



Fund Prospectus

# Alinea Capital

ISEC Services AB  
28<sup>th</sup> of April, 2023

ISEC Services AB – fund prospectus. This is a translated version. The unitholder is encouraged to take part of the Swedish version.

## **Fund Prospectus**

### **ISEC Services AB**

**Publication date: 28<sup>th</sup> of April, 2023**

This fund prospectus contains important information about the fund and its operations. We recommend that you read it along with the fund's KIID and fund rules prior to investing. The information contained herein is not intended as a recommendation to invest, and it is the responsibility of each prospective investor to make an assessment of any investment in the fund and the associated risks.

All documents relating to the fund are available on ISEC Services AB's website: [www.isec.com/funds](http://www.isec.com/funds).

This document constitutes the regulatory fund prospectus, and has been prepared in accordance with the Alternative Investment Fund Managers Act (2013:561), the Swedish Financial Supervisory Authority's (Sw. Finansinspektionen) regulations (FFFS 2013:10) on managing alternative investment funds, the Mutual Funds Act (2004:46), and the Swedish Financial Supervisory Authority's regulations on mutual funds (FFFS 2013:9).

## **Risk information**

Historical returns do not guarantee any future returns. Money invested in the fund can increase and decrease in value, and it is not certain that any amounts invested by an investor will be returned.

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# Alf management company information etc.

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## The Alf management company

ISEC Services AB  
Address: Vattugatan 17, 2 tr.  
Postal address: Vattugatan 17, 111 52 Stockholm  
Telephone: 08-509 31 300

Email: fundadmin@isec.com  
Website: www.isec.com  
Company registration number: 556542-2853  
Share capital: 1 500 000 SEK

ISEC Services AB (the Company) is a limited liability company that was registered with the Swedish Companies Registration Office in 1997 and commenced operations in 2004. The Company is a wholly-owned subsidiary of ISEC Group AB (556599-9249) and is headquartered in Stockholm. The Company is under the supervision of The Swedish Financial Supervisory Authority and has since 26 May 2014 been authorized to conduct fund operations in accordance with the Swedish Mutual Funds Act (2004:46), and to manage alternative investment funds in accordance with the Alternative Investment Fund Managers Act (2013:561).

### Board of directors

Lars Melander, Chairman  
Mikkel Mørdrup, Member of the board  
Marie Friman, Member of the board  
Therece Selin, Member of the board

### Senior executives

Helena Unander-Scharin, CEO, Complaints officer  
Niklaus Wildling, deputy CEO  
David Christenson, Chief Risk Officer  
Stefan Dahl, Head of Risk Services  
Carl Barbäck, Senior Compliance Officer

### Auditor

PwC, Lead audit manager: Daniel Algotsson.

## Funds managed by ISEC Services AB

### Mutual funds

Finansco Dynamisk Allokering	Investerum Equity Value	RP5
Finansco Dynamisk Allokering A	Investerum Global Value	SilverDome One
Humle Småbolagsfond	RP2	Spets
Humle Sverigefond	RP3	Stolt Explorer
Investerum Basic Value	RP4	Strand Företagsobligationsfond

### Alternative Investment funds

Alinea Capital  
Impact Credit Opportunity Fund  
Peab-fonden  
T.O. Fonden

## Delegation agreements

The Company is responsible for ensuring that the fund's risk management, compliance and valuation are carried out in an independent and correct manner and that all other obligations arising from the Alternative Investment Fund Managers Act (2013:561), the Swedish Mutual Funds Act (2004:46) and other applicable statutes are complied with. In addition, the Company has the ultimate responsibility for the activities outsourced to third parties and regularly performs checks and follow-ups in this regard.

The fund's portfolio management has been assigned to Alinea Capital Management AS (the Manager). Alinea Capital Management AS, Norwegian company registration number 923 266 879, is headquartered in Oslo. The Manager is under the supervision of the financial supervisory authority in Norway, and is licensed to provide investment services and conduct operations in accordance with the Norwegian Securities Trading Act Section 2-1. Conflicts of interest may arise between the fund, the unitholders, the Company and the Manager, as the Manager does not have a formal responsibility towards the unitholders and other stakeholders. Therefore, a risk

