

## Fund rules for Lannebo Småbolag

### **§ 1 The fund's legal status**

Lannebo Småbolag, hereinafter referred to as the fund is a UCITS fund as defined in the Swedish Securities Fund Act (2004:46). Its business is conducted in accordance with the Swedish Securities Fund Act (SFS 2004:46), these fund rules, the management company's articles of association, and any other rules issued pursuant to laws or ordinances.

The fund's assets are owned by its unitholders jointly. Each unit of each share class holds equal right to the assets included in the fund. The management company as stated in § 2 manages the fund and represents the unitholders in all matters relating to the fund, decides on the assets included in the fund, and exercises any rights arising from the fund. The fund cannot acquire rights or assume any obligations.

The fund has the following share classes:

- A. Share class SEK – traded in Swedish krona (see § 9.2 below) and has a maximum management and custody fee of 1.8 per cent per year (see § 11.1 below).
- B. Share class EUR – traded in Euro (see § 9.2 below) and has a maximum management and custody fee of 1.8 percent per annum (see § 11.1 below).
- C. Share class SEK C – traded in Swedish krona (see § 9.2 below) and has a maximum management and custody fee of 0.95 per cent per year (see § 11.2 below) and is subject to distribution terms (see § 9.3 below).
- D. Share class EUR C – traded in Euros (see § 9.2 below) and has a maximum management and custody fee of 0.95 per cent per year (see § 11.2 below) and is subject to distribution terms (see § 9.3 below).
- E. Share class NOK – traded in Norwegian krona (see § 9.2 below) and has a maximum fee of 1.7 per cent per year (see § 11.1 below).
- F. Share class DKK – traded in Danish krona (see § 9.2 below) and has a maximum fee of 1.7 per cent per year (see § 11.1 below).

### **§ 2 Management company**

The fund is managed by Lannebo Fonder AB, registered in Sweden no. 556584-7042, hereinafter referred to as the management company. The management company keeps a register of all unitholders and pledgees.

### **§ 3 Depositary and its role**

The depositary of the fund is Skandinaviska Enskilda Banken AB (publ), corporate identity number 502032-9081.

The depositary shall maintain the fund's assets and manage deposits and payments in respect of the fund. The depositary shall execute the management company's instructions relating to the fund as long as it is not in conflict with the provisions of the Swedish Investment Funds Act or any other regulation or the fund rules and ensure that:

1. the subscription, redemption and cancellation of units in the fund are carried out according to the Swedish Investment Funds Act and the fund rules,
2. the value of the units in the fund are calculated according to the Swedish Investment Funds Act and the fund rules,

3. payments for transactions involving the fund assets are paid to the fund without delay, and
4. the fund's revenue is applied in accordance with the regulations and the fund rules.

The depositary's duties are governed by the Swedish Investment Funds Act and the EU Commission's delegated regulation (EU) 2016/438 of December 17, 2015 supplementing the European Parliament and of the European Council Directive 2009/65/EC in regards of requirements for depositaries.

#### **§ 4 Nature of the fund**

The fund is an actively managed equity fund that focuses on small- and medium-sized listed companies in the Nordic region, with the emphasis on Sweden. The fund is diversified and does not focus on a particular sector.

The fund's overall financial objective is, while exercising due caution, to generate the greatest possible capital growth and achieve a good spread of risk.

#### **§ 5 The fund's investment policy**

The fund's assets may be invested in transferable securities, money-market instruments, derivative instruments, fund units and deposits with credit institutions. The fund may invest a maximum of 10 per cent of its value in other funds or fund management companies.

The fund focuses on small- and medium-sized listed companies in the Nordic region, with the emphasis on Sweden, i.e. the fund's investment with a focus on Sweden should be at least 50 per cent of its value. The fund's assets may as a part of the investment strategy be invested in, amongst other, shares and other financial instrument that at the time of investments are or are intended to be admitted for trading within one year from the issue at regulated exchanges in the Nordic region respectively Sweden or subject to regular trading in any other market in the Nordic region respectively Sweden which is regulated and open to trading to public or issued by an issuer that at the time of investment is resident in the Nordic region respectively Sweden or at the time of investment is traded in local Nordic currency respectively Swedish kronor. The fund's assets may also be invested in equities or other financial instruments that at the time of investment is traded in Swedish kronor or another local Nordic currency.

The companies in which the fund invests may at most have a market capitalization equal to 1 per cent of the Swedish stock market's total market capitalization at the end of the calendar month prior to an investment. Regardless of what is stated above regarding the fund's geographical focus, as well as the criterion for a company's size, the fund may hold such financial instruments that have to be included in the fund due to previous holdings such as result of take-overs, spin-offs or other corporate actions.

