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Pensum Nordic Banking Sector Fund

Fund rules

valid from 6 February 2024

§ 1 The fund's name and legal status

The name of the fund is Pensum Nordic Banking Sector Fund (the "fund"). The fund is a special fund in accordance with the Alternative Investment Fund Managers Act (Swedish Code of Statutes 2013:561) ("LAIF").

The fund is available to the general public subject to the limitations set out in paragraph 17. The fund's assets are owned jointly by the unit holders. The fund is not a legal person and may not acquire rights or assume obligations. Nor may the fund be a party to legal proceedings in court or any other authority. Assets included in a fund may not be seized and unit holders are not liable for obligations related to a fund. The AIFM referred to in paragraph 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. Operations are carried out in accordance with these fund rules, the articles of association of the AIFM specified in paragraph 2, LAIF, the Swedish Mutual Funds Act (Swedish Code of Statutes 2004:46) ("LVF"), the Swedish Financial Supervisory Authority's regulations (FFFS 2013:10) on alternative investment fund managers, the Swedish Financial Supervisory Authority's regulations (FFFS 2013:9) on mutual funds and other applicable statutes.

The fund consists of six unit classes: "A", "B", "C", "D", "E" and "F". The contents of the fund rules are common to the unit classes, except for fees, currencies and terms and conditions for subscription amounts. Since the fund consists of unit classes, this means that the value of a fund unit in one unit class may differ from the value of a fund unit in another unit class. The fund units within each unit class are of equal size and carry equal rights to the assets included in the fund.

§ 2 Fund manager

The fund is managed by FCG Fonder AB, with corporate registration number 556939-1617 ("the AIFM").

§ 3 The depositary and its tasks

The depositary of the fund's assets is Skandinaviska Enskilda Banken AB (publ.), with corporate registration number 502032-9081 (the "depositary").

The depositary shall receive and hold the assets included in the fund and execute the instructions of the AIFM relating to the fund unless they conflict with the provisions of the LAIF, other regulations or the fund rules and must ensure that:

- the sale, redemption and cancellation of fund units are carried out in accordance with the provisions of the law and the fund rules;
- the value of the fund units is calculated in accordance with the provisions of the law and the fund rules;
- compensation for transactions affecting the assets of a fund is paid to the fund without delay, and
- The funds of the fund are used in accordance with the provisions of the Act and the fund rules.

The depositary shall act independently of the AIFM and solely in the interests of the unit holders.

§ 4 The nature of the fund

The fund is actively managed and, through investments in equity and fixed income-related transferable securities, takes exposure to the banking sector in the Nordic region, with a focus on Norwegian savings banks.

Investments can be made mainly in equity and fixed-income transferable securities and derivative instruments. The fund uses hedging strategies to reduce the risk of its investments and can thus consist of both long and short positions. The fund's performance is expected to have a low correlation with the performance of the equity and fixed income markets.

The objective of the fund is to, through a varying equity and fixed income market exposure each 36-month rolling period, generate a positive return that is higher than the risk-free interest rate. The benchmark for the fund is therefore NOWA (Norwegian Overnight Weighted Average) or a minimum of 0 + 2.0 per cent.

An investment in the fund can be expected to be associated with a medium to high risk, and an investor should have an investment horizon of at least five years.

§ 5 Investment policy of the fund

§ 5.1 General

The fund's assets may be invested in transferable securities, money market instruments, fund units, derivative instruments and in deposits with credit institutions. The fund may also hold ancillary liquid assets required for the management of the fund. The

underlying assets of derivative instruments included in the fund shall consist of or relate to assets specified in Chapter 5, Section 12, first paragraph LVF.

The fund's investment process is based on qualitative and quantitative analysis of Nordic banks. At least 90 per cent of the fund's value must be exposed to the Nordic banking sector, of which 50 per cent to Norwegian savings banks. The exposure shall be achieved through investments in financial instruments issued by such institutes or through investments in accounts. At any given time, the fund must consist of investments in at least 10 different companies or groups of companies.

As a starting point, the fund shall have a net exposure to the equity and fixed income markets of approximately 100 per cent of the fund's value. The fund has the option of using leverage to increase the fund's net exposure to the equity and fixed income markets to a maximum of 180 per cent of the fund's value. The fund has the option of using short positions. Short positions may amount to a maximum of 35 per cent of the fund's value. The fund's net exposure to the equity market can thus vary between -35 per cent and 180 per cent of the fund's value, and the fund's net exposure to the fixed income market can vary between -35 per cent and 180 per cent of the fund's value. The fund's gross exposure, measured according to the so-called gGoss method may not exceed 200 per cent of the value of the fund.

