

## FUND RULES FOR HANDELSBANKEN SELECTION FIXED INCOME

### § 1

#### **The fund's legal status**

The fund's name is Handelsbanken Selection Fixed Income. The fund is a special (non-UCITS) fund in accordance with the Alternative Investment Fund Managers Act (2013:561).

The fund targets a specifically defined group of investors and are open for

a) investors who, within the scope of an agreement with Svenska Handelsbanken AB for portfolio management in accordance with Chapter 2, § 1 in the Securities Market Act (2007:528) or comparable Swedish or foreign regulation, invest in the fund and in which there is no distribution remuneration from the Management Company (refer to § 2), and

b) Handelsbanken Liv Försäkringsaktiebolag (insurance company), where the customer has entered into the aforementioned agreement for portfolio management with Svenska Handelsbanken AB in which there is no distribution remuneration from the Management Company to the insurance company or to the portfolio manager (and insurance distributor), rather the investments are made through an insurance and the customer is the policyholder in relation to the life insurance company.

The fund consists of financial instruments that are purchased with the capital provided to the fund by those investing capital in it and, thereby, are mutual shareholders in the fund. The fund may not acquire rights, assume liabilities, or lodge an appeal before a court of law or any other authority. Assets included in a fund may not be seized and fund unit holders are not held accountable for the liabilities of the fund. The Management Company represents the fund unit holders in questions regarding the fund, takes decisions regarding the assets included in the fund, and exercises those rights that arise from the fund. One fund unit is a right to as large of a share in a securities fund that is equivalent to the fund's net capital divided by the number of outstanding units.

The fund consists of the following share classes:

A) Accumulation (non-distribution) share class, traded in SEK (A15 SEK)

B) Distribution share class, traded in SEK (B15 SEK)

The fund consists of share classes, which means that the value of a fund unit in one share class will differ from the value of a fund unit in another share class. The share classes differ with regard to distribution (refer further in § 12). The units within each share class are of equal size and result in equivalent rights to the assets included in the fund.

The conditions for the various share classes apply to the investors, regardless of whether the holdings are registered directly or held in trust at the management company. The entity that distributes the share class to the investor is responsible for ensuring that the investor fulfils the conditions of the share class. When the insurance company has invested in fund units within the scope of the agreement with the policyholder, the entity/s from the insurance company and the insurance distributor that have the agreement with the policyholder are responsible for ensuring that the insurance company receives the share class to which it is entitled.

For a more comprehensive explanation of the designations stated above (A15 SEK, etc.), the Management Company makes reference to the prospectus. Further explanatory information is also available with regard to the conditions for the share classes.

### § 2

#### **Management Company**

The fund is managed by Handelsbanken Fonder AB, with corporate identity number 556418-8851, referred below as the "Management Company".

### § 3

#### The Depositary and its duties

The fund's assets are held in the custody of J.P. Morgan SE - Stockholm bank branch, with corporate identity number 516406-1110, which serves as the Depositary. The Depositary will execute the decisions of the Management Company that are not in conflict with the Alternative Investment Fund Managers Act (2013:561) or the rules of the fund. Further, the Depositary will receive and hold the assets included in the fund, as well as ensure that:

1. the sale and redemption of units occur according to the law and fund rules,
2. the value of the fund units is estimated according to the law and fund rules,
3. the assets in the fund reach the Depositary without delay, and
4. the assets in the fund are utilized according to the law and fund rules.

### § 4

#### The fund's character

The objective of the fund is to exceed its benchmark index over the long term primarily through investments in fixed income funds as well as in interest-bearing transferable securities. A description of the fund's benchmark is available in the fund's fact sheet and prospectus. The benchmark index is a composite fixed income index. Sustainability dimensions are taken into consideration in the fund's management.

The fund may invest a maximum of 100% of the fund assets in other funds and collective investments undertakings.