The fund is diversified and consequently does not focus on a particular sector.

The fund may invest in derivative instruments on the condition that underlying assets are made up of or relate to some of the classes of assets referred to in chapter 5, Section 12, subparagraph 1 of the Swedish Securities Fund Act.

#### **§ 6 Marketplaces**

The fund's assets may be invested in a regulated market or similar market within or outside the EEA or in some other market that is regulated and open to the public.

#### **§ 7 Special investment policy**

The fund may make use of the transferable securities and money-market instruments referred to in chapter 5, section 5 of the Swedish Securities Fund Act.

The fund may use derivative instruments as a part of its investment policy. The fund may invest in OTC derivatives in accordance with chapter 5, section 12, subparagraph 2 of the Swedish Securities Fund Act.

The fund may use such techniques and instruments as referred to in chapter 25 § 21 of the Swedish Financial Supervisory Authority's regulations (FFFS 2013:9) on securities funds in order to create leverage.

### **§ 8 Valuation**

The value of the fund is calculated by subtracting from the fund's assets those liabilities that pertain to the fund, including unpaid taxes as determined by the management company and the fees set out in § 11 below.

The fund's assets are calculated as follows:

- Transferable securities, money-market instruments, derivative instruments and fund units are valued at their current market value (latest price paid or, if unavailable, latest bid price). If such prices cannot be obtained or are misleading in the view of the management company, transferable securities, money-market instruments and derivative instruments and fund units may be included at a value arrived at by the management company on an objective basis.
- In the case of the transferable securities and money-market instruments referred to in chapter 5, section 5 of the Swedish Securities Fund Act, a separate valuation will be established for the market value. The basis for the separate valuation may be for e.g. market prices from unapproved regulated markets or so-called market makers, other financial instruments admitted to trading on regulated markets or an index with adjustments for differences in, for example, credit risks and liquidity (reference values), discounted cash flows (current valuation or proportion of equity (year-end value)).
- In the case of OTC derivatives the market value will be established in accordance with a separate valuation. The basis for the separate valuation will be market prices from unapproved, regulated markets or so-called market makers, a reference value based on a derivative admitted to trading on a regulated market or a market value based on generally established valuation models (e.g. Black & Scholes for European options).
- Liquid assets, including deposits in bank accounts, current investments in the money market and deposits in deposits with credit institutions.
- Accrued interest.
- Accrued dividends.
- Sales not yet settled.
- Other receivables in respect of the fund.

The fund's liabilities are calculated as follows:

- Accrued management fees.
- Depositary's fees.
- Purchases not yet settled.
- Tax liabilities.
- Other liabilities in respect of the fund.

The management company takes into account the different share classes when calculating the value of a fund unit, as the different share classes are, in some respects, associated with different conditions. The value of a

unit holding in a particular share class consists of the value of the share class divided by the number of outstanding units in the particular share class.

The value of the units is to be calculated by the management company daily (each banking day).

## **§ 9 Sale and redemption of units**

### § 9.1 General regulations

Sale (unit holder 'purchases) and redemptions (unitholders' sales) can be made on each banking day. The request for sale or redemption of units is made as stated on the management company's website, [www.lannebofonder.se](http://www.lannebofonder.se), or as directed by the management company.

Should a redemption require funds to be obtained through the sale of securities, such sales shall be carried out and the redemption shall occur as soon as possible.

Sales are at a minimum amount of SEK 100 or the equivalent in Euro, Norwegian krona or Danish krona.

Requests for redemption may only be revoked if the management company permits.

The sale price of a fund unit will be the unit value on the business day the subscription is made. The redemption price of a fund unit will be the unit value of the business day the redemption is done. Sales and redemptions are made at a price that is not known to the unit holder at the time of the request for subscription or redemption.

Information on the sale and redemption price is published on the management company's website no later than the banking day after the banking day when the fund value is determined as above.

### § 9.2 Conditions for the currency in which the sale and redemption of units take place

Sales and redemption of fund units in SEK and SEK C share classes are in Swedish krona.

Sales and redemption of fund units in the EUR and EUR C share classes are in Euro.

Sales and redemption of fund units in NOK share class are in Norwegian krona.

Sales and redemption of fund units in DKK share class are in Danish krona.

### § 9.3 Terms for distribution of fund units in share class SEK C and EUR C

Sales of SEK C and EUR C share classes are available through a distributor, who has entered into an agreement with the management company, providing investment advice on an independent basis or portfolio management to a customer and, consequently, may not receive and retain compensation from the management company but is paid directly by the customer.