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arises that other services involving the Manager may reduce focus and resources invested in the management of the fund. This conflict of interest is managed, among other things, by way of the Company's routines for following-up delegated activities as well as ongoing controls of restrictions, returns, etc. The Manager's other services, conducted within the framework of discretionary mandates or management of other funds, also entail another conflict of interest that arises when transactions in the same financial instrument, or in interlinked financial instruments, are to be carried out. This conflict of interest is managed by way of the Manager following appropriate guidelines regarding optimum results when placing orders, thus ensuring that the transactions are carried out in a manner that does not disadvantage the fund in relation to any other management assignment. The task of managing the fund is also separated from the investment services provided to the Manager's other customers. The opportunity for the Company, the employees, and board members of a contractor to invest in the fund constitutes another potential conflict of interest. For this purpose, among other things, the Company and the contractor have a routine for registering their trading in own shares. In addition, both the Company and the Manager follow guidelines regarding the management of conflicts of interest and have routines for identifying, managing, monitoring and reporting potential conflicts of interest.

The fund's administration, including the management of unitholder registers, has been contracted to ISEC Administration AB (the Contractor). The Contractor is a wholly-owned subsidiary of the Company. The Contractor was formed in 2021, after which the Company's administrative functions were delegated to the Contractor which commenced business upon The Swedish Financial Supervisory Authority's approval of the delegation agreement. Conflicts of interest may arise with the Contractor inasmuch that the Contractor does not have a formal responsibility towards the unitholders and other stakeholders and, therefore, a risk arises for those services performed by the Contractor not being allocated the necessary resources for the performance of the assignment. This conflict of interest is managed, among other things, by the fact that business is conducted in a wholly-owned subsidiary over which the Company has full transparency, control and supervision as well as the formal responsibility towards the unitholders and other stakeholders. The Company's routines for following-up delegated activities as well as ongoing checks of services performed such as NAV analyses, unit trading, and reporting. In addition, the Contractor manages the administration for other funds implying that a conflict of interest may arise when performing the assignment. This conflict of interest is managed by the Contractor following guidelines decided upon by the Company regarding pertinent routines whose objective is to ensure that services are carried out in a way that is not disadvantageous to the fund in respect of any other assignment.

Moreover, the Company has delegated the following parts of the business to a third party: The function for internal audit has been assigned to Moneo Business Integration AB. Finance, HR and IT support have been assigned to the Company's parent company ISEC Group AB. Delivery of IT systems has been contracted to the Company's sister company ISEC Systems AB. The structure for the group in which the Company is a part can be found on the Company's website, [www.isec.com/legal-structure-and-information](http://www.isec.com/legal-structure-and-information). There are also agreements with external operators regarding the distribution of the funds.

## Depository

The fund's depository is Skandinaviska Enskilda Banken AB (publ), company registration number 502032-9081 (the Depository). The Depository is a public limited liability company and has its registered office in Stockholm. The Depository's task is to accept and hold the fund's assets. The Depository shall check that the Company's decisions regarding the fund do not infringe the provisions set forth under the Swedish Alternative Investment Fund Managers Act (2013:561), and the Swedish Mutual Funds Act (2004:46), or any other applicable legislation, or the fund's rules as well as ensuring that:

1. the sale, redemption and cancellation of fund units are calculated in accordance with statutory provisions and the fund's rules,
2. the value of the fund's units is calculated in accordance with statutory provisions and the fund's rules,
3. The fund's assets are deposited with the Depository without delay, and
4. the fund's assets are used in accordance with statutory provisions and the fund's rules.

The Depository shall act exclusively in the interest of the unitholders and independently of the Company and the fund. To this end, the Depository has a system for managing conflicts of interest when performing its assignments. In order to minimise the risk of conflicts of interest, different activities are separated, and for situations where conflicts of interest may still arise, internal instructions have been drawn up. Under certain conditions, the Depository may also assign storage measures to a third-party. In order for conflicts of interest not to arise in such cases, special routines have been established. More information regarding the Depository is provided by the Company at the request of investors.

## Remuneration

The company's board of directors has adopted a remuneration policy based on The Swedish Financial Supervisory Authority's regulations regarding Swedish UCITS funds, alternative investment fund managers, as well as the Swedish Code of Conduct for Fund Management Companies. The remuneration policy sets out the principles of determining remuneration to the Company's personnel, how the policy is to be applied and followed-up, and

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how the Company's management and employees, who can affect the company's risk level, are defined (so-called specially regulated staff). The compensation policy is compatible with, and promotes, sound and efficient risk management. It is designed to counteract risk-taking that is contrary to the fund's risk profile and fund rules, whilst not preventing the Company from fulfilling its obligation to act in the interests of unitholders. Information regarding the Company's current remuneration policy can be downloaded from the Company's website [www.isec.com/legal-structure-and-information](http://www.isec.com/legal-structure-and-information). A hard copy can be obtained free of charge upon request.