The fund may lend transferable securities corresponding to a maximum of 20 per cent of the fund's assets against adequate collateral on terms customary for the market. The fund may borrow transferable securities to an extent corresponding to 35 per cent of the fund's value and then sell them (referred to as short selling).

The fund may invest up to 10 per cent of the fund's assets in fund units.

§ 5.2 Exemptions from LVF

The Fund is a special fund and has been granted the following exemptions from the provisions of the LVF.

With an exception from Chapter 5. Section 6, first paragraph, second paragraph, point 3 and third paragraph LVF, transferable securities and money market instruments issued by one and the same issuer may amount to a maximum of 15 per cent of the value of the fund. The sum of the exposures to individual issuers that exceed 5 per cent of the fund's value may not exceed 75 per cent of the value of the fund. This limitation applies to both individual issuers and issuers in the same group.

With an exception from Chapter 5. Section 23, first paragraph, point 1 LVF, the fund may borrow money. Borrowings may not exceed 30 per cent of the value of the fund. The assets of the fund may be provided as collateral for borrowings raised. Borrowings on terms customary to the market may result in a transfer of ownership of financial instruments received or delivered as collateral by or to the fund from and to the counterparty to the fund.

§ 5.3 Risk level

The risk level of the fund, measured as annual standard deviation in monthly return over a rolling 12-month period, is expected to be in the range of 10–20 per cent. It should in particular be noted that the risk level may be exceeded or the risk may fall below the expected level in the event of unusual market conditions or extraordinary events.

§ 6 Marketplaces

The fund's trading in financial instruments may take place on a regulated market or an equivalent market outside the EEA, as well as on another market within or outside the EEA that is regulated and open to the public.

§ 7 Specific investment policy

The fund may not invest in transferable securities and money market instruments specified in Chapter 5. Section 5 LVF.

The fund may use derivative instruments, including such derivative instruments as are specified in Chapter 5, Section 12, second paragraph LVF (so-called OTC derivatives), as part of the fund's investment policy.

The fund may use the techniques and instruments referred to in Chapter 25. Section 21 of the Swedish Financial Supervisory Authority's regulations (FFFS 2013:9) on mutual funds to increase returns and create leverage in the fund.

§ 8 Valuation

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

The fund's assets consist of:

- Financial instruments.
- Liquid assets.
- Accrued interest.
- Accrued dividends.
- Unsettled sales.
- Other assets and receivables relating to the fund.

The fund's liabilities consist of:

- Remuneration to the AIFM.
- Remuneration to the depositary.
- Unsettled purchases.
- Tax liabilities.

Other liabilities relating to the fund.

Financial instruments are valued at the prevailing market value, which means the last traded price. If, in the opinion of the AIFM, such prices are not representative or if no such prices exist a market value is established on objective grounds after a specific valuation. The basis used for a special valuation includes, for example, market prices from a non-regulated market, an independent broker or market-maker, other external independent sources, another listed financial instrument, an index, the acquisition cost, or events affecting a company with an impact on market value. For fund units the fund's most recently recorded NAV per unit is used.

Liquid assets and short-term receivables (deposits with credit institutions, short-term investments in the money market and proceeds from the sale of securities) are measured at the estimated amount expected to be received.

For OTC derivatives, a market value is determined according to a specific valuation. The valuation is based primarily on market prices from an active market or so-called market-maker and secondarily a benchmark valuation based on an identical derivative admitted to trading on a regulated market and, if either of these methods are unavailable or will be clearly misleading, a market value is established on the basis on generally accepted valuation models (e.g. Black & Scholes for European options).

Since the fund consists of unit classes, the value of a fund unit will be determined taking into account the terms and conditions associated with each unit class. The value of a fund unit in a unit class in the fund consists of the value of the unit class divided by the number of outstanding units in the unit class in question.

The value of a fund unit is calculated by the AIFM on the last business day of each week. However, the AIFM does not calculate the NAV if the fund is closed for subscription and redemption in view of circumstances set out in paragraphs 9 or 10.

§ 9 Subscription and redemption of fund units

Subscription and redemption of fund units can normally take place every other Wednesday (trading day). The fund thus deviates from Chapter 4. Section 13, first paragraph LVF. However, the fund is not open for subscription and redemption on trading days when the fund's assets cannot be valued in a way that guarantees the equal rights of the unit holders, for example when a significant part of the fund's assets are invested in a market that is wholly or partly closed to trading. This also applies if subscription and redemption are deferred in accordance with paragraph 10.

Subscription and redemption requests are submitted in the manner set out in the fund prospectus or in accordance with instructions received from the AIFM.

Requests for subscription and redemption of fund units may be withdrawn only if the AIFM so permits in writing. Subscription and redemption orders cannot be limited.