## **§ 10 Extraordinary circumstances**

The fund may be closed for sales and redemptions in the event of extraordinary circumstances that mean that a valuation of the fund's assets cannot be performed in such a way as to uphold the equal rights of all unitholders, for example, if one or more of the markets the fund is traded in are partially or completely closed.

## **§ 11 Fees and payments**

### § 11.1 Fees for share class SEK, EUR, NOK and DKK

Fees shall be paid to the management company and the depositary as follows:

- i. The **management company** is paid in the form of a fixed fee. The maximum fee is 1.65 per cent per annum of the share class's share of the fund's value. The fee includes remuneration to the fund management and the costs for regulatory oversight and auditors.
- ii. Fees to the **depository** for carrying out its tasks. The fee may amount to a maximum of 0.05 per cent per annum of the share class's share of the fund's value.

The maximum fee that may be taken from the fund under i and ii above is 1.7 per cent per annum of the share class's share of the fund's value.

#### § 11.2 Fees for share class SEK C and EUR C

Fees shall be paid to the management company and the depository as follows:

- i. The **management company** is paid in the form of a fixed fee. The maximum fee is 0.85 per cent per annum of the share class's share of the fund's value. The fee includes remuneration to the management of the fund, with the exception of such compensation to distributors referred to in §9.3 above, and costs for regulatory oversight and auditors.
- ii. Fees to the **depository** for carrying out its tasks. The fee may amount to a maximum of 0.05 per cent per annum of the share class's share of the fund's value.

The maximum fee that may be taken from the fund under i and ii above is 0.9 per cent per annum of the share class's share of the fund's value. The fee includes remuneration to the management of the fund, with the exception of such compensation to distributors referred to in §9.3 above, and costs for regulatory oversight and auditors.

#### § 11.3 Brokerage fees etc.

Transaction costs such as brokerage fees, as well taxes, are charged to the fund when the fund buys and sells financial instruments. In addition, the fund may be charged with costs for research.

### **§ 12 Dividends**

As a general rule, the fund does not distribute dividends. However, the management company can decide on distributing dividends to unitholders if, in the management company's opinion, it is necessary to take advantage of the unitholders' joint interests. Dividends are then distributed on a suitable day and to the extent that is considered appropriate. For the dividends accruing in a fund unit, the management company will, following any deductions for withholding tax, purchase new shares on behalf of unitholders who are registered to receive fund units on the day set aside for this purpose. The dividend on behalf of a unitholder – following any tax deductions – will instead be paid to the unitholder. Such a request must be carried out on the day determined by the management company, if not before.

### **§ 13 The fund's financial year**

The fund's financial year is the calendar year.

**§ 14 Semi-annual report and annual report, and amendment of fund rules**

The management company is to prepare an annual report and a semi-annual report. The reports are to be sent to unitholders free of charge upon request and be made available at the offices of the management company and the depositary within four months of the end of the financial year (annual report) and two months of the end of the six months period (semi-annual report) respectively.

The fund rules may be amended only by decision of the management company's board, and the decision must be submitted to the Swedish Financial Supervisory Authority for approval. Once the decision has been approved, it must be made available at the offices of the management company and the depositary and be published by such other means as the Swedish Financial Supervisory Authority instructs.

**§ 15 Pledging of units**

Unitholders may pledge their units in the fund provided that the unitholder is not an insurance company that has invested insurance premiums on behalf of policyholders pursuant to the Swedish Insurance Business Act (2010:2043) or a pension institution that has invested pension savings on behalf of pension savers pursuant to the Swedish Individual Pension Savings Act (1993:931).

In the event of pledging, the unitholder or his representative and/or the pledgee are to notify the management company of this in writing. The notification should state:

- who the unitholder is,
- who the pledgee is,
- which units are involved in the pledge and
- any restrictions on the scope of the pledge.

The management company is to register the pledge in the register of unitholders and inform the unitholder in writing that the pledge has been registered. The pledge ceases to apply once the pledgee has informed the management company of this in writing. The management company is entitled to charge the unitholder a registration fee. This fee must not exceed SEK 500.

**§ 16 Limitation of liability****§ 16.1 Limitation of the management company's liability**

Without deviating from the provisions of Chapter 2, §21 of the Swedish Investment Funds Act, the following applies regarding the management company's liabilities:

The management company is not liable for damages due to Swedish or foreign legal statutes, measures taken by Swedish or foreign authorities, event of war, strike, blockade, boycott, lockout, interruptions in data communications or other similar circumstances. The reservation concerning strike, blockade, boycott and lockout applies even if the management company is subject to or itself undertakes such a conflict.

