



# XACT Nordic High Dividend Low Volatility (UCITS ETF)

*Exchange-traded fund, listed on Stockholm Stock Exchange*

## Investment Focus

The fund is an exchange-traded index fund with the objective to track the performance of the Handelsbanken Nordic High Dividend Low Volatility Criteria Index (SEK) as closely as possible. Fund returns are determined by how the fund's investments in equities increase or decrease in value. The index will be replicated through optimized (sample-based) physical replication, which means that the fund invests directly in most of the equities included in the index. Tracking error is expected to be less than 0.2% under normal market conditions. The management fee, customer flows, index rebalancing and corporate events all result in transaction costs for the fund, which are not present in the index. These are the main factors that impact the fund's ability to replicate the index. Handelsbanken Nordic High Dividend Low Volatility Criteria Index (SEK) consists of equities in Nordic companies that are selected based on dividend yields as well as the risk and liquidity of the equities. The index followed by the fund includes sustainability requirements. Companies that do not fulfil the defined requirements with regard to sustainability are excluded from the index. The fund follows an index that includes sustainability requirements. Companies that do not meet the defined requirements for sustainability are excluded from the index. The sustainability requirements include international standards and guidelines for the environment, social responsibility and corporate governance. The requirements also include the fund's exclusion of companies involved in the production or distribution of fossil fuels, military equipment, tobacco, alcohol, gambling, cannabis and pornography. The fund can invest in derivative instruments as part of the fund's investment focus. However, the use of derivative instruments is of such a nature that it only has a marginal impact on the fund's risk level. Additional information about the sustainability work and the funds index, may be found in the prospectus.

## Portfolio

The fund rose by 10.6% during H1 2024\*.

The portfolio consists of all of the equities included in the Handelsbanken Nordic High Dividend Low Volatility Criteria Index (SEK). The index includes the 45 Nordic companies with the highest rankings for dividend yields and low volatility in the share price. The overall rating determines the company's weighting in contrast to a traditional index where the stock market value determines the weighting. Manufacturing, Financial and Insurance Activities, Information and Communication were the fund's largest sectors weighting at mid-year. The fund's largest holdings were Nordea, insurance company Sampo and the telecom operators Telenor.

\* Refer to fund statistics for comparable index.

## Significant risks

The fund is an equity fund which means a higher risk, but also the potential for a higher return. The investments are concentrated to securities in the Nordic countries, which means the risk can be higher than those for an investment in a diversified global fund that distributes its investments over several regions. The fund has a currency risk, which means that the returns and the risk are affected by changes in exchange rates. The fund may invest in derivatives as part of its investment focus to increase returns in the fund and to create leverage. The volume of trading is limited where applicable and is expected to have a marginal impact on the fund's risk profile. A sustainability risk is an environmental-, social-, or corporate governance-related event or condition that, should it occur, could cause an actual or potential significant adverse impact on a company's value. Accordingly, environmental-related, as well as social-, or governance-related events can arise from a company's own business operations or from events that occur independently of the company. The sustainability risks in the fund are systematically measured and followed

up. The risk is deemed to be low and the actual measurement will be reported in the annual report.

## Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund did use this option during 2024\*. The fund has the option of lending securities. The fund did use this option during 2024. The fund may use other techniques and instruments. The fund did not use this option during 2024.

- Highest leverage during the financial year 0.0%
- Lowest leverage during the financial year 0.0%
- Average leverage during the financial year 0.0%

\* During the year, the fund has had minor leverage arising from subscription rights.

## Information

Since the changes in tax regulations for Swedish funds (2012) and due to developments within the area of taxation, it is unclear how foreign distributions will be taxed. More information about foreign withholding taxes can be found at the end of this report.

## Shareholder commitments

Based on the Management Company's Policy for shareholder engagement and responsible investment and the Management Company's Voting policy, the Management Company carries out voting at shareholders' meetings, nomination committee work and dialogues held in-house with the portfolio companies or in collaboration with others. The Management Company's work in nomination committees is also regulated by the Guidelines for nomination committee work. It is our view that this work will improve governance and reduce sustainability risks in the portfolio companies, which in turn will result in positive value growth.

The Management Company ensures that relevant information is available as a basis for analysis and voting decisions. This information is provided through analyses from proxy advisors, as well as through market information, third-party analyses or contact with the company. The Management Company then makes independent decisions on those issues where voting or other decisions are to be taken.