### Unitholder register

Subscription and redemption in the fund are made by the Company registering and deregistering fund units in the unitholder register which is established for each fund. The unitholder register is maintained by the Company. Registration of unit holdings is essential for the right to hold units in a fund. Unitholders receive reports in the form of annual statements. Fund units may also be nominee-registered with a bank or securities company, which means that the unitholder is anonymous to the Company. In these cases, it is the bank, or the securities company, that bears responsibility towards their client for registration of the holding and distribution of information from the Company.

### Liability

In the event that a unitholder suffers a loss due to the Company's breach of the Alternative Investment Fund Managers Act (2013: 561) or the fund rules, the Company shall compensate for the loss. The Company shall compensate the fund or its unitholders for a loss due to the Company, or a contractor, breaching applicable law, other statutes that regulate the AIF manager's activities, the fund rules or articles of association. The equivalent shall apply if the Depository has caused loss to unitholders or the Company. The Company and Depository's liability for losses incurred is set forth under Section 16 of the fund rules.

The Company has effected liability insurance in accordance with Ch. 7 Section 5 of the Alternative Investment Fund Managers Act (2013: 561)

### Prime broker

A prime broker is, for example, a bank that offers services to professional investors primarily to finance or execute transactions in financial instruments as a counterparty and which may also provide other services such as clearing and settlement of trades, custodial services, securities lending, customised technology and operational support facilities. The Company uses a prime broker in the management of the fund.

### Processing of personal data

The Company is responsible for the processing of personal data provided by unitholders, and safeguards the rights of unitholders in this regard as well as the correct processing of personal data. The Company processes personal data in order to fulfil its obligations to unitholders and, in compliance with current regulations, provide unitholders with information and other services. Further information about the personal data policy is available on the Company's website, [www.isec.com/privacy-policy](http://www.isec.com/privacy-policy).

## The fund

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### Objective and investment strategy

The fund is a special fund formed in accordance with the Alternative Investment Fund Managers Act (2013: 561), hereinafter referred to as LAIF, and is managed by the Company in its capacity as a AIF management company. This implies, among other things, that exemptions apply regarding general investment regulations that are set forth under the Mutual Funds Act (2004:46), hereinafter referred to as LVF, and therefore provides a more flexible investment mandate.

The fund's investment objective is to achieve a good risk-adjusted return over time with an annual volatility target of 20 to 40 per cent. The goal is to exceed the return on global stock markets. The Company does not directly follow a predetermined level for standard deviation.

The fund's investment focus is to be a so-called "long-short hedge fund" implying that the fund takes both long and short positions in equities for the purpose of achieving returns as well as hedging market risk. The fund will secure long-term investments, as it focuses on sectors with strong underlying structural growth.

The fund's assets may be invested in transferable securities, money market instruments, derivative instruments, fund units and in accounts with credit institutions. Transferable securities refer to shares and share-related transferable securities. Investments in transferable securities will primarily take the form of share purchases. The

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fund's investments may be concentrated in a number of sectors and companies. The fund aims at all times to have between 10 and 25 individual shares in the portfolio. The fund can invest in both small and large companies, and the funds will primarily be invested in shares issued by companies with operations in Gaming. The fund has no geographical investment restrictions, and should be considered a global fund with particular focus on the Nordic region and Europe.

The fund may use derivative instruments, including so-called OTC derivatives referred to in Ch. 5, Section 12, second paragraph LVF.

Selling securities that the fund does not own, but that the fund has at its disposal, so-called short selling, is an integral part of the fund's management strategy, as is trading in derivative instruments. Trading in derivative instruments may take place to a certain extent, whereas the use of short selling takes place to a significant extent.

The fund has the opportunity to invest in a more concentrated portfolio of transferable securities and money market instruments than a mutual fund. The Fund's holdings of transferable securities and money market instruments issued by an issuer may amount to a maximum of 20 per cent of the Fund's value, provided that the holdings that are above 5 per cent constitute a maximum of 85 per cent of the Fund's value. These restrictions apply to both individual issuers and issuers in the same group of companies. The fund's portfolio must contain at least 10 different holdings. The fund has been granted an exemption from Ch. 5 Section 6, first paragraph and Chapter 5 Section 6 second paragraph 3 LVF.

The fund also has the opportunity to use so-called OTC derivatives. The fund's exposure to the same counterparty in transactions in OTC derivatives may amount to 20 per cent of the fund's value, provided that the counterparty is a bank within the EEA.