If funds for redemption need to be obtained through sale of assets included in the fund, the sale must take place and the redemption executed as soon as possible. The AIFM may postpone subscription and redemption of fund units if there are specific reasons for such a measure and it is justified in view of the unit holders' interests. The AIFM must inform the Swedish Financial Supervisory Authority and the investors and unit holders concerned of the action without delay. The AIFM must inform the Swedish Financial Supervisory Authority after the reasons for the postponement have ceased.

Subscription and redemption of units is always performed at an unknown price at the time of the request. The subscription price and redemption price for a fund unit will be the fund unit price calculated by the AIFM in accordance with paragraph 8 on the date when subscription or redemption takes place. The fund's subscription and redemption prices are normally published on the AIFM's website on the banking day following the day on which the fund unit price is determined. For requests for subscription or redemption received when the fund is closed for subscription or redemption, the NAV per unit is normally established at the next trading day's price.

Subscription and redemption in each unit class take place as follows:

Unit class A	Subscription and redemption take place in NOK. The minimum first subscription amount is NOK 10,000. Subsequent subscriptions take place in multiples of NOK 1,000.
Unit class B	Subscription and redemption take place in SEK. The minimum first subscription amount is SEK 10,000. Subsequent subscriptions take place in multiples of SEK 1,000.
Unit class C	Subscription and redemption take place in EUR. The minimum first subscription amount is EUR 1,000. Subsequent subscriptions take place in multiples of 100 EUR.
Unit class D	Subscription and redemption take place in NOK. The minimum first subscription amount is NOK 10,000,000. Subsequent subscriptions take place in multiples of NOK 1,000,000.
Unit class E	Subscription and redemption take place in SEK. The minimum first subscription amount is SEK 10,000,000. Subsequent subscriptions take place in multiples of SEK 1,000,000.
Unit class F	Subscription and redemption take place in EUR. The minimum first subscription amount is EUR 1,000,000. Subsequent subscriptions take place in multiples of 100,000 EUR.

§ 10 Extraordinary circumstances

The fund may close for subscriptions and redemptions if extraordinary circumstances have occurred which mean that valuation of the fund's assets cannot be conducted in a manner that ensures equal rights for each fund unit holder.

§ 11 Fees and charges

From the fund's assets, compensation shall be paid to the AIFM in the form of a fixed management fee and a performance-based fee.

In addition to the above, costs for purchase and sale of financial instruments are charged to the fund. These costs may consist, for example, of brokerage fees, taxes and other costs pertaining to the purchase and sale of assets by the fund.

In the case of subscription or redemption in unit classes A, B and C, the AIFM may charge a fee up to 5 per cent of the value of the fund. No subscription or redemption fee is applied to other unit classes. Any purchase fees accrue to the AIFM, any selling fees accrue to the fund.

Any value added tax applicable at any given time will be charged in addition to the fees and charges.

Fixed management fee

The maximum fixed management fee that can be charged from each unit class is:

Unit classes A, B and C: 1.25 per cent of fund's assets per year

Unit classes D, E and F: 0.75 per cent of fund's assets per year

The fixed management fee includes remuneration for management as well as costs for custody, supervision and auditors. The fixed management fee is calculated daily and is paid on the last banking day of the month.

Performance-based fee

For all unit classes, a performance-based fee of a maximum of 20 per cent of the part of the return for each unit class that exceeds the threshold value of the unit class is payable.

The threshold value for the unit classes is as follows:

- For the unit classes traded in NOK, the threshold value is NOWA (Norwegian Overnight Weighted Average) or a minimum of 0 + 2.0 percent.
- For the unit classes traded in SEK, the threshold value is NOWA (Norwegian Overnight Weighted Average) or a minimum of 0 + 2.0 percent, (converted to SEK).
- For the unit classes traded in EUR, the threshold value is NOWA (Norwegian Overnight Weighted Average) or a minimum of 0 + 2.0 percent, (converted to EUR).

When calculating the performance-based fee, the so-called high is applied the watermark principle, which means that, in addition to exceeding the threshold, the return in the unit classes must exceed the maximum historical value achieved by the respective unit class. If, on any day, the value of the unit class performs below the threshold and, on a later date, the value of the unit class performs above the threshold, no performance fee is charged until the underperformance in previous periods has been offset.

The fee is calculated collectively for each unit class, which means that all unit holders in a unit class are treated equally, regardless of the time when the investment is made. Investors investing after a unit class has received a negative return need not pay a performance fee until the unit class as a whole has recovered the negative return. If a unit holder redeems its fund units when the unit holder has an accumulated underperformance credited to it, no performance fee paid previously will be refunded.

The performance-based fee is calculated after a deduction for the fixed management fee. The fee is calculated and reserved when calculating the fund unit price and is deducted in arrears on the last banking day of the month. The fund prospectus contains sample calculations showing the calculation of performance fees at different times.