Losses incurred in other cases shall not be compensated for by the management company if normal caution has been observed. The management company is in no case liable for indirect or consequential damages.

The management company is not liable for damages caused by the depositary. Nor shall the management company be liable for damages caused by unitholders or others that violate the law, ordinances, regulation or these fund rules. In this regard, unitholders are informed that they are responsible for documents submitted to

the management company are correct and duly signed and that the management company is informed of changes in the information provided.

The management company is not liable for damages caused by - Swedish or foreign - stock exchanges or other marketplaces, depository bank, central securities depository, clearing, or others providing similar services, including a contractor hired with due care by the management company or depository. The same applies to damages caused by the insolvency of the above-mentioned organizations or contractors. The management company also is not liable for any damages arising from disposal restrictions that may be applied to the management company or depository in respect of financial instruments.

In the event the management company is prevented from taking measures, fully or in part, due to circumstances mentioned above, the measures may be postponed until the obstacle has ceased. If, as a result of such circumstances, the management company is prevented from executing or receiving payment, the management company or unitholder shall not be liable to pay interest on late payment. Corresponding exemption from the obligation to pay interest on late payment applies even if the management company temporarily defers the date of purchase or redemption of fund units pursuant to §10.

#### § 16.2 Limitation of the depository's liability

Without deviating from the provisions of Chapter 3 14–16 §§ of the Swedish Investment Funds Act, the following applies regarding the depository's liabilities:

In the event that the depository has lost financial instruments deposited with the depository, the depository shall without undue delay return financial instruments of the same kind or issue an amount of equivalent value to the management company on behalf of the fund. However, the depository is not liable for the loss of financial instruments caused by an external event outside the depository's reasonable control, and whose consequences were impossible to avoid even though all reasonable efforts have been made, such as damage caused by Swedish or foreign legal statutes, measures taken by Swedish or foreign authorities, event of war, strike, blockade, boycott, lockout, interruptions in data communications or other similar circumstances. The reservation concerning strike, blockade, boycott and lockout applies even if the depository is subject to or itself undertakes such a conflict.

The depository is not liable for any damages other than the damages referred to in the first paragraph, unless the depository intentionally or negligently caused such other damage. The depository is not responsible for such other damages if the circumstances mentioned in the first paragraph are present.

The depository shall not be liable for damages caused by a - Swedish or foreign – stock exchange or other marketplace, registrar, clearing organization or other provider of equivalent services, nor for - other than those mentioned in the first paragraph - damages caused by the depository or other contractors with whom the depository with due skill, care and diligence hired and regularly supervised or that is designated by the management company. The depository is not responsible for damages caused by the insolvency of the said organizations or contractors. However, a contract for the custody of assets and ownership controls does not limit the depository of its liabilities for losses and other damages under the Swedish Investment Funds Act.

The depository is not liable for damages arising from the management company, unitholders of the fund, the fund or others in the event of disposal restrictions which may apply to the depository regarding financial instruments. The depository is in no case responsible for indirect damages. If the depository is prevented, fully or in part, from execution of this agreement due to circumstances referred to in the first paragraph, the action may be postponed until the obstacle has ceased. In case of deferred payment, the depository shall not pay interest on late payment. If interest is paid, the depository shall pay interest at the interest rate applicable on the due date. If, as a result of the circumstance referred to in the first paragraph, the depository is prevented

from receiving payment for the fund, the depositary has the right to interest payments for the period during which the issue hindered payment only under the terms of the due date.

### **§ 17 Permitted investors**

The fact that the fund is aimed at the general public does not mean that it is aimed at the kind of investor whose selling of units in the fund or participation in general is contrary to the provisions in Swedish or foreign legislation or regulations. Nor is the fund aimed at the kind of investor whose selling or holding of units in the fund means that the fund or the management company will be obliged to take registration measures or other measures that the fund or management company would not otherwise be obliged to take. The management company is entitled to refuse to sell to the kind of investor referred to above in this paragraph.

The company may redeem the unitholder's units in the fund – despite opposition from the unitholder – if it turns out to be the case that a unitholder has subscribed to units in the fund contrary to Swedish or foreign legislation or regulations or, as a result of the unitholder's selling or holding of units in the fund, the management company becomes obliged to take registration measures or other measures that the fund or management company would not otherwise be obliged to take if the unitholder did not hold units in the fund.

Redemptions in accordance with the previous paragraph are to be executed immediately. The stipulations in § 9 above regarding payment will also apply in the case of redemptions in accordance with this § 17.