The Management Company primarily votes at the general meetings where the funds own a minimum of 0.5% of the votes, where the companies constitute significant holdings in each fund, where the Management Company determines that a specific engagement effort is necessary in accordance with the Management Company's established sustainability objectives and commitments, at companies with which the Management Company holds dialogues in which the subject of the dialogue will be presented for a decision at the general meeting, at shareholders' meetings where relevant sustainability issues will be presented for a decision, as well as at other general meetings that address principal or controversial issues. The Management Company determines which equities will be lent. For example, equity lending does not occur in companies in which the Management Company has a seat on the nomination committee. In each individual case, the Management Company makes an assessment of whether or not an equity loan will be withdrawn. Securities lending revenues for the fund are weighed against opportunities for shareholder engagement at the general meeting.

Handelsbanken Fonder participates in all nomination committees where we have a sufficiently large ownership to be offered a seat. However, nomination committees are not common outside of the Nordics and the board composition can only be impacted by voting at the shareholders'

XACT Nordic High Dividend Low Volatility (UCITS ETF), cont.

meetings.

Within its shareholder engagement, Handelsbanken Fonder conducts engagement dialogues with companies to encourage the company to enhance its sustainability work as well as with companies that we believe are not compliant with the international norms and conventions respected by the Management Company.

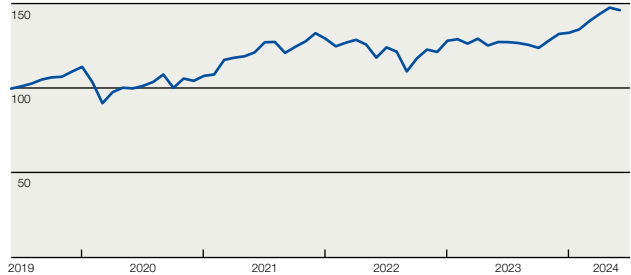
Engagement work is conducted primarily through direct dialogues between Handelsbanken Fonder and the companies, joint dialogues together with other investors, as well as in collaborations and initiatives with focus on specific sustainability issues.

There have been no conflicts of interest between the Management Company and the portfolio companies in conjunction with the fund's investments. Information about how the Management Company in general addresses conflicts of interest that may arise in conjunction with the fund's investments is available in the Management Company's Policy for shareholder engagement and responsible investment.

Read more about Handelsbanken Fonder's approach to ownership issues

and about the Management Company's guidelines for responsible investment in the Company's Policy for shareholder engagement and responsible investment, the Management Company's Voting policy and the Guidelines for nomination committee work, which are available at handelsbankenfonder.se/policy och riktlinjer. The sustainability-related disclosures included as an appendix to the annual report provide additional information about the engagement work in the form of dialogue and corporate governance that has been undertaken by the Management Company on behalf of the fund.

#### Fund performance \*



\* The graph is indexed with starting value 100. Performance is shown in the fund's base currency.

#### Fund facts - history

	1/1-30/6 2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net asset value, SEK	140.14	129.87	125.89	144.37	118.31	130.17	105.19	108.68	-	-
The fund's total net flow, SEK m	-9,607	-62	3,558	1,050	67	7,086	1,510	1,444	-	-
Fund capital, SEK m	7,420	16,007	15,572	13,967	10,530	11,514	2,830	1,489	-	-
Number of units, '000's	52,950	123,250	123,700	96,750	89,000	88,450	26,900	13,700	-	-
Total returns in %	10.6	8.8	-8.4	27.0	-5.0	29.7	1.1	8.7	-	-
Index including dividends in %	11.0	9.0	-8.1	27.5	-4.7	30.0	1.3	9.1	-	-
Tracking error, 2 yrs. %	0.1	0.1	0.1	0.1	0.1	0.1	-	-	-	-
Average yearly return, 2 yrs. %	11.2	-0.2	7.9	9.8	11.0	14.5	-	-	-	-
Comparison to index including dividends, %	11.6	0.1	8.2	10.2	11.3	14.8	-	-	-	-
Average yearly return, 5 yrs. %	7.9	9.3	7.7	-	-	-	-	-	-	-
Comparison to index including dividends, %	8.3	9.6	8.0	-	-	-	-	-	-	-
Dividends per unit, SEK 1)	3.44	6.68	6.52	5.36	5.20	5.60	5.00	-	-	-

1) The fund has quarterly distributions and has distributed twice in 2024.

Benchmark: Handelsbanken Nordic High Dividend Low Volatility Criteria Index (SEK)

Up to 2018-06-27: SHB Nordic Smart Beta Index

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last pages for definitions.