### § 5

#### The fund's investment focus

The fund's assets may be invested:

- in units in fixed income funds (securities funds and equivalent foreign collective investment undertakings, non-UCITS funds and alternative investment funds (AIFs) that meet the conditions in Chapter 5, § 15, first paragraph, third sentence in the Swedish Investment Funds Act,
- in interest-bearing transferable securities,
- in money market instruments,
- in derivative instruments, and
- in an account at a credit institution.

Underlying assets to derivative instruments may consist of or be related to:

- such assets as referred to in Chapter 5 §1 paragraph 2, first sentence in the Swedish Investment Funds Act,
- financial indices,
- rates of interest,
- exchange rates, or
- foreign currencies.

The fund may invest partly in funds and collective investment undertakings managed by fund management companies, trustee companies or collective investment undertakings associated with the Handelsbanken Group, and partly in funds and collective investment undertakings managed by other fund management companies, trustee companies or collective investment undertakings.

The fund follows Handelsbanken Fonder's principles for responsible investment which means that based on the Management Company's assessment, the fund does not invest in companies involved in the production or distribution of weapons banned under international law or in nuclear weapons. Further, the fund does not invest in companies that based on the Management Company's assessment have verified violations of international norms and conventions related to human rights, employee rights, anti-corruption and the environment. Furthermore, the fund has sustainability criteria linked to other specific controversial business

operations. More detailed information on Handelsbanken Fonder's principles for responsible investment and the fund's sustainability criteria is available in the Prospectus.

The fund invests in index derivatives as part of its investment focus and to some extent in index-based financial instruments. Within such index derivatives and index-based financial instruments there may arise exposure to companies that are not permitted for investment in accordance with the exclusion criteria referenced above.

The fund may, with support of Chapter 12 §13 paragraph 2 in the Alternative Investment Fund Managers Act and by means of an exemption from Chapter 5 §16 paragraph 1 in the Swedish Investment Funds Act, invest a maximum of 45 percent of the fund's assets in fund units in one and the same fund or in one and the same collective investment undertaking.

The fund may, with support of Chapter 12 §13 paragraph 2 in the Alternative Investment Fund Managers Act and by means of an exemption from Chapter 5 §15 paragraph 2 in the Swedish Investment Funds Act, invest in excess of 10 percent of its assets in fund units in other funds and in collective investment undertakings.

The fund may, with support of Chapter 12 §13 paragraph 2 in the Alternative Investment Fund Managers Act and by means of an exemption from Chapter 5 §15 paragraph 1, 3d in the Swedish Investment Funds Act, invest in special funds (non-UCITS) and in foreign alternative investment funds that do not meet the conditions for the submission of semi-annual reports.

Collective investment undertakings, as referred above, also include sub-funds, where appropriate.

The fund applies a risk measurement that is the standard deviation for returns, i.e., the fund's total risk. This can vary, although the standard deviation over a rolling 24-month period is expected to be 0-8 percent given the fund's asset allocation. However, the total risk in the fund can be both below and above this interval for shorter periods of time.

## § 6

### Markets

The fund's purchase and sale of fund units takes place directly from each respective fund management company, trustee company, collective investment undertaking or AIF manager. The purchase and sale of other financial instruments and exchange-traded funds (so-called ETFs) may occur in a regulated market or equivalent market outside EEA as well as other markets, within or outside EEA, that are regulated and open to the general public as well as on MTFs or similar marketplaces.

## § 7

### Specific investment focus

Fund assets may be invested in such transferable securities and money market instruments as stated in Chapter 5 §5 of the Swedish Investment Funds Act.

The fund may invest in derivative instruments as part of the fund's investment focus.

The fund may use such derivative instruments as stated in Chapter 5 §12 paragraph 2 of the Swedish Investment Funds Act (so-called OTC derivatives).

The fund may use such techniques and instruments to increase returns and create leverage in the fund as stated in Chapter 25 §21 of the Swedish Financial Supervisory Authority's regulations (FFFS 2013:9) regarding UCITS.

The investment focus of the fund means that a substantial portion of the fund's assets is invested in other securities funds, collective investment schemes and non-UCITS funds, whereby the fund is a so-called fund of funds fund.