§ 12 Dividend

The fund pays no dividends.

§ 13 Fund's financial year

The fund's financial year is the calendar year.

§ 14 Half-yearly reports, annual reports and amendments to fund rules

The AIFM must provide the fund with a half-year report for the first six months of the financial year within two months from the end of the half-year and an annual report within four months from the end of the financial year. The half-year report and the annual report must be available at the AIFM and the depositary and sent free of charge to unit owners upon request.

Amendments to the fund rules may only be made through a decision by the AIFM's board of directors and must be submitted to the Swedish Financial Supervisory Authority for approval. After the Swedish Financial Supervisory Authority has approved amendments to the fund rules, the amended fund rules must be available at the AIFM and the depositary and, where appropriate, must be made public as per the Swedish Financial Supervisory Authority's instructions.

§ 15 Pledges and transfers

Unit holders may pledge fund units if the AIFM so decides. Pledging of fund units takes place through the pledger giving the AIFM notice in writing of the pledge. The notice of the pledge must specify the pledger, the pledgee, the units included in the pledge and any restrictions on the scope of the pledge. The unit holders must be notified in writing that the AIFM has made a note of the pledge in the register of unit holders.

The pledge ceases when the pledgee has given the AIFM notice in writing to that effect and when the AIFM has removed the information on the pledge from the register of unit holders. The AIFM is entitled to charge the unit holder for registration of the pledge. The payment may amount to a maximum of 1 per cent of the value of the pledge at the time of registration.

Transfer of fund units can only take place with the consent of the AIFM. Requests for transfer of fund units must be issued in writing to the AIFM. Unit holders are responsible for ensuring that the notification is duly signed. The notification of transfer must state the transferor and to whom the units are transferred, their personal identity number/corporate identity number, address, telephone number, securities account or custodian bank and custody account number, bank account and the purpose of the transfer. In the event of such a transfer, the AIFM can charge a fee of a maximum of SEK 500.

§ 16 Limitation of liability

Without deviating from what is specified in Chapter 8. Sections 28–31 and Chapter 9. Section 22 LAIF, the following applies with regard to the AIFM's and the depositary's liabilities.

The AIFM and/or the depositary is not responsible for damage caused by an external event beyond the AIFM's or the depositary's control, such as damage due to Swedish or foreign law, an action by a Swedish or foreign public authority, an act of war, a strike, blockade, boycott, lockout or other similar circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts shall apply even if the AIFM or the depositary is subject to or takes such action itself.

If the depositary or a custodian bank has lost financial instruments held in custody with the depositary or a custodian bank, the depositary shall, without undue delay, return financial instruments of the same kind or pay an amount equivalent to the value to the AIFM on behalf of the fund. However, the depositary is not liable in the event that the loss of the financial instruments is caused by an external event beyond the depositary's reasonable control, and the consequences of which were impossible to avoid despite all reasonable efforts having been made, such as damage due to Swedish or foreign law, an action by a Swedish or foreign public authority, an act of war, a strike, blockade, boycott, lockout or other similar circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts applies even if the depositary is subject to or takes such industrial action itself.

The AIFM or the depositary is not required to compensate damage in other cases if normal care has been taken and unless otherwise provided by applicable mandatory law. The AIFM or the depositary is not under any circumstances liable for indirect damage.

The AIFM and/or the depositary shall not be liable for any damage caused by the custodian bank or other agent engaged by the AIFM or the depositary with due care or for any damage that may arise as a result of a restriction of disposal that may be applied against the AIFM or the depositary.

If the AIFM and/or depositary is prevented from implementing measures in full or in part due to circumstances listed above, the measure may be delayed until the obstacle has ceased to exist. In the event of delayed payment, any interest is payable solely in accordance with the terms that applied on the due date. No interest on overdue payment is payable in these cases.

§ 17 Permitted investors

The fund is available to the general public, however not for investors whose subscription of units in the fund or participation in the fund in general would conflict with the provisions of a Swedish or foreign law or regulation. Nor is the fund available for investors whose subscription for or holding of units in the fund means that the fund or the AIFM will be obliged to take action with regard to registration or other action that the fund or the AIFM would not otherwise be obliged to take. The AIFM is entitled to refuse subscription to the investors to which this paragraph refers.

The AIFM may redeem a unit holders' units in the fund – despite the unit holder's objection – should it turn out that a unit holder has subscribed for units in the fund in breach of the provisions of a Swedish or foreign law or regulation or that the AIFM, due to the unit holder's subscription or holding in the fund, will be obliged to take action with regard to registration or other action for the fund or the AIFM that the fund or the AIFM would not be obliged to take if the unit owner held no units in the fund.