#### Fund facts - costs

Max. allowed mgmt. costs in % according to fund rules	0.30
Collected mgmt. costs in % of average fund capital	0.30
Management fees and other administrative or operating costs, %	0.30
Transaction costs, SEK thousand	2,144
Transaction costs in % of turnover	0.01

#### Fund facts - other key figures

Turnover rate	0.4
Share of turnover conducted via closely-related securities companies in %	10.5
Share of turnover conducted between funds managed by Handelsbanken Fonder AB, %	0.0

#### Risk and return measurements \*

Total risk %	12.2	Active return %	-0.4
Total risk in index %	12.3	Information ratio	Negative
Benchmark	Handelsbanken Nordic High Dividend Low Volatility Criteria Index (SEK)	Sharpe ratio	0.7
		Sharpe ratio in index	0.7

\* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions. Total exposure in the fund is calculated in accordance with the commitment method.

Total exposure in the fund is calculated in accordance with the commitment method.

#### Balance sheet, SEK thousand

	30 jun 2024	% of fund capital	31 dec 2023	% of fund capital
<b>ASSETS</b>				
Transferable securities	7,302,908	98.4	15,908,306	99.4
<b>Total financial instruments with positive market value</b> (Note 1)	<b>7,302,908</b>	<b>98.4</b>	<b>15,908,306</b>	<b>99.4</b>
Bank assets and other liquid assets	15,829	0.2	25,395	0.2
Prepaid expenses and accrued income	103,455	1.4	78,045	0.5
Other assets	-	-	109,364	0.7
<b>Total assets</b>	<b>7,422,192</b>	<b>100.0</b>	<b>16,121,111</b>	<b>100.7</b>
<b>LIABILITIES</b>				
Accrued expenses and prepaid income	1,852	0.0	4,120	0.0
Other liabilities	-	-	110,044	0.7
<b>Total liabilities</b>	<b>1,852</b>	<b>0.0</b>	<b>114,164</b>	<b>0.7</b>
<b>Fund capital</b>	<b>7,420,340</b>	<b>100.0</b>	<b>16,006,946</b>	<b>100.0</b>
<b>ITEMS INCLUDED IN THE BALANCE SHEET</b>				
Lended financial instruments	363,781	4.9	526,256	3.3
Collateral received for lended financial instruments	406,644	5.5	571,638	3.6

Note 1) for Balance sheet

XACT Nordic High Dividend Low Volatility (UCITS ETF), cont.

## Fund holdings in financial instruments

**Transferable securities admitted to trading on a regulated market or equivalent market outside the EEA 98.4**

	Number/Nominal amount in 1000's	Market value SEK t	% of fund capital
<b>LISTED EQUITIES</b>			
<b>DENMARK</b>			
Danske Bank	459,606	145,148	2.0
Sydbank	259,455	145,712	2.0
Tryg	888,501	205,816	2.8
		<b>496,676</b>	<b>6.7</b>
<b>FINLAND</b>			
Elisa	371,709	180,738	2.4
Huhtamaki	334,644	142,282	1.9
Kesko B	916,035	170,407	2.3
Kone	315,582	165,088	2.2
Nordea Bank	1,594,854	201,200	2.7
Orion	298,638	135,108	1.8
Outokumpu	3,680,025	140,760	1.9
Sampo A	457,488	208,220	2.8
TietoEvry	795,309	162,843	2.2
UPM-Kymmene	405,597	150,168	2.0
		<b>1,656,814</b>	<b>22.3</b>
<b>NORWAY</b>			
DNB Bank	1,013,463	211,379	2.8
Gjensidige Forsikring	984,870	186,902	2.5
Mowi	968,985	171,262	2.3
Orkla	2,083,053	179,732	2.4
Storebrand	1,569,438	170,148	2.3
Telenor	1,676,397	202,920	2.7
Yara International	501,966	153,574	2.1
		<b>1,275,917</b>	<b>17.2</b>
<b>SWEDEN</b>			
ABB	259,455	152,560	2.1
Alfa Laval	275,340	127,785	1.7
Assa Abloy B	545,385	163,397	2.2
AstraZeneca	81,543	135,443	1.8
Axfood	596,217	165,987	2.2
Ericsson B	2,223,900	146,333	2.0
Essity B	620,574	168,424	2.3
Hexagon B	1,146,897	137,226	1.8
Hexpol B	1,383,054	163,200	2.2
Holmen B1	393,948	164,355	2.2
Industrivärden C	489,258	174,959	2.4
Investor B	601,512	174,559	2.4
L E Lundbergföretagen B	280,635	147,053	2.0
Sandvik	596,217	126,636	1.7
SCA B	901,209	141,084	1.9
SEB A	1,119,363	175,180	2.4
Securitas	1,200,906	126,335	1.7
Skanska B	721,179	137,601	1.9
SKF B	749,772	159,551	2.2
SSAB B	2,455,821	141,357	1.9
Swedbank A	695,763	151,746	2.0
Tele2 B	1,715,580	183,052	2.5
Telia	7,067,766	200,937	2.7
Trelleborg B	344,175	141,938	1.9
Volvo B	615,279	166,802	2.2
		<b>3,873,501</b>	<b>52.2</b>
<b>Listed equities</b>		<b>7,302,908</b>	<b>98.4</b>
<b>Total financial instruments with positive market value</b>		<b>7,302,908</b>	<b>98.4</b>
<b>Total financial instruments with negative market value</b>		<b>0</b>	<b>0.0</b>
<b>Net, other assets and liabilities</b>		<b>117,432</b>	<b>1.6</b>
<b>Total fund capital</b>		<b>7,420,340</b>	<b>100.0</b>