## § 8

## Valuation

The value of a fund of funds is the fund's value divided by the number of outstanding fund units. The fund's value is calculated by deducting those liabilities from the assets applicable to the fund. The fund's value is calculated every banking day.

The fund's assets consist of:

- financial instruments that are valued according to the applicable market value. Market prices from an active market are primarily used. If such prices are not available or if the prices are deemed by the Management Company to be misleading, the financial instruments may be valued according to those objective principles decided by the Management Company. Such objective principles may include similar transactions that occurred under market conditions during the recent period, previous market prices for the instrument, market prices from a market maker or broker, or a so-called reference valuation,
- liquid assets,
- accrued interest,
- accrued distributions,
- non-liquidated sales, and
- other receivables related to the fund.

The fund's liabilities consist of:

- remuneration to the Management Company,
- non-liquidated purchases,
- tax liabilities, and
- other liabilities related to the fund.

The market value for such transferable securities and money market instruments as referenced in Chapter 5 §5 of the Swedish Investment Funds Act will be valued in accordance with a specific valuation in the event a price from the active market is not available. The specific valuation may also be based on the following: prices from a non-active market or observable prices from market makers or brokers, the acquisition value, recently completed transactions, corporate events that impact the market value, a reference valuation, discounted cash flows, and share capital from company equity.

The market value of OTC derivatives is set in accordance with a specific valuation in the event a price from the active market is not available. The specific valuation may also be based on the following: prices from a non-active market or observable prices from market makers or brokers, a reference valuation, a valuation based on the input assets/components' market value, or a value based on generally-accepted valuation models, such as Black & Scholes.

## § 9

### Subscription and redemption of fund units

The subscription and redemption price, respectively, for a fund unit amounts to the fund unit's value calculated according to §8 on the day of the subscription or redemption.

The subscription of new units and redemption of outstanding fund units may occur every banking day at the Management Company through one of the Svenska Handelsbanken branch offices and via the Management Company's website, according to those rules and directives obtained from the Management Company.

Banking day refers to a day that is not Saturday, Sunday or another public holiday, or in connection with a payment of a promissory note, on a day that is not equal to a public holiday and when the banks in Sweden are generally open to the public.

However, the fund is not open for subscription and redemption on those banking days where valuation of the fund's assets is unable to be conducted in such a way that it ensures that the rights of the fund unit holders are treated equally, e.g., as a result of the total or partial closure of one or several markets in which the fund conducts trading.

The Management Company normally calculates the fund's net asset value each banking day. The Management Company does not calculate the net asset value if the fund is closed for subscription and redemption with regard to the conditions stated in these fund rules and in §10. When a request for subscription or redemption is received on a day in which the fund is closed for subscription and redemption, the fund's net asset value is normally set on the subsequent banking day.

The subscription and redemption occur on an occasion when the fund unit holder's request for subscription or redemption is at an unknown fund unit price.

Information about the latest set price for a fund unit can be obtained every banking day at the Management Company or through one of the Svenska Handelsbanken branch offices as well as every day via the Management Company's website.

The request for subscription or redemption may be cancelled only when permitted by the Management Company.

The fund consists of the following share classes:

A) Accumulation (non-distribution) share class, traded in SEK (A15 SEK)

There is no minimum subscription limit stated for the share class. The subscription and redemption of units in the share class are in SEK.

B) Distribution share class, traded in SEK (B15 SEK)

There is no minimum subscription limit stated for the share class. The subscription and redemption of units in the share class are in SEK.

## § 10

### Exceptional circumstances

The fund may be closed for the subscription and redemption of fund units in the event exceptional circumstances have occurred, whereby the value of the fund's assets cannot be calculated in such a way as to guarantee the equal treatment of the fund unit holders.

## § 11

### Fees and remuneration

Fees are payable to the Management Company from fund assets for fund management, marketing, and administration of the fund. Fees are calculated daily based on the fund's value and are allocated for each share class. The maximum annual fee permitted is stated below under each share class. The fees include costs for custody, supervision, and auditing.