The fund has the opportunity to borrow securities to an extent corresponding to 50 per cent of the fund's value and to lend securities to an extent corresponding to 50 per cent of the fund's value. The fund may sell financial instruments that it has at its disposal but does not own at the time of trading (genuine short selling). The fund's trading in derivative instruments may lead to the fund having a negative exposure in a specific currency, a specific share, a specific stock market, a specific fixed income market or a specific financial index.

The fund is classified as an Article 6 fund in accordance with the SFDR, EU Regulation 2019/2088 on sustainability-related information to be provided within the financial services sector. In the management of the fund, principles for sustainability are followed. The fund follows the fund company's sustainability policy. Sustainability risks are integrated into investment decisions, without the fund promoting environmental or having social characteristics or sustainable investments as goals. The investments that form the basis of the fund do not take into account the EU criteria for environmentally sustainable economic activities. The fund does not consider main negative consequences for sustainability factors. The fund does not apply basic ESG criteria. Further sustainability-related information and the sustainability policy can be found at [www.isec.se](http://www.isec.se).

## Level of activity

A fund's level of activity is usually measured by active risk (tracking error) which focuses on returns. Active risk indicates how much the fund's return differs from the return of a benchmark index. The benchmark index should be the most relevant, based on the fund's long-term investment focus. Active risk is calculated by measuring the volatility in the difference between the fund's return and the return on its benchmark index based on monthly data from the preceding two years. The higher the active risk of the fund, the more the fund's return deviates from the benchmark index.

The fund has no benchmark index, so there is no active risk to report. The fund lacks a relevant benchmark index due to the fund's investment strategy. The fund's main focus is exposure to the global stock market with a focus on the markets in the Nordic region and Europe. The fund's geographical exposure will vary and the fund rules allow for a fully flexible geographical allocation. As the fund neither aims for returns that exceed a specific benchmark index nor uses an index for the selection of investments, it is not appropriate to compare the fund's development in relation to the development of a specific benchmark index to assess the level of activity in the fund's management.