The numbers in the tables are rounded to the nearest thousand and first decimal point, respectively, which may result in an amount in the summation of the columns that differs from the final total.

**Information about the fund's securities lending**

**Volume of lent securities , SEK thousand: 363,781**

**Volume of lent securities as a % of total lendable assets 5.0**

**The ten largest issuers of collateral for securities lending per issuer, SEK thousand:**

U.S.A.	152,598
France	44,030
Germany	31,546
Belgium	30,872
United Kingdom	30,650
Austria	18,878
Netherlands	14,735
Rolls-Royce Holdings	5,654
Rio Tinto	5,654
BP	5,455

**The largest counterparties for securities lending, SEK thousand**

Merrill Lynch International	139,258
Handelsbanken	106,372
J.P. Morgan Securities	63,814
Barclays Capital Securities	57,692
Goldman Sachs International	30,432
BNP Paribas Financial Markets	6,368

Morgan Stanley & Co. International 2,708

**Type and quality of collateral, SEK thousand**

Equities, shares	79,502
Bonds and other interest-bearing instruments	327,142
	<b>406,644</b>

We accept government bonds and treasury bills with a rating of AA- from S&P or Aa3 from Moody's or higher issued by the United States, the British government, states within the eurozone (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain) as well as Australia, Canada, Denmark, Japan, New Zealand, Norway, Sweden and Switzerland. We also accept equities in major and well-known indexes as collateral.

**Profile of the collateral's duration, SEK thousand:**

Less than 1 day	-
1 Day to 1 Week	-
1 Week to 1 Month	2,639
1 Month to 3 Months	6,636
3 Months to 1 Year	5,301
Above 1 Year	312,566
Open Maturity	79,502
	<b>406,644</b>

**The domicile of the counterparties, SEK thousand:**

Frankrike	6,368
United Kingdom	293,904
Sweden	106,372
	<b>406,644</b>

**Currency of the collateral , SEK thousand:**

AUD	254
CAD	0
CHF	1,188
DKK	1,229
EUR	144,645
GBP	98,512
JPY	331
NZD	8
SEK	7
SGD	318
USD	160,152
	<b>406,644</b>

**Settlement and clearing, SEK thousand:**

Triparty	406,644
	<b>406,644</b>

The profile of the duration for securities lending is undetermined, but may be immediately terminated.

The collateral received is held by J.P. Morgan Bank Luxembourg S.A. or another group and is not reused.

**Information about returns and expenses:**

Securities lending for the full year generated a total revenue of SEK 613 thousand of which 80% was passed on to the fund and 20% to J.P. Morgan Bank Luxembourg S.A. in its role as the intermediary of securities lending.

**Counterparties for securities lending during the year:**

-Barclays Capital Securities  
 -BNP Paribas Financial Markets  
 -Goldman Sachs International  
 -Handelsbanken  
 -HSBC Bank  
 -J.P. Morgan Securities  
 -Merrill Lynch International  
 -Morgan Stanley & Co  
 -SEB  
 -UBS, London Branch

*Svenska Handelsbanken AB (publ) (the Index Owner) is not liable for loss or damage resulting from Swedish or foreign legislative enactment, actions of Swedish or foreign authorities, war, power failure, telecommunication failure, fire, water damage, strike, blockade, lockout, boycott, or other similar circumstances outside the control of the Index Owner. The reservation with respect to strikes, blockade, lockout and boycott also applies if the Index Owner adopts or is the object of such conflict measures. The Index Owner is not responsible in any circumstance for loss of data, non-payment of profits or other indirect damage. The Index Owner provides no express or implied warranties regarding the results which may be obtained as a consequence of the use of the Index or regarding the value of the Index at any given time. The Index Owner shall in no case be liable for errors or defects in the Index nor obligated to provide notice of, or publish, errors in the Index.\**

