareholders are entitled to convert their Shares. A Conversion Charge of an amount equal to the higher of (i) SEK 30,000 per conversion request; and (ii) 0.03% of the Net Asset Value per Share on which the conversion is based, multiplied by the number of Shares converted.

### **General Description of the Index**

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. The details below only reflect an extract of information from public sources. The index provider is NASDAQ OMX (the "**Index Provider**"). In case of any discrepancy between the description presented below and the Index Provider's description, the description of the Index Provider prevails. Information on the Index appears on the website identified below in "Further Information". Such information may change from time to time and details of the changes will appear on that website.

#### *General Information on the Index*

The Index used as Underlying Asset for SpotR™ 1 - SpotR™ Bear OMXS30 UCITS ETF is the OMX Stockholm 30 Gross Index. The Index serves as an indicator of the overall trend on the NASDAQ OMX Stockholm AB exchange, and is widely used as underlying in financial products such as exchange traded funds, options, futures and mutual funds. The index was developed with a base level of 125 as of 30 September 1986.

#### *Criteria and selection*

The Index comprises 30 shares, Swedish depository receipts and similar securities which have the largest volume of trading, calculated in Swedish Krona (SEK) on the NASDAQ OMX Stockholm AB exchange. The Constituents for the Index is exclusively weighted according to market capitalisation, meaning that the impact of a component's price change is proportional to the issue's overall market value.

The Index is reviewed semi-annually with any change effective on the first trading day in January and July. The control period for the Constituents that are included for a given half of the calendar year is the six-month period beginning seven months prior to the beginning of the calendar half-year. If, during the control period, an index share is not among the 45 most traded stocks on the exchange, the index share is replaced by the non-index share which has the highest traded volume during the control period. If a share is listed on the NASDAQ OMX Stockholm AB exchange, but is not an index share, and is among the 15 most traded stocks on the Exchange during the control period, then the share will replace the index share that has the lowest traded volume. The Index rebalancing has no impact on the costs associated with the execution of the investment strategy of the Sub-Fund under normal market conditions.

In order to strengthen the correlation between the Index and the true performance of the market, all dividends are reinvested in the Index. Reinvestment is carried out in all Constituents in proportion to their respective weights.

*Further information*

For more information investors are referred to the Index Provider's website. Readers should take notice that the composition of the Index may change over time, and that information concerning any such changes will be posted by the Index Provider online. For more information readers are referred to [www.nasdaqomx.com](http://www.nasdaqomx.com)

Information on the Index is also available via Bloomberg (Bloomberg code OMXS30GI Index) and Reuters (Reuters code OMXS30GI).

## **IMPORTANT**

### *Licensor and license agreement*

The OMX Stockholm 30 Gross Index is a registered trademark of NASDAQ OMX (the "**Licensor**") and is thus protected against unauthorised use. The Licensor grants licenses for use of the Index as a benchmark for capital market products. Skandinaviska Enskilda Banken AB (publ.) ("**License Holder**") has concluded a license agreement with the Licensor which grants the License Holder the right to use the index underlying the Investment Fund.

### *Disclaimer of liability by the licensor*

The products are neither sponsored, endorsed, sold or promoted by the Licensor or any business connected with it. The licensors have neither decided on the legality or suitability of the products nor on the accuracy or appropriateness of the descriptions and information about the products. The licensors give no explicit or implicit warranty nor guarantee to the owners of the products or to members of the public as to whether it is advisable to invest in securities in general or in these products in particular or whether the Index is capable of replicating the performance of the general stock market.

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