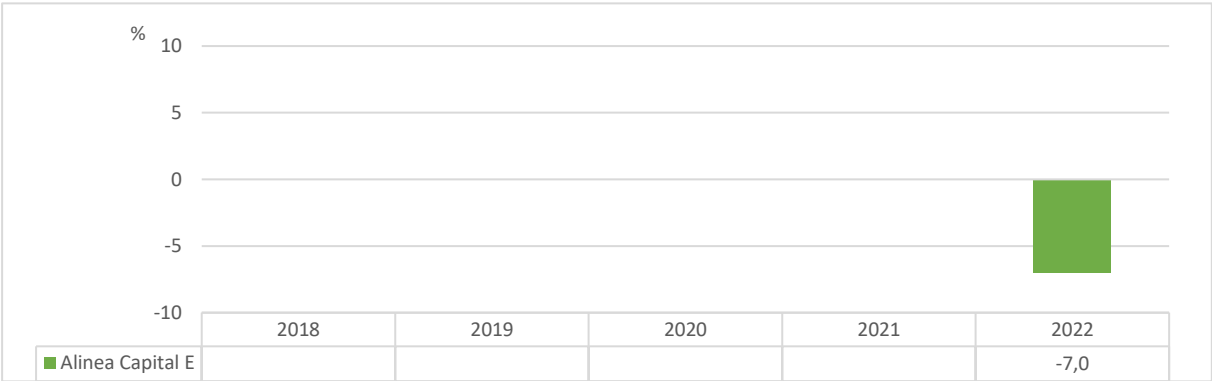
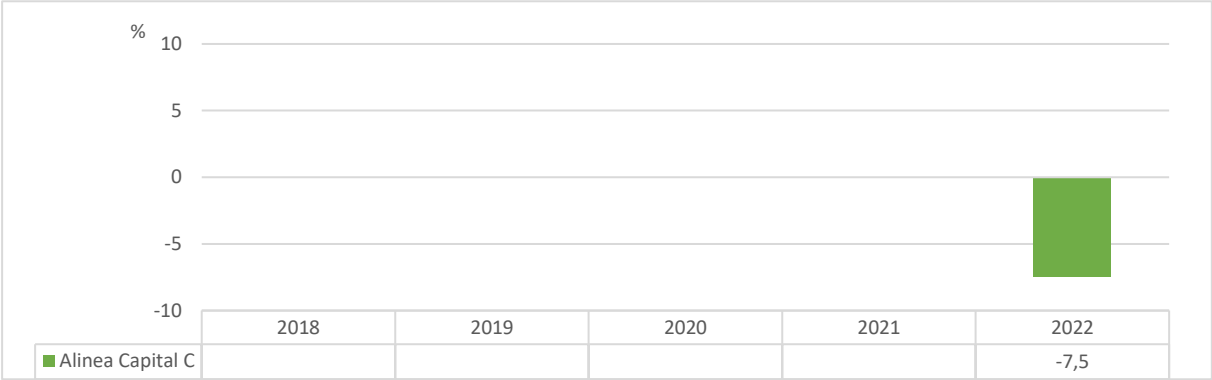
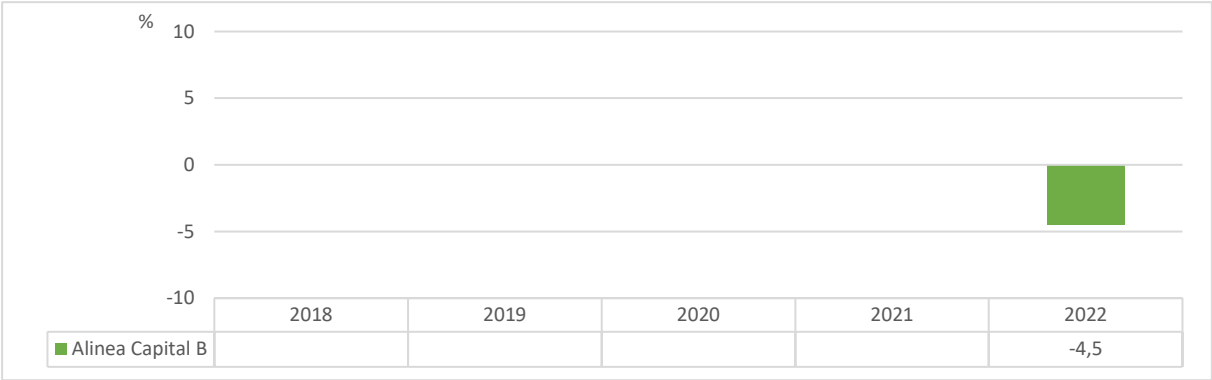
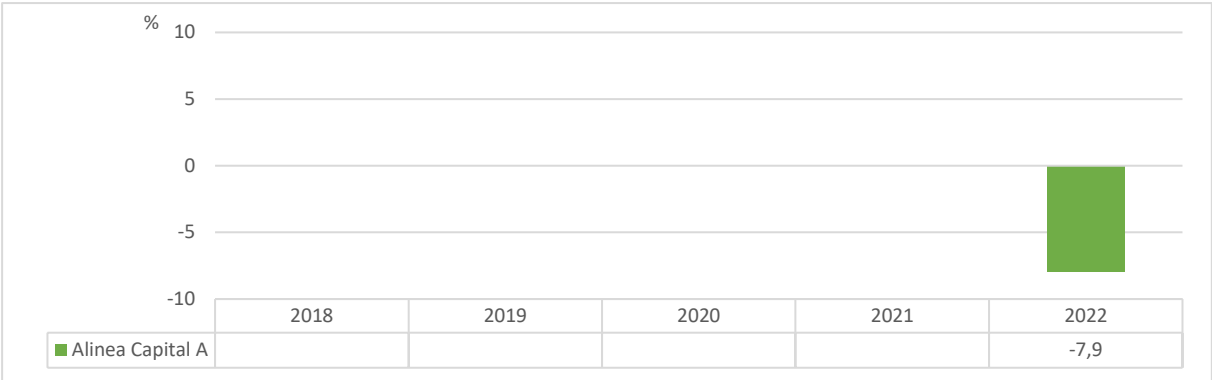
## Historical returns

Historical returns do not guarantee any future returns. Money invested in the fund can increase and decrease in value and it is not certain that any amounts invested in the Fund will be returned to an investor.

The charts below show the annual performance of the shareclasses over the past five years. Performance is calculated in Norwegian kroner after deduction of the annual fee and with reinvested dividends. Potential entry or exit charges have not been taken into account.

The fund including the shareclasses below was formed on 30 November, 2021.

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## General risk information

Saving in funds entails a certain degree of risk, which means that investors are at risk of recovering less than the amount they invested. From an investment perspective, risk refers to the uncertainty surrounding returns. The fund risk is viewed as uncertainty regarding the change in value over time. In general, the risk is higher when saving in pure equity funds, where the value can fluctuate sharply, than in fixed income funds that provide a more even return. Mixed fund risk is usually lower than in equity funