



## FUND STATUTES

*Fund Statutes is intended for investors and is not marketing material. The information is required by law to help you understand what an investment in the fund involves and which risks that are associated with it. We recommend you to read the fund statutes so that you may make a well-founded investment decision.*

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### Nordkinn Fixed Income Macro Fund (EUR) C

Nordkinn Asset Management AB

ISIN: SE0005218914

Corporate ID number: 556895-3375

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#### § 1 The Fund's name and legal status

The Alternative Investment Fund's name is Nordkinn Fixed Income Macro Fund (EUR C) below the Fund. The Fund is a special fund under the Swedish law (2013:561) for alternative investment funds ("LAIF" – Lagen om Alternativa Investeringsfonder).

The Fund's assets are owned by the Fund's unit-holders collectively. Each unit represents an equal right to the assets of the Fund. The Fund may not acquire rights nor assume obligations. The AIF-manager listed in § 2 represents the unit-holders in all matters relating to the Fund, decides on the assets included in the Fund and exercises the rights deriving from the assets. The Fund is aimed towards the general public and is in particular suitable for institutional investors and high net worth individuals.

The fund business is carried out according to these fund statutes, the Articles of Association of the AIF-manager, LAIF as well as other applicable laws and regulations.

#### § 2 AIF- Manager

The Fund is managed by Nordkinn Asset Management AB, company registration number 556895-3375, below the AIF-manager.

#### § 3 Custodian

The Custodian of the Fund's assets is Skandinaviska Enskilda Banken AB (publ), company registration number 502032-9081, below the Custodian.

The Custodian is responsible for overseeing the Fund's cash flows. The Custodian shall in particular ensure that all payments from the unit-holders has been received and that all the cash in the Fund has been recorded on the accounts opened in the Fund's name, or the trustee or custodian accounts held in the name of the Fund. The Custodian shall also receive and keep the Fund's assets in custody. The Custodian shall execute the instructions made by the AIF-manager regarding the Fund unless those instructions are in conflict to law, these fund statutes, articles of association or equivalent regulation, and ensure that:

- sale, issue, repurchase, redemption and cancellation of units or shares of the Fund are carried out according to law, these fund statutes, articles of association or equivalent regulation
- the value of the Fund's units is calculated in accordance with law, these fund statutes, articles of association or equivalent regulation
- compensations related to transactions involving the Fund's assets are paid into the Fund without delay, and
- the Fund's generated income is used in accordance with the law, these Fund statutes or articles of association or equivalent regulation.

#### § 4 Characteristics of the Fund

The Fund is a so-called special *feeder fund* traded in Euro (EUR), which invest the Fund's assets in the special *master fund* Nordkinn Fixed Income Macro Master Fund (hereinafter "Master Fund", which in turn is also managed by the AIF-manager. The Master Fund is an absolute return fund with the goal of creating and preserving value for its unit-holders and thus show stable and risk-adjusted returns regardless of direction of the equity, fixed income, currency and commodity markets.

Through local expertise, specialization and presence, the focus in the management of the Master Fund is in the Nordic capital markets, but the Master Fund also acts in other OECD markets. In the management of the Master Fund, emphasis is put on fixed income markets, but the Master Fund has also the ability to diversify risks across equity, currency and commodity markets. At least 50 percent of the Master Fund's assets shall at all times be invested in fixed income related financial instruments.

In order to achieve its absolute return objective, the Master Fund has less investment restrictions than those of mutual funds, such as the ability to a larger magnitude to make use of derivatives, leverage and short selling. This enables the Master Fund to exploit desirable risks, to neutralize undesirable risks, combining directional and non-directional positions to more effectively manage the Master Fund's overall risk exposures

Information sharing, communication and transparency towards the unit-holders of the Fund is central in the management of the Fund.

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

### **§ 5.1 General**

The Fund shall be managed in accordance with Chapter 5, Act (2004:46) on mutual funds ("LVF").

The Fund shall, except for investments in cash needed for the management of the Fund and investments in derivative instruments referred to in Chapter 5, 1 § third section and 12 § LVF to hedge the value of the assets in the fund, as a general rule be fully invested in the Master Fund. The Fund may invest in derivative instruments for efficient management and underlying assets of derivative instruments shall consist of exchange rates and foreign currencies.