# Information from Handelsbanken Fonder AB

## Management Company's Board of Directors, CEO, Auditors and Personnel

As of June 30, 2024

### Handelsbanken Fonder AB

#### Board of Directors

DANIEL ANDERSSON, Chairman

Executive Vice President, Svenska Handelsbanken AB (publ), Head of the Handelsbanken Savings and Financing

MALIN HEDMAN BJÖRKMO

Consultancy specializing in corporate governance and financial regulations

HELEN FASTH GILLSTEDT

Managing Director and owner of a management consultancy firm

LARS SEIZ

Strategic advisor in asset management

ÅSA HOLTMAN ÖHMAN

Employee representative for the Union of Financial Sector Employees, Regional section, CHK club, Svenska Handelsbanken AB (publ)

Chief Executive Officer

MAGDALENA WAHLQVIST ALVESKOG

#### Management Company's auditors

##### Elected at the Annual General Meeting

PRICEWATERHOUSECOOPERS AB, PETER NILSSON

#### Personnel and organisation

The Management Company is a wholly-owned subsidiary of Svenska Handelsbanken AB (publ).

#### Key members of management within Handelsbanken Fonder AB are as follows:

Chief Executive Officer

MAGDALENA WAHLQVIST ALVESKOG

Head of Sustainability

AURORA SAMUELSSON

Deputy Chief Executive Officer

EMMA VIOTTI

Head of Products and Communications

EMMA VIOTTI

Chief Operating Officer

CARINA ROECK HANSEN

Head of Compliance

MONIKA JENKS

Head of Risk

FREDRIK ALHEDEN

Head of Sales

STEFAN BLOMÉ

Head of Corporate Governance and Board secretary

STAFFAN RINGVALL

CIO Active Asset Management

KATARINA PASCHAL

Head of Legal

FREDRIK KÖSTER

CIO Passive Asset Management and Asset Allocation

PÄR SJÖGEMARK

Post address: SE-106 70 STOCKHOLM

Telephone: +46-8-701 10 00

# Information from Handelsbanken Fonder AB

## Corporate Governance

Handelsbanken Fonder exercises an active ownership role. The purpose is to participate so that the Company takes decisions that lead to a sustainable and positive value growth, which in turn benefit our unit holders. We view our ownership role from a long-term perspective, given that changes in companies often take time to implement. As a guideline for our actions, the Board of Directors of Handelsbanken Fonder has adopted a Policy for shareholder engagement and responsible investments. Our work is also guided by those principles established in the Swedish Corporate Governance Code. The Management Company's work in nomination committees is also regulated by the Guidelines for nomination committees.

An essential channel is the regular contacts that our portfolio managers have with those companies in which we invest or intend to invest. This provides a very good opportunity to present our views on the performance demonstrated by the companies. We emphasize good corporate governance, sustainability and transparency at the companies in which we invest.

Handelsbanken Fonder AB participates in a number of nomination committees where we have a sufficiently large ownership to be able to influence the recommendations to the composition of the board of directors. The board shall have extensive and relevant competence and its composition shall be characterized by different perspectives. We work actively for a more equal distribution of genders in the boards. The management companies ambition is to vote at the annual general meetings where we have significant ownership and where our votes could impact the course of events, which is normally over approximately 0.5 per cent of the votes.

We participate in a substantial number of annual meetings each year, in the Nordics, but also in other countries where we have a substantial ownership. In some cases, companies request a dialogue with shareholders prior to a proposal being presented at the annual meeting to gain support for the proposal by the major shareholders.

Handelsbanken Fonder AB participates in such discussions to the extent we have been invited and presents our views that aim at achieving a favourable result for unit holders.

The Management Company's Policy for shareholder engagement and responsible investments is available on our website at: <https://www.handelsbanken.se/sv/om-oss/svenska-dotterbolag/handelsbanken-fonder/our-work>.

## Responsible Investments

Handelsbanken Fonder's vision is to create financial wealth and planetary health through sustainable investments. In order to clarify our path to achieving this, we have established sustainability goals, constituting part of Handelsbanken Group's obligations under the UN Principles for Responsible Banking, which the Bank signed in 2019, and the fund company's obligations according to the Net Zero Asset Managers (NZAM) initiative. The purpose of setting quantitative goals is to ensure measurable results, and also allow our stakeholders to follow our development. The goals encompass all of our funds, and relate to two main areas.

Paris-aligned investment portfolios

- 50 per cent reduction in our funds' emission intensity by 2030.
- doubling of investments in climate-related solutions by 2030.

Increase our contribution to the 2030 Agenda for Sustainable Development

- increase the proportion of sustainable investment by 30 per cent by 2025.
- increase engagement activities with a positive outcome every year until 2025.

