



## 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 what risks that are involved when investing in the Fund. We recommend reading the Fund statutes to ensure a well-founded investment decision.*

---

### Nordkinn Fixed Income Macro Master Fund

Nordkinn Asset Management AB

ISIN: SE0005218880

Corporate ID number: 556895-3375

---

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

The Alternative Investment Fund's name is Nordkinn Fixed Income Macro Master Fund, hereinafter 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 a so-called master fund (*Sw. specialmottagarfond*) and is only open for subscriptions by the following special feeder funds:

- Nordkinn Fixed Income Macro Fund (SEK) A
- Nordkinn Fixed Income Macro Fund (NOK) B
- Nordkinn Fixed Income Macro Fund (EUR) C
- Nordkinn Fixed Income Macro Fund (SEK) D
- Nordkinn Fixed Income Macro Fund (NOK) E
- Nordkinn Fixed Income Macro Fund (EUR) F
- Nordkinn Fixed Income Macro Fund (USD) G
- Nordkinn Fixed Income Macro Fund (GBP) H

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, corporate id number 556895-3375, below the AIF-manager.

#### § 3 Custodian

The Custodian of the Fund's assets is Skandinaviska Enskilda Banken AB (publ), corporate id 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 shall 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 an absolute return fund with the goal of creating and preserving value for its unit-holders and thus exhibit stable risk-adjusted returns regardless of the underlying direction of the equity, fixed income, currency and commodity markets.

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

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

## **§ 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 may invest in the asset classes; transferable securities, money market instruments, derivative instruments, mutual funds as well as deposits at credit institutions. The Fund may also hold cash related instruments needed for the Fund's cash management.

The Fund invests in financial instruments with an emphasis on the Nordic capital markets as well as across other OECD markets. At least 50 percent of the Fund's value shall at every occasion be invested in fixed income related financial instruments. The investment focus is otherwise not limited to any particular industry or financial instruments issued by a particular issuer, or the alike. The allocation between asset classes varies over time.

The Fund's assets shall be invested in accordance with LVF and in accordance with these fund statutes. The Fund shall at all times apply the principle of proper risk diversification.

### **§5.2 The Fund's deviations from what is applicable for mutual funds**

#### ***Transferable securities and money market instruments***

The Fund may invest in transferable securities and money market instruments. The Fund's investments in transferable securities and money market instruments deviates from following investment restrictions in LVF.

- The Fund may, in deviation from Chapter 5. 6 § second section 1, and the third section in LVF place the entire fund value, including the value of any leverage in the Fund, in transferable securities and money market instruments of a single issuer if they are issued or guaranteed by a government, a municipality or a government or municipal authority in an EEA country or by an intergovernmental organization of which one or more states within the EEA are members.
- The Fund may, in deviation from Chapter 5. 6 § second section 2, and the third section in LVF and Chapter 5.19 § first section 2 and 3 in LVF, place the entire fund value, including the value of any leverage in the Fund in transferable securities and money market instruments from two issuers if they consist of debt securities issued under the Act (2003: 1223) of covered bonds or corresponding foreign debt. For investments in bonds and other debt securities, holdings may not be more than 40 percent of the instruments issued by a single issuer and the money market instruments not more than 25 percent of the instruments issued by any single issuer. The investment limitations for bonds, other debt instruments and money market instruments will not apply if the instruments are issued or guaranteed by a government, a municipality or a state or municipal authority in an EEA country or by an intergovernmental organization of which one or more states within the EEA are members.

#### ***Derivatives***

The Fund may invest in derivatives as part of its investment strategy. Underlying assets to derivative instruments shall consist of or relate to any of the asset classes listed in Chapter 5. § 12, first section LVF. For investments in derivatives, the Fund deviates from the following restrictions in LVF:

- The Fund may, in deviation from Chapter 5. § 14 in LVF, have exposure to a single counterparty, which is a credit institute, on transactions with derivative instruments amounting to 20 percent of the Fund value.

#### ***Other investment constraints***

The Fund may, in deviation from Chapter 5. 22 § in the LVF, expose up to 50% of its value against a single company or to companies in the same company group. For investments in transferable securities and money market instruments pursuant to Chapter 5. 6 §, second section 1 and 2 in LVF, the Fund may expose the entire fund value, including the value of any leverage in the Fund, in one company or companies in the same company group.

### **Securities lending**

Securities loans may be included up to a maximum of 50% of Fund assets and given to a maximum of 50% of Fund assets. When calculating the limit on securities lending, securities received as collateral shall be disregarded. The Fund has been granted exemption from Chapter 25. 21 §, third section of the Financial Supervisory Authority (FFFS 2013:9) of Mutual Funds.

### **Short selling**

The Fund may sell securities that it holds but does not own at the time of transaction (real short selling). The fund may also sell securities that it does not possess at the time (illegitimate short selling). The Fund has been granted exemption from Chapter 5. 23 §, first section 3 in LVF.