Details on the Master Fund are stated in its Fact Sheet and Offering Memorandum.

### **§ 5.2 The Fund's deviations from those of mutual funds**

Compared with investments in mutual funds, investments in the Fund differ from the following investment restrictions in LVF

- The Fund may, in deviation from Chapter 5, 16 § and 19 § first section 4 LVF, invest equal to 100 percent of its assets in the Master Fund.

### **§ 5.3 Level of risk and risk measures**

The Fund will, except for investments in cash equivalents and derivative financial instruments to hedge the value of the assets in the Fund be fully invested in the Master Fund and risk level of the Fund will follow the level of the Master Fund.

The AIF-manager strives for the Master Fund's average level of risk, as measured by annualized standard deviation over a rolling twenty-four month period, to be 4 to 8 percent. It should be noted that the actual risk level may exceed or fall below at unusual market conditions or extraordinary events.

### **§ 5.4 Value at Risk model**

The Fund's aggregate exposure is calculated using an absolute Value at Risk-model (VaR) with a parametric calculation method. The risk in the Fund may not exceed 20 percent. The calculation uses a time horizon of one month (20 Banking Days), and a confidence interval of 99 percent. This can be expressed as the Fund's monthly results 1 month out of 100 is expected to result in a loss of 20 percent or more. Should VaR exceed 20 percent, the AIF-manager must as soon as possible ensure that VaR is reduced back to below 20 percent.

## **§ 6 Markets**

The Fund's investments in derivative instruments to hedge the value of the assets of the Fund shall be traded on a regulated market, in accordance with Chapter 5, 3 § LVF, or traded directly with a counterparty pursuant to Chapter 5, 12 § second section LVF. The Fund's assets shall otherwise be fully invested in the Master Fund.

## **§ 7 Special Investment Policy**

### **§ 7.1 In general**

The Fund is a special feeder fund and has such an investment policy as referred to in Chapter 12, 14 § LAIF. The Fund shall not include any such transferable securities and money market instruments referred to in Chapter 5, 5 § LVF.

### **§ 7.2 Derivatives**

The Fund can invest in derivatives (including OTC-derivatives) in order to protect the assets of the Fund.

## § 8 Valuation

### § 8.1 Valuation of the Fund's assets

The Fund's value is calculated from the Fund's assets by subtracting the liabilities of the Fund.

The Fund's assets comprise of:

- Financial instruments.
- Cash instruments.
- Accrued interest.
- Accrued dividends.
- Unsettled sales
- Other assets and accruals relating to the Fund.

The Fund's liabilities consist of:

- Compensation to the AIF-manager
- Remuneration of the Custodian.
- Unsettled purchases.
- Tax liabilities.
- Other liabilities related to the Fund.

The Fund's assets are valued at current market value.

The value on the Master Fund units will be based on the most recent valuation of the Master Fund.

The market value of listed investments is determined based on the closing price of holding on the balance sheet date. If the balance sheet date is not a trading day, the corresponding will be the last trading day prior to the closing date.

For OTC derivatives under Chapter 5. 12 §, second section LVF the market value means last traded price or, failing that, use the latest bid price. If such prices do not exist, the market value may be determined on an objective basis, for example through the use of any of the following methods in the order listed below:

- *Issue price*

Valuation is obtained from the issuer. In parallel gathered price from Bloomberg. A comparison will be made between the issuer price and the price from Bloomberg. If pricing differs more than two percent a theoretical valuation from an established valuation method will be used, such as e.g. Black & Scholes. The valuation from e.g. Black & Scholes is then replacing the issuer price.

- *Market price from an active market for another financial instrument that is substantially similar.*

- *Black & Scholes*

If the market price can not be determined by any of the above alternatives, or if the valuation is obviously misleading, a theoretical valuation method established in the market, such as the Black & Scholes may be used to determine the market..