Handelsbanken Fonder's sustainability work is guided by our Policy for shareholder engagement and responsible investment. The Policy describes the starting point for integration of sustainability, our undertakings in terms of Global Compact, the Principles for

Responsible Investment (PRI) and international norms and conventions. It also describes the methods for sustainability applied in the asset management and principles of our corporate governance. Read more about this in the reports for each individual fund and in the Management Company's Policy for shareholder engagement and responsible investments that is available at: <https://www.handelsbanken.se/sv/om-oss/svenska-dotterbolag/handelsbanken-fonder/our-work>.

## Accounting and valuation principles

The Annual Report is drawn up in accordance with generally accepted accounting principles. The accounting principles for the securities funds are based on the Swedish Investment Funds Act (2004:46) and on the Alternative Investment Fund Managers Act (2013:561) for our non-UCITS funds, ESMA's guidelines. The principles are also based on the Swedish Investment Fund Association's Guidelines for Key Ratio Accounting of Swedish UCITS and non-UCITS funds as well the Financial Supervisory Authority's regulations regarding Swedish UCITS funds (FFFS 2013:9) and the Financial Supervisory Authority's regulations regarding alternative investment fund managers (FFFS 2013:10) for our non-UCITS funds. Further, applicable provisions in the Swedish Accounting Act are also applied. Accounting is based on the transaction date.

### Valuation principles

Financial instruments, assets and liabilities are valued at market value.

Equities and equity-related instruments are valued primarily at the official closing price, thereafter at the latest trading price from the same day as the time of the valuation.

Interest-bearing securities are valued primarily at the bid price. Swedish government bonds and covered bonds are valued primarily at the median mid-yield.

Interest rate and currency derivatives that are not exchange-traded are valued in accordance with generally-accepted valuation models.

In the event a reliable price is unavailable, alternatively the instrument is not regularly traded, a valuation model can be utilized. This also applies when an instrument that is normally valued through the use of a market price is no longer deemed to have a reliable price.

Financial instruments, assets and liabilities that are revalued to the fund's portfolio currency are recalculated based on the official closing exchange rate on the balance sheet date.

## Foreign withholding taxes

Due to the changes in the tax regulations for Swedish funds on January 1, 2012, as well as the developments within taxation, there is significant uncertainty with regard to the application of withholding taxes on equity distributions. This can result in both higher revenues and increased expenses regarding withholding taxes in funds with foreign holdings. The revenues or expenses will be reported when received or paid, respectively. The distributions will be reported in the amount actually received, although it cannot be ruled out that the withholding taxes can be revised, which would result in an additional withholding tax on the previously received distributions made in the fund. A remittance (repayment of withholding tax paid) is reported when received. With regard to restitution for certain funds and from certain countries, e.g., Denmark and Finland, the principle of reporting restitution when received or paid can be waived if there are tax and reporting grounds for doing so.

## More information

You will find the complete information brochure with fund rules, fact sheets and current share price performance on our website at [www.handelsbanken.se/funds](http://www.handelsbanken.se/funds). For further information on the subscription and redemption of fund units, please contact your local Handelsbanken branch office.

# Definitions

## Fund statistics

**Average fund capital** – Calculated as the mean value of the fund's net asset value during the year (or that portion of the year during which the fund existed). The fund's net asset value is calculated on a daily basis.

**Average yearly return, 2, 5 and 10 years, respectively** – The fund's average effective annual yield during the last 2, 5 or 10 years, respectively.

**Collected management costs in % of average fund capital** – Actual management fees collected. Expenses are calculated daily and represent costs for management, administration, marketing and distribution. Expressed in percent of the average fund capital and calculated on a rolling 12-month basis.

**Costs for monthly savings SEK 100** – Total costs charged to a unit holder who had SEK 100 invested on the first banking day of each month during the year and retained the investment throughout the year. Calculated for the full year only and for funds and share classes that have existed during the full year. The corresponding amount for funds with EUR as the base currency is EUR 10. The corresponding amount for funds with NOK as the base currency is NOK 100.

**Costs for one-time subscription SEK 10 000** – Total costs charged to a unit holder who had SEK 10 000 invested in the fund at the beginning of the year and retained the investment throughout the year. Calculated for the full year only and for funds and share classes that have existed during the full year. The corresponding amount for funds with EUR as the base currency is EUR 1 000. The corresponding amount for funds with NOK as the base currency is NOK 10 000.

**Dividends per unit** – The Management Company determines the amount of the dividend to be paid to fund unit holders of the distribution share class on an annual basis. Distributions are paid to those fund unit holders registered for distribution shares on the distribution date determined by the Management Company.