Expenses for brokerage fees, taxes, etc. are paid from the fund for the purchase and sale of financial instruments.

Applicable value-added tax will be added to the fees stated above on each occasion.

Information is available in the fund's prospectus regarding the maximum fixed and performance-based fees that may be paid for the management of the securities funds and corresponding collective investment undertakings, non-UCITS funds and AIFs in which the fund assets are invested.

#### Share class A) and B):

Remuneration to the Management Company may be a maximum of 0.25 percent annually.

## § 12

### **Distribution**

The fund does not distribute dividends in the A) share class.

The fund distributes dividends in the B) share class. The Management Company determines the amount of the distribution to be paid to fund unit holders in the distribution share classes on an annual basis. Distributions are based on the return (such as dividends, interest income, changes in value) in the distribution share classes or another distributable amount. The distribution may be set at a higher or lower amount than the returns of the share classes. Refer to the prospectus for further information about the objectives with regard to the size of the distribution. Distributions are made between the months of March and May each year. The Management Company may make the decision for an extraordinary dividend during the year if it is deemed to be in the best interest of the fund unit holders. Dividends are paid to the fund unit holders who are registered for distribution fund units as of the record date decided by the Management Company. The distribution impacts the relationship between the value of accumulation units (non-distribution) and the value of the distribution units, with the value of the distribution units decreasing in relation to the size of the distribution.

## § 13

### **Financial year**

The financial year for the Management Company and the fund is the calendar year.

## § 14

### **Semi-annual review and annual report, amendments to fund rules**

The Management Company must submit an annual report about the fund within four months of the end of the financial year. The annual report will be sent to the Financial Supervisory Authority and will be sent free-of-charge to all fund unit holders who have requested its receipt. In addition, the annual report will be made available at the Management Company and the Depositary.

The Management Company must submit a semi-annual review of the fund's first six months within two months of the end of the mid-year. The semi-annual review will be sent to the Financial Supervisory Authority and will be sent free-of-charge to all fund unit holders who have requested its receipt. In addition, the semi-annual review will be made available at the Management Company and the Depositary.

Should the Management Company's Board of Directors decide to make an amendment to the rules of the fund, the decision will be submitted to the Financial Supervisory Authority for its approval.

The Management Company will make the amendment public in the upcoming annual report or semi-annual review and any other way the Financial Supervisory Authority decides. The amendment must also be made available at the Management Company and the Depositary.

## § 15

### **Pledge of fund units**

If the fund unit holder mortgages fund units in his possession, the fund unit holder (mortgagor) and/or the mortgagee must notify the Management Company in writing about the pledge. The notification must include the following information:

1. the name of the fund unit holder/mortgagor,
2. the name of the mortgagee,
3. the number of fund units included in the scope of the pledge, and
4. any limitations in the scope of the pledge.

The mortgagor must sign the notification.

The Management Company will include the information regarding the pledge in the unit holder register.

The fund unit holder will be notified in writing that the register has been updated to include the information that his fund units have been pledged. When the pledge has terminated, the Management Company will remove the information from the register after it has been notified by the mortgagee.

## § 16

### **Liability limitations**

In accordance with Chapter 8 §§28-31 of the Alternative Investment Funds Managers Act, the following is applicable. If a fund unit holder sustains a loss as a result of the Management Company violating the Alternative Investment Funds Managers Act or the fund rules, the Management Company shall compensate the loss.

In accordance with Chapter 9 §22 of the Alternative Investment Funds Managers Act, the regulations in Chapter 3 §14-16 in the Swedish Investment Funds Act (2004:46) shall be applied to the Depository of non-UCITS funds.