### § 8.2 Valuation of units

The value of a unit is the Fund's valuation divided by the number of outstanding units. In calculating the Net Asset Value, rounding of two decimal places occur (rounding upwards if the third decimal place is five or greater, otherwise downwards). The value of a unit is calculated the last Banking Day of each month ("**Trading Day**"). In this regard, the Fund has granted exemption from Chapter 4, § 10, fifth section LVF.

"Banking Day" means a day in Sweden that is not a Sunday or public holiday or the equivalent of a public holiday (such equivalent days is currently Saturdays, Midsummer Eve, Christmas Eve and New Year's Eve).

The AIF-manager has pursuant to § 10, the possibility to temporarily postpone the calculation and publication of the net asset value.

## § 9 Subscription and redemption of units

### § 9.1 Subscription and redemption

Subscription (unit-holder subscribing) and redemption (unit-holder redeeming) may occur every Trading Day (please refer to § 8 above for the definition of Trading Day). The Fund units are subscribed in Euro.

A unit-holder must notify the AIF-manager, or a company assigned by the AIF-manager, that a subscription shall occur and in what amount. Applications for subscription shall be made on a special form provided by the AIF-manager. The unit-holder is responsible for that the subscription document is duly detailed and signed, that the correct bank account number has been provided, that any other documents required by the AIF-manager has been submitted to the AIF-manager (or to a company assigned by the AIF-manager), and that Funds have been transferred to the Fund's bank account. Minimum initial investment in the Fund are as a rule 100.000 Euro thereafter as a general rule at least 10.000 Euro.

Redemption requests shall be made on a special form provided by the AIF-manager. The unit-holder is responsible for that the redemption document is duly detailed and signed, that the correct bank account number has been provided, and that any other documents required by the AIF-manager has been submitted to the AIF-manager (or to a company assigned by the AIF-manager).

Submissions of subscriptions and redemptions may not be limited nor revoked unless the AIF-manager would allow such.

For redemptions, repayment of funds from the AIF-manager to the unit-holder will occur as soon as possible, but no later than ten Banking Days after the Trading Day. If funding of the redemption proceeds requires the AIF-manager to sell financial instruments held by the Fund, such selling shall occur as soon as possible. Should such selling significantly harm the interests of the other unit-holders, the AIF-manager may after notification to the Swedish FSA postpone such sale as further stated in §10. The AIF-manager has according to details stated in § 10 in addition the possibility to temporarily suspend the Trading day for redemptions.

#### **§ 9.2 Notice for subscription and redemption**

Subscription notice shall be submitted to the AIF-manager four Banking Days prior to the Trading Day, no later than 3pm (15.00). Payment for the shares shall be available on the Fund's bank account no later than four Banking Days prior to the Trading Day. Should a subscription notice arrive after the defined cut-off time, or if payment is not available on the Fund's accounts within the stipulated time, the AIF-manager will execute such subscription notice at the subsequent Trading Day.

Redemption notice shall be submitted to the AIF-manager four Banking Days prior to the Trading Day, no later than 3pm (15.00). Should a redemption notice arrive after the defined cut-off time, the AIF-manager will execute redemption notice at the subsequent Trading Day.

#### **§ 9.3 The subscription and redemption price**

Subscriptions and redemptions are based on the NAV (net asset value) of the Fund at the Trading Day. The NAV at the Trading Day is not known when the request for subscription and redemptions are provided to the AIF-manager.

The AIF-manager has according to § 10 the possibility to temporarily suspend the calculation of the subscription and redemption price.

#### **§ 9.4 Miscellaneous**

The NAV is published at the AIF-manager's website, but can also be published through other media.

#### **§ 10 Extraordinary circumstances**

In the event of extraordinary circumstances that would result in an inability to sufficiently evaluate the Fund's assets and thereby not securing the unit-holders interests, for example as a result of the subscription or redemption of units in the Master Fund is subject to postponement or due to a market or several markets in which the Fund trades are fully or partially closed, the AIF-manager may, upon notification to the FSA, postpone the date of the calculation and publication of the NAV (§ 8), defer the Trading Day as well as the calculation of the subscription price or redemption price (§ 9), until trading has resumed.