**Duration** – The duration of a fund is a measure of how sensitive the fund is to changes in interest rates. Simply stated, it is the weighted average of the residual maturity in the fund's investments. Measured in years or months.

**Fund capital** – The fund's net asset value on the closing date for the respective year.

**Fund's total net flow** – Subscriptions less redemptions in the fund, excluding reinvested dividends and any flows from mergers.

**Index** – The index used by the fund as its benchmark.

**Index incl. dividends** – Performance of the fund's benchmark during the respective year. Performance is expressed in percent and is converted to the currency for each share class in those cases where the index is published in another currency. The table shows the index including dividends.

**Management fees and other administrative or operating costs** – From the 1 of January management fees and other administrative or operating costs replace ongoing charges. The cost measurement includes management fee and refer to the ongoing costs in the fund, excluding transaction costs for securities, interest expenses, transaction-related tax expenses and any performance-based fees.

When the fund engages in security lending, 80% of the revenue earnings derived from the lending agreement is allocated to the fund whilst the remaining 20% is allocated to the securities lending agent. Given that the revenue allocation agreement increases the fund's costs, the remuneration paid to the securities lending agent will be included in the management fees and other administrative or operating costs.

The measure is based on the fees deducted from the fund during the period. It is expressed as a percentage of the average fund capital and calculated on a rolling 12-month basis.

A supplement for the underlying fund's most recently available management fees and other administrative or operating costs, after deducting for discounts received, will be added for funds that invest in other funds.

**Net asset value** – Net asset value expressed as the rate prevailing on the balance sheet date for the respective year.

**Number of units** – The number of outstanding units on the last banking day for the respective year. Reported in thousandths of units.

**Other assets in the balance sheet** contain receivables for unsettled trades, received after balance sheet date. This applies to both sold securities and issued fund shares.

**Other costs in the income statement** include transaction costs, taxes and bank costs.

**Other financial costs** in the income statement include expenses for security lending.

**Other financial income in the income statement** includes premiums for security lending and discounts for management costs in underlying funds.

**Other income in the income statement**

refers to money paid back for bank charges and taxes.

**Other liabilities in the balance sheet** contain liabilities for unsettled trades, paid after balance sheet date. This applies to both purchased securities and redemption of fund shares.

**Other techniques and instruments** – Techniques and instruments used to improve the effectiveness of fund management refers to the following: techniques and instruments are attributable to transferable securities and money market instruments used in a cost-effective manner to lower risks and expenses or to increase returns in the fund with a risk level that is consistent with the fund's risk profile and applicable rules for the distribution of risk. Example of techniques and instruments include securities lending and agreements on the repurchase of securities sold, i.e., repos and reverse repo transactions.

**Risk** – The calculation of the fund's risk is the same for all EU member states. 1 is for the lowest risk (small price fluctuations) and 7 is for the highest risk (risk for substantial price fluctuations). The classification is based on the standard deviation (volatility) for the fund, calculated using the unit values over a five-year period. If five years of performance is not available, the standard deviation for the relevant comparable index or other benchmark will be used. Risk describes primarily market risk and currency risk.

**Share classes** – A fund can have several share classes. Different share classes have different conditions, e.g., currency, with dividends or without, management fee or an initial minimum subscription amount. Fund capital is the same for the share classes and therefore information refers to the fund as a whole unless stated otherwise. Fund units within each individual share class are the same size and have the same rights to the assets included in the fund. The distribution in a distribution share class impacts the relationship between the value of units that are non-distribution and the value of the units that are distribution, with the value of the distribution fund units decreasing in relation to the size of the distribution.

**Share of turnover conducted via closely related securities companies** – The proportion of fund purchases and sales of financial instruments conducted by Handelsbanken in terms of value. Expressed in percent of the fund's total turnover.

**Share of turnover conducted between funds managed by the same fund management company** – The proportion of fund purchases and sales of financial instruments

conducted on behalf of the securities fund from another fund managed by the same fund management company. Expressed in percent of the fund's total turnover.

**Total returns** – Reports how the value of a unit has changed during the respective year. If the fund has paid dividends during the year the change in value has been calculated as though the dividend or contribution before tax was added back on the distribution date. Annual return is measured in percent from the date of the previous year's closing date to the closing date for the respective year. Returns for the semi-annual review are reported for the first half of the current year.

**Transaction costs** – Expressed partly as an amount and partly as a percentage of the value of the financial instruments turned over. The value refers to the overall market value, but for futures and future related instruments the value refers to the exposure value. Calculated on a rolling 12-month basis. Reported in the Income Statement under the heading "Other expenses". Examples of transaction costs are brokerage and derivative costs.