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

The AIF-manager strives for the Fund's average level of risk utilization, 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 be exceeded or sub-seeded in unusual market conditions or extraordinary events.

### **§ 5.4 Value at Risk-model**

The Fund's overall 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 may invest in any regulated market or trading platform within the EEA or in an equivalent market or trading platform outside the EEA. Trading may also be conducted in another market within or outside the EEA that are regulated and open for the public.

### **§ 7 Special investment policy**

#### **§ 7.1 Transferable securities and money market instruments under Chapter 5. 5 § LVF**

The Fund may invest in such securities and money market instruments referred to in Chapter 5. 5 § in LVF.

#### **§ 7.2 Derivatives**

The Fund may, as further described in § 5 above, invest in derivative instruments (including OTC derivatives in accordance with Chapter 5. 12 § second section in LVF) as part of its investment policy. The Fund may also, in accordance with Chapter 12. § 13 second section LAIF, invest the Fund's assets in derivatives where the underlying asset is comprised of or relating to commodities conditional that such derivative instruments are traded on a financial market and does not entail an obligation to deliver or receive the underlying asset.

#### **§ 7.3 Investment techniques and other instruments**

The Fund may create leverage in the Fund, as further described in § 5 above, and make use of such techniques and instruments referred to in Chapter 25. 21 § of the Swedish Financial Supervisory Authority Directive (2013:09) for investment Funds.

### **§ 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:

- 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.

Market value of listed instruments shall be determined based on the closing price of holding on the balance sheet date. If the closing date is not a trading day, the corresponding of the last trading day prior to the closing date shall be applicable.

Unlisted securities that are actively traded on an established market which the AIF-manager deems reliable, shall be valued in the same way as listed securities. What should be considered is partly the marketplace the holding is traded upon, and partly how the trading activity is for the particular holding.

An unlisted holding that is not considered to be traded in an active market can be valued by using a valuation technique. Valuation techniques include the use of recent transactions between independent knowledgeable parties in the market and who have an interest in closure of the transaction, and are motivated by normal business considerations. It should, primarily, be done by deriving a market value by building on similar transactions that took place under similar market conditions recently. Generally, listed and unlisted holdings shall be valued by the AIF-manager according to objectivity. This can be done by obtaining market prices from non-approved regulated markets or so-called *market maker* or to equate the holding with another security or index by adjusting for differences. If the valuation technique cannot be applied or is obviously misleading, the AIF-manager shall use a valuation method established in the market. For Fund investments, the valuation shall be based on the most recently adopted NAV of the Fund investment.

For OTC derivatives under Chapter 5, § 12, second section LVF, the valuation shall be based on last traded price or, if not available, last bid price. If such prices are lacking, the market value will be determined on an objective basis, for example through the use of generally accepted valuation methods:

Transferable securities pursuant to Chapter 5, § 5 LVF which are traded in an active market shall be valued in accordance to other listed holdings. Transferable securities pursuant to Chapter 5, § 5 LVF that are not traded in an active market are valued by obtaining information about recent transactions between independent knowledgeable parties in the market. This can be done by obtaining market prices from unapproved regulated market / trading or so-called *market maker*. Market valuation shall be made on an objective basis.

Money market instruments included in Chapter 5, § 5 LVF that are traded in an active market are valued at the closing price paid. If there is no such price available, the mean of today's latest bid and ask price shall be used. For money market instruments pursuant to Chapter 5, § 5 LVF that are not traded on an active market, the fair value is based on the available quoted price from recent bid and ask prices. If reliable price quote is missing, the market value of the instrument is determined by referring to corresponding quotations of instruments with similar maturities, adjusted for differences in credit risk, liquidity, etc.

## **§ 8.2 Valuation of units**

The value of a unit is the Fund's assets 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 The subscription and redemption of units**

### **§ 9.1 The 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). Only the feeder Funds listed in § 1 may subscribe to the Fund.

A unit-holder must notify the AIF-manager, or a company assigned by the AIF-manager, that a subscription or redemption shall occur and in what amount.

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

For redemptions, repayment of proceeds shall occur as soon as the Fund has received underlying holdings, 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 two Banking Days prior to the Trading Day, no later than 3pm (15.00) on normal (full) Banking Days, or noon (12.00) on half Banking Days. Payment for the shares shall be available on the Fund's bank account no later than two 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 two Banking Days prior to the Trading Day, no later than 3pm (15.00) on normal (full) Banking Days, or noon (12.00) half Banking Days. 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 (according to § 8). 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 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**

The AIF-manager does not charge any fees for subscription or redemption into the Fund

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

The AIF-manager does not charge any management fee for the Fund.

### **§ 11.3 Other Fees**

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.

#### **§ 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 a calendar year.

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

The AIF-manager must 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**

It is not allowed to pledge or transfer units in the Fund.

#### **§ 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.

These Fund statutes were set by the AIF-manager's Board of Directors on December 19<sup>th</sup> 2014.