#### **§ 11 Fees and costs**

### **§ 11.1 Fees for subscription and redemption**

For subscriptions of fund units the AIF-manager has the right to charge a fee of up to 5.00 per cent. The AIF-manager is not entitled to charge any fees for redemptions. The fee for subscription of units will be kept by the AIF-manager. Current fee for subscriptions is stated in the Offering Memorandum.

### **§ 11.2 Management fee (fixed fee)**

Management fee is 1.00 percent of the Fund's value per year. The management fee is payable monthly in arrears at 1/12 percent per month, calculated from the value of the Fund on the Trading Day (before executions of subscriptions and redemptions). The fee covers the management of the Fund and the costs of storage, supervision and audit.

### **§ 11.3 Performance fee**

In addition to the management fee a performance fee is charged from the fund to the AIF-Manager.

The performance fee amounts to 20 percent of the portion of the return that exceeds the so-called Hurdle Value.

The Hurdle Value is the highest Net Asset Value at which a performance fee last was charged by the fund, the so-called "High Water Mark", adjusted with the return of the so-called Hurdle Rate (see below) during the same period. In cases where the return of the Hurdle Rate during such a period is negative, the Hurdle Value is not adjusted. Instead the High Water Mark is used as the Hurdle Value.

If the Fund has not been entitled to charge any performance fee, the Net Asset Value at inception of the fund is used as High Water Mark.

The High Water Mark principle imply that in case the fund, over a period, is reaching a return below the previous Hurdle Value and then achieve a return that exceeds that previous Hurdle Value, there should be no performance fee payable until the previous period's underperformance relative to that Hurdle Value has been recovered.

As Hurdle Rate the fund applies the three-month German Bubills (Bubill 3M). Interest on German Bubills is defined as the average of closing prices of three month treasury bills, published on Bloomberg (Bloomberg ticker: GETB1Index), the three last Banking Day of the current month.

The performance fee is calculated monthly on the Trading Day after the deduction of management fee and before subscriptions and redemptions are executed, and paid monthly in arrears. The model that applies regarding performance fee is collective. In the event that a Unitholder redeems its units when the Unitholder has an accumulated negative performance, the Unitholder will not be refunded with any previously paid performance fee.

The number of units and the size of the fee is rounded down to two decimal places.

### **§ 11.4 Other Fees**

The Fund will not be charged any fees for the management of Master Fund. Details are provided in the Fund's factsheet and Offering Memorandum.

Any transaction costs, such as taxes, delivery and other costs arising from the Fund's assets and the purchase and sale thereof, shall be borne by the Fund. In addition, the Fund is charged the transaction costs in the Master Fund, such as brokerage fees, taxes, shipping and other costs in connection with the Master Fund's assets and the purchase and sale thereof.

### **§ 12 Dividends**

The Fund will, in general, not pay out any dividends. The AIF-manager may however decide on a dividend to the unit-holders, if it, according to the AIF-manager's assessment, is necessary in the common interest of the unit-holders. Dividends are then paid to the extent and on the day considered appropriate. For such dividends, the AIF-manager will, after any deductions for withholding tax, purchase new units on the unit-holder's behalf, based on the registered unit-holders of the Fund on the day in question. At the request of a unit-holder, the dividend - after any taxes - shall instead be paid in cash to the unit-holder. Such request shall be made to the AIF-manager by the date decided by the AIF-manager.

### **§ 13 The Fund's fiscal year**

The Fund's fiscal year is calendar year.

### **§ 14 Semi-annual and annual reports, and amendments to the fund statutes**

The AIF-manager shall submit a semi-annual report for the fiscal first six months, within two months of the half-year-end and an annual report for the Fund within four months of the fiscal year. The reports will be sent free of charge to the unit-holders who so request and will be available at the AIF-manager and the Custodian. Changes in the fund statutes may only occur following the formal decision of the AIF-manager's Board of Directors and is always subject to the pre-approval by the FSA. Such changes shall be made publicly available at the AIF-manager as well as at the Custodian, and in addition published in other formats as may be instructed by the FSA.

### **§ 15 Pledging and transfer of units**

Pledge units shall be notified in writing to the AIF-manager. The notification shall specify:

- Who the unit-holders and the pledgee is,
- Which units are covered by the pledge, and
- Any restrictions on the scope of the pledge.