**Turnover rates (general principle)** – The fund's turnover rate calculated, on the one hand, as the ratio between the lowest total amount for securities purchased or sold during the year and, on the other hand, as the average fund capital during the same period. With regard to equity funds, fixed income securities with a residual maturity of a maximum of 397 days at the time of acquisition are excluded from purchased or sold securities. The turnover rate is reported as the number of times turned over per year and is calculated on a rolling 12-month basis.

**Turnover rate (leveraged funds)** – If a fund has traded with derivative instruments during the period and the turnover calculation conducted in accordance with the general principle makes the turnover information appear misleading, the fund's turnover rate is also calculated by decreasing the total of purchased and sold financial instruments during the period by the total of the subscribed and redeemed units in the fund. This amount is divided by the fund's average fund capital during the period. Negative turnover arises when the total amount for purchased and sold fund units exceeds the total amount for purchased and sold derivatives.

**Volume of lent securities as a % of total lendable assets** – Is the market value of lent securities as of the balance sheet date divided by the market value of the fund's financial instruments with positive market value.

## Key figures for risk follow-up

*In order to obtain relevant comparisons, dividends have been reinvested in the funds and their respective benchmarks. All key figures have also been calculated on the basis of the Annual effective yields. The values for the past two years have been used for the majority of the funds. A risk forecast has been made for more recent funds, with fund holdings as of balance sheet date as the basis. In these cases, historical data for relevant reference portfolios is used for the calculation of the risk forecast.*

**Active return** states the annual over- or under effective return attained by the fund in comparison to its benchmark.

**Active Share** compares the equity fund's holdings with the holdings in its benchmark. The key figures are stated in percent, from 0% (exact same distribution as the index) to 100% (none of the holdings are included in the index). The measurement is calculated as one-half of the sum of the absolute deviations between a securities' weighting in the fund and its weight in the index.

**Information ratio** is a measure of the active returns attained by the fund when deviating from its benchmark. It is the ratio between the active returns and the tracking error. A negative information ratio means that the

fund has underperformed its benchmark.

**Index** shows the average returns on the underlying market in which the fund invests.

**Sharpe ratio/Sharpe ratio** in index is a measure of the fund/index's return, taking into consideration the risk of the fund/index. A high return attained at a lower risk is better than an equivalent return attained at a high risk. Calculated, on the one hand, as the ratio between the return, less the risk-free interest (interest on government securities) and, on the other hand, as the total risk of the fund/index. The Sharpe ratio is the most relevant ratio for comparing.

**Spread exposure** is shown for fixed income funds, as of the closing date, and is a measure of credit risk. The spread exposure

shows how much the fund will depreciate, in percent of the value of the fund, if the spread between the value of a fixed income fund and government bonds is doubled. Calculated as capital-weighted credit duration multiplied by the spread of the instrument (differential) compared to the government yield curve.

**Tracking error** measures the standard deviation of the difference in the yields between the fund and its benchmark (the variation in the relative yields). The historical tracking error indicates how much the fund's yield has deviated from benchmark.

**Total risk/Total risk** in index is stated as the standard deviation for variations in the monthly yields of the fund/index. The higher the number, the higher the risk.

**VaR** is a parametric in this case and is calculated in accordance with the covariance method. The covariance matrix is presented by the risk system and is updated on a monthly basis. The confidence level is 95% and the time horizon is one day.

## Abbreviations

A number of abbreviations are used for certain securities in the table of contents:

<b>ADR</b>	American Depository Receipt	<b>IR</b>	Redemption Right
<b>ADS</b>	American Depository Share	<b>KV</b>	Convertible
<b>BTA</b>	Interim Share	<b>NVDR</b>	Non-Voting Depository Receipt
<b>CB</b>	Callable Bond	<b>Pref</b>	Preference Share
<b>ETF</b>	Exchange Traded Fund	<b>SDB</b>	Swedish Deposit Certificate
<b>f/r</b>	Foreign Registered	<b>TO</b>	Warrants
<b>FRN</b>	Floating Rate Note	<b>TR</b>	Subscription Right
<b>GDR</b>	Global Depository Receipt		

[The prospectus, fund rules and fact sheets for each fund are available in the mutual fund price list at handelsbanken.se/funds.](#)

Handelsbanken Fonder AB is a wholly-owned subsidiary of Svenska Handelsbanken AB (PLC).

**About risk**

Historical yields are not a guarantee of future returns. A fund can both increase and decrease in value and it is not guaranteed that you will recover the entire invested amount. Note that a fund with risk level 5-7, as stated in the fund's fact sheet (KID), can vary greatly in value due to the fund's composition and management methodology. Summary of investors' rights, prospectus, fund rules and KID are available under each fund at [handelsbanken.se/funds](#).