



## FUND STATUTES – NORDKINN FIXED INCOME MACRO FUND (SEK) I

### § 1 The Funds name and legal status

The alternative investment fund's name is Nordkinn Fixed Income Macro Fund (SEK) I hereafter the Fund. The Fund is a special Fund under the Act (2013: 561) on Alternative Investment Funds ("LAIF").

Fund assets are jointly owned by mutual fund owners. Each Fund unit entails equal rights to the assets that is included in the Fund. The Fund can not acquire rights or commit obligations. The trustee referred to in Section 2 represents the Fund Owners in all matters relating to the Fund, decides on the assets that is included in the Fund and exercises the rights deriving from the assets. The Fund is aimed at the public and is particularly suitable for institutional investors and wealthy individuals.

The operations are conducted in accordance with these Fund rules, the Articles of Association of the Managing Director, the LAIF and other applicable statutes.

### § 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 Swedish kronor (SEK), 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 funds 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 be fully invested in the Master Fund.

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

### **§ 5.2 The Funds 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 be fully invested in the Master Fund and risk level of the Fund will therefore follow the risk 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 assets shall only be invested in the Master Fund.

## **§ 7 Special Investment Policy**

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

## **§ 8 Valuation**

### **§ 8.1 Valuation of the Funds 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 of the Fund units is based on the most recent valuation of the Master Fund.

### **§ 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 Swedish kroner.

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 1.000.000 Swedish kroner thereafter as a general rule at least 100.000 Swedish kroner.

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 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 equal rights, 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 Swedish 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-based fee is paid from the fund to the AIF-manager.

The performance-based fee amounts to 20 percent of the portion of total return that exceeded the so-called threshold.

The threshold value is the value at which the performance-based fee last charged to the fund, so-called "high water mark", adjusted for the return on the so-called threshold rate (see below) during the same period. High water mark is adjusted to reflect any dividends the fund left during the period. In cases where the return on the threshold rate during such a period is negative, the threshold is not adjusted, instead, high water mark is used as the threshold.

If the fund has no performance-based fee, the fund's starting value is used as a high water mark.

The high water mark principle means that if the fund over a period reaches a total return below the previous threshold and then achieving a total return that exceeds the threshold, no performance-based fee will be paid until earlier period's under-return relative to the threshold has been recovered.

As a threshold rate, the fund applies the interest rate on three-month Treasury bills (SSVX 3M). The interest rate on Swedish Treasury bills is defined as the average of Riskbank's fixing of three-month Treasury bills, published on the Riksbank's website, the last three banking days of the current month.

The performance-based fee is calculated monthly on the Trade Day after deduction of the management fee, before any dividends are paid out, and subscriptions and redemption are executed and paid monthly in arrears. The model applied by the Fund for performance-based fees is collective.

In the event that a shareholder redeems its fund units when the shareholder has an accumulated under return, no previously paid performance-based fee will be refunded. The number of shares and the amount of the fee is rounded down to two decimal places.

### **§ 11.4 Other Fees**

The Fund will not be charged any fees with reference to the 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 generally returns dividends. The AIF-manager's Board of Directors annually decides on dividends to unit holders. The basis for dividend consists of a return on the fund's funds or other distributable amount. The dividend can both exceed and fall below the fund's return. Dividend is due no later than June, and will be paid to unit

holders who are registered for fund share on the dividend date. The AIF-manager shall, where applicable, deduct the tax which shall be held by the shareholders for the dividend by law. The dividend shall - after tax deduction - be paid to an account belonging to the unit owner.

### **§ 13 The Funds 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 public and participations in the fund may be subscribed by Swedish and foreign investors. The fact that the fund is aimed at the public does not mean that it is aimed at such investors whose subscription of participation in the fund or participation in the fund is contrary to provisions in Swedish or foreign law or regulation. Nor does the fund target investors whose subscription or holding of shares in the fund entails that the fund or trustee becomes guilty / obliged to take a registration or other measure that the fund or the trustee otherwise would not be required / obliged to take. The trustee has the right to refuse subscription to such investors as referred to in this paragraph. Shareholders are also obliged to, if appropriate, notify the trustee of any changes in national residence.

The AIF-manager may redeem unit-holders' shares in the fund - against the proprietor's objection - if it appears that unit-holders subscribed for a share in the fund in contravention of provisions in Swedish or foreign law or regulation or that the AIF-manager, due to the subscriber's subscription or holding in the fund, becomes obliged to take a registration or other measure for the fund or the AIF-manager that the fund or the trustee would not owe / owe to take if the unit owner would not hold shares in the fund.

The fund rules were established by the AIF-manager's board on 07.07.2017.