Unit-holders will be notified in writing that the AIF-manager has made duly note of the pledge in the register of unit-holders. The pledge ends when the pledgee by written notice to the AIF-manager informs that the pledge shall cease and when the AIF-manager has removed the note of the pledge in the register of unit-holders.

Transfer of fund units requires that the AIF-manager approval of the transfer. Requests for transfer of units shall be made in writing to the AIF-manager. Registration of transfers of fund unit shall be signed by the unit-holder and shall state:

- Who the unit-holder is and to whom the units will be transferred,
- the unit-holder's individual registration number / corporate registration number
- Address,
- Phone number,
- VP account or custodian bank and account number;
- Bank account, and
- The purpose of the transfer.

### **§ 16 Limited liability**

The AIF-manager is not liable, nor the Custodian, for any damages resulting from Swedish or foreign enactment, Swedish or foreign government action, acts of war, strikes, blockades, boycotts, lockouts or other similar circumstances. The reservation in respect of strikes, blockades, boycotts and lockouts shall also apply if the AIF-manager or the Custodian is subject to or take such action. Losses incurred in other cases shall not be reimbursed by the AIF-manager nor the Custodian, if they have acted within normal diligence. The AIF-manager and the Custodian shall under no circumstances be liable for indirect damage, unless the collateral damage has been caused by the AIF-manager's or the Custodian's gross negligence. Nor shall the AIF-manager or the Custodian be liable for any damage caused by unit-holder or any other party violating law, ordinance, regulation or these Fund statutes. Unit-holders are hereby made aware that they are responsible for that the information and documentation that they provide to the AIF-manager is correct and duly signed and that they immediately must inform the AIF-manager of any changes regarding the information provided.

The AIF-manager and the Custodian shall not be liable for any damage caused by - Swedish or foreign - regulated market or other markets, custodian, central securities depository, clearing organization, or others providing similar services, nor of principal (outsourced function to third party) by the AIF-manager or the Custodian. The same applies to damage caused by the above organizations or contractors becoming insolvent. The AIF-manager and the Custodian shall not be liable for any damages incurred by the Fund, unit-holders of the Fund or others, as a result of the disposal restriction that may be imposed on the AIF-manager or Custodian regarding financial instruments.

Should the AIF-manager or the Custodian be hindered to fully or partially enforce action due to circumstances stated above, the action may be postponed until the obstacle is removed. If the AIF-manager or the Custodian as a result of such a circumstance is prevented from executing or receiving payment, the AIF-manager or the Custodian shall not be liable to pay penalty interest to the unit-holder.

Similar exemption from the obligation to pay interest exist also if the AIF-manager under § 10 temporarily postpone the date of valuation, subscription and redemption of units.

The unit-holder may in certain cases be entitled compensation rights, despite what is defined above, as defined under Chapter 8, §§ 28-31 and Chapter 9, § 22 LAIF.

#### § 17 Allowed investors

The Fund is aimed at the general public and units of the Fund may be subscribed by Swedish and foreign investors. The fact that the Fund is aimed at the general public does not mean that it is intended for those investors whose subscription of units in the Fund would be in conflict with the provisions of the Swedish or foreign law or regulation. Neither is the Fund aimed to such investors whose subscription or holding of units in the Fund involves the Fund or AIF-manager becoming obliged / required to take registration or other action by the Fund or the AIF-manager that they would not otherwise be obliged / required to take. The AIF-manager is entitled to refuse to subscribe to such investors referred to above in this paragraph. Unit-holders are also liable to notify the AIF-manager of any change of national citizenship.

The AIF-manager may redeem a unit-holder's units in the Fund – despite the unit-holder's dispute - if it should prove that the particular unit-holders has subscribed into the Fund in contravention of the provisions of the Swedish or foreign legislation or regulation, or the AIF-manager due to a unit-holder's subscription or holdings in the Fund will be required to take registration or other action to the Fund or the AIF-manager in which the Fund or the AIF-manager would not be obliged / required to take if the unit- holder would hold units in the Fund.

These fund statutes were set by the AIF-manager's Board of Directors on November 18<sup>th</sup> 2016

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