If the Depository or the institution that holds the financial instruments in custody on behalf of the Depository has lost financial instruments, the institution shall return financial instruments of the same type or pay an amount of equivalent value to the Management Company on behalf of the securities fund without undue delay pursuant to the Swedish Investment Funds Act, Chapter 3 §14. The Depository is not liable for compensation pursuant to the above if the institution can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

If a fund unit holder incurs damages other than those stated in the previous paragraph as a result of the Depository or a subcontractor intentionally or through negligence by violating the law or other statutes that regulate the business operations, the institution shall compensate for damages in accordance with Chapter 3 §15 of the Swedish Investment Funds Act. In accordance with Chapter 3 §16 of the Swedish Investment Funds Act, a service contract regarding the custody of assets and control of ownership pursuant to Chapter 3 §6 of the Swedish Investment Funds Act does not absolve the Depository from its liability for losses and other damages in accordance with the Swedish Investment Funds Act. This is also applicable even if the service contractor subcontracts the assignment to another contractor in accordance with the Swedish Investment Funds Act.

While respecting and in the application of the provisions in Chapter 2 §21 in comparison to Chapter 3 §§14-16 in the Swedish Investment Funds Act, the following is applicable:

With regard to all of the incoming measures taken by the Depository and the Management Company, neither shall be liable for damages due to Swedish or foreign statutes, measures taken by Swedish or foreign authorities, event of war, strike, blockade, boycott, lockout or other similar circumstances. The reservation concerning strike, blockade, boycott, and lockout even apply if the Depository and/or the Management Company themselves are subject to or take such conflict measures.

Other damages inflicted on a fund unit holder shall not be compensated by the Depository and/or the Management Company unless the Depository/Management Company intentionally or negligently cause the other damage. The Depository/Management Company shall not be liable under any circumstance for indirect damage.

The Depository/Management Company shall not be liable for damages resulting from a Swedish or foreign stock market or other marketplace, custodian bank, central securities depository or other processor, clearinghouse or other institution that provides similar services. The Depository/Management Company shall not be liable for damages resulting from subcontractors that the Depository/Management Company contracted with due skill, diligence and care or, with regard to the Depository, that were designated by the Management Company. The aforementioned also applies to damages resulting from the insolvency of the organizations or contractors mentioned.

The Depositary shall not be liable for damages that arise for the Management Company, fund unit holders in the fund or others as a result of limitations on the right of disposal that may arise against the Depositary regarding securities.

If obstacles exist that prevent the Depositary and/or the Management Company from effecting payments or taking other measures due to the circumstances mentioned in paragraph 6, the measures may be postponed until the obstacles have ceased. In the event of deferred payments, the Depositary/Management Company will pay interest, if interest is promised, based on the rate of interest that applied on the due date. If interest is not promised, the Depositary or Management Company is not obliged to pay interest at a higher rate of interest than that which is equivalent to the interest rate set by the Swedish Riksbank, with the applicable discount according to §9 of the Interest Act (1975:635), supplemented by two percentage points for each occurrence.

If the Depositary and/or the Management Company, as a result of the circumstances mentioned in the paragraph 6, is prevented from accepting payment, the Depositary and/or the Management Company has the right to interest according to those conditions that applied on the due date for that period during which the obstacle existed.

## § 17

### **Permitted investors, etc.**

The fund targets a group of investors as described in §1 above, with the following restrictions. The fund does not target such investors whose subscription or holdings of units in the fund involve or result in a risk for (i) violation of Swedish or foreign law or other regulations, (ii) the fund or the Management Company being subject to registration obligations or other measures that the fund or the Management Company would not otherwise be obliged to undertake, or (iii) the fund being subject to substantial costs that are not in the interest of the unit holders. The fund does not target physical persons residing in the U.S. or legal persons headquartered in the U.S. or other U.S. Persons (such as a U.S. Person as defined in the U.S. Regulation S of the Securities Act of 1933, in the version applicable at the relevant time). In the event the Management Company determines that an investor is not permitted to subscribe to or hold units in the fund in accordance with the limitations stated in this paragraph, the Management Company may refuse the subscription of units as well as redeem units without prior consent on behalf of the investor. Refer to the fund's Prospectus for additional information regarding permitted investors.