

FUND RULES FOR HANDELSBANKEN NANOCAP SVERIGE

§ 1

The fund's legal status, etc.

The fund's name is Handelsbanken Nanocap Sverige. The fund is a non-UCITS fund in accordance with the Alternative Investment Fund Managers Act (2013:561). The fund targets investors who can fulfil the fund's minimum initial subscription.

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 owners 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 fund that is equivalent to the fund's net capital divided by the number of outstanding units. Each fund unit has equivalent rights to the assets included in the fund.

§ 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 tasks

The fund's assets are held in the custody of J.P. Morgan SE - Stockholm bank branch, with corporate identity number 516406-1110, which also serves as the Depositary. The Depositary will execute the decisions of the Management Company that are not in conflict with the Swedish Investment Funds Act 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 subscription and redemption of units occur according to the law and fund rules,
2. the value of the fund units is calculated 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 fund is an actively-managed fund that normally invests exclusively in a portfolio of small caps in Sweden. The fund's focus is diversified in general and thus is not specified to any special sector. The fund applies an exclusion strategy that excludes companies and sectors based on sustainability dimensions. The fund's objective is to provide exposure to small caps in Sweden that may outperform larger caps over time and in this context exceed its benchmark index over the long-term. The fund's benchmark index is SIX SRI Sweden Nano All Index. A description of the fund's benchmark index is available in the fund's fact sheet.

§ 5

The fund's investment focus

The fund's assets may be invested:

- in transferable securities,

- in units in other funds that have a geographic investment focus that is within the scope of the fund's investment focus (refer to the following paragraph),
- in money market instruments,
- in derivative instruments, and
- in an account at a credit institution.

The fund invests in a portfolio of small Swedish companies. A Swedish company refers to a company headquartered in Sweden or a company that is admitted to trading on a regulated market or other marketplace in Sweden. However, the fund may invest up to an equivalent of a maximum of 10 percent of the fund's value in small caps headquartered in another Nordic country or that are admitted to trading on a regulated market or other marketplace in the Nordics. Small caps refer to companies with a market value at the time of the investment that does not exceed the market value of the largest constituent in the fund's benchmark index. Companies can grow in a value in the event the fund manager considers it to be more beneficial for the fund's potential returns to be retained in the fund.

Irrespective of the stated criteria, the fund may hold such financial instruments that have been included in the fund due to a previous holding, such as a result of an acquisition, spin-off or other corporate events.

Depending on the market situation, the liquidity or with significant flows, the fund may invest the entire fund capital in fund units, in interest-bearing financial instruments, or in liquid assets.

The fund follows Handelsbanken Fond's principles for responsible investment which means that the fund does not invest in companies, according to the Management Company's assessment, involved in the production or distribution of weapons banned under international law as well as nuclear weapons. The fund also does not invest in companies, according to the Management Company's assessment, that have been confirmed as acting in conflict with international norms and conventions related to human rights, labor law, corruption and the environment.

In addition, the fund has sustainability criteria linked to controversial business activities, such as weapons and war materials, tobacco, alcohol, commercial gambling, cannabis, pornography and fossil fuels. More detailed information on Handelsbanken Fond's principles for responsible investment and the fund's sustainability criteria is available in the prospectus.

Occasionally, the fund will invest in index-based financial instruments to manage liquidity. These indexes can include companies in which the fund may not invest in accordance with its investment focus.

Underlying assets to derivative instruments included in the fund may consist of or be related to such assets as referred to in Chapter 5, §12, first paragraph, in the Swedish Investment Funds Act.

Chapter 5 in the Swedish Investment Funds Act applies to the management of assets in a non-UCITS fund, unless the Financial Supervisory Authority has permitted an exemption. The fund rules deviate from applicable legislation in the following points, pursuant to the exemptions issued by the Financial Supervisory Authority:

By means of an exemption from Chapter 5, §5 of the Swedish Investment Funds Act, investments in such transferable securities as referred to in Chapter 5, §5 of the Swedish Investment Funds Act may total a maximum of 25 percent of the fund's value.

By means of an exemption from Chapter 5, §6, first – third paragraphs, as well as §22 of the Swedish Investment Funds Act, transferable securities and money market instruments from one and the same issuer may not represent more than 15 percent of the fund's value, provided that such assets from one and the same issuer that have a value higher than five percent may total a maximum of 60 percent of the fund's value. However, the fund's transferable securities normally consist of over twenty issuers.

By means of an exemption from Chapter 5, §20, first paragraph of the Swedish Investment Funds Act, the fund may acquire equities with voting rights that enable the Management Company to exercise significant influence over the management of a company, however, up to a limit of 25 percent of the votes in a company.

The risk measurement applied to the fund is the standard deviation for returns, i.e., the fund's total risk. This can vary significantly, although the target for the standard deviation over a rolling 24-month period is 15 – 30 percent. However, the total risk in the fund can also be below this interval during shorter periods.

§ 6

Marketplaces

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, in 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

The fund may use 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 invest in OTC derivatives as stated in Chapter 5, §12, second paragraph of the Swedish Investment Funds Act.

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

A significant portion of the fund assets may be invested in units of other funds pursuant to §5 above as a result of the fund's investment focus.

§ 8

Valuation

The fund's value is calculated by deducting those liabilities from the assets applicable to the fund. The fund's value is calculated each 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 to be misleading by the Management Company, 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.

The value of a fund unit is the fund's value divided by the number of outstanding fund units.

§ 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.

Subsequent to the opening of a fund account, a minimum initial subscription of SEK 250,000 is required in the fund.

By means of an exemption from Chapter 4, §13, first paragraph and apart from the launch of the fund, a request for a subscription of units in the fund may occur on a monthly basis and the redemption of units in the fund may occur four times each year, pursuant to the rules and directives stated in the prospectus. Information about the subscription and redemption price is published on the Management Company's website provided in the prospectus, no later than three banking days following the turn of each month.

In the event assets for the redemption must be obtained through the sale of securities, such a sale shall occur and the redemption executed as soon as possible.

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.

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.

In order to avoid the capital managed by the fund reaching an amount that means that the fund cannot be managed in an optimal manner for the fund and existing unit holders, the Management Company is entitled to take the decision to close the fund so that there can be no subscription to new units. Any such decision on closure would require the fund's managed capital to reach an amount that exceeds the capital limit laid down by the Management Company for optimal management. The capital limit is stated in the fund's prospectus. Any decision to close the fund should be communicated at the time of the decision, but no later than the same date on which the decision on closure will enter into force and the fund is closed.

The Management Company is entitled to withdraw the cessation of subscriptions to new units. Similarly, the Management Company's decision to open the fund should be communicated at the time of the decision, but no later than the same date on which the subscription of new units may be resumed. Information regarding any decision to close or open the fund will be published on the Management Company's website stated in the prospectus.

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

§ 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. The remuneration includes costs for custody, supervision, and auditing. The remuneration amount is calculated daily based on the value of the fund and may not exceed 2.00% of the fund's value.

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

The fund's prospectus includes information about the highest fixed and performance-based remuneration that may be paid for the management of the securities funds and equivalent collective investment undertakings, non-UCITS funds and AIFs in which the fund's assets have invested in fund units.

Applicable value-added tax will be added to the remuneration stated above for each occurrence.

§ 12

Distribution

The fund does not distribute dividends. All yields on the fund's assets, such as in dividends and interest, are invested in accordance with these fund rules.

§ 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 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 midyear. 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 Depositary.

Any decisions made by the Management Company's Board of Directors for changes to these fund rules must be subject to the approval of the Financial Supervisory Authority.

The change shall be made public by the Management Company in the subsequent annual report or semi-annual review and otherwise in the manner determined by the Financial Supervisory Authority as well as be made available at the Management Company and 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 provide written notification to the custodian in cases where the fund units are held in trust. Euroclear shall be notified of such pledges when the fund units are directly registered at Euroclear.

The notification must include the following information:

1. the name of the fund unit holder/mortgagor,
2. the name of the mortgagee,
3. the fund units that are 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 it is stated that the regulations in §§14-16 of the Swedish Investment Funds Act (2004:46) shall be applicable to Depositorys for 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 non-UCITS 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 the 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 violates 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 the provisions in Chapter 8, §§28-31, Chapter 9, §22 in the Alternative Investment Funds Managers Act, in comparison to Chapter 3, §§14-16 of 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, the Depository and the Management Company shall not 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 also applies if the Depository and/or Management Company is subject to or takes such conflict measures.

Other damages sustained by the fund unit holder shall not be compensated by the Depositary and/or Management Company unless the Depositary and/or Management Company willfully or negligently caused such damages. The Depositary and/or Management Company shall not be liable under any circumstance for indirect damages.

The Depositary/Management Company shall not be liable for damages resulting from a Swedish or foreign stock market or other marketplace, depository bank, central securities depository or other processor, clearinghouse, or other parties that provide comparable services. Nor shall the Custodian/Management Company be liable for damages resulting from a contractor retained by the Depositary/Management Company with due diligence or, with regard to the Depositary, that has been assigned by the Management Company. The aforementioned also applies to damages resulting from the insolvency of the organizations or contractors mentioned.

The Depositary is not liable for damages to the Management Company or fund unit holders in the fund that may arise as a consequence of restrictions on the right of disposition of securities that may be applied against the Depositary.

If obstacles exist that prevent the Depositary and/or Management Company from effecting payments or taking other measures due to the circumstances mentioned in the sixth paragraph, the measures may be deferred until the obstacles have ceased. In the event of deferred payments, the Depositary/Management Company shall pay interest, if interest is promised, in accordance with the interest rate applicable on the due date. If interest is not promised, the Depositary or the Management Company is not obliged to pay interest at a higher rate of interest than that which is equivalent to the applicable reference rate set by the Swedish Riksbank pursuant 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 sixth paragraph, are prevented from accepting payment, the Depositary and/or the Management Company has the right to interest only in accordance with those conditions that applied on the due date for that period during which the obstacle existed.

§ 17

Permitted investors, etc.

The fund targets investors who are capable of meeting the requirement for the minimum initial subscription in the fund with the following limitations. The fund does not target such investors whose subscription or unit holdings in the fund involve or entail 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 is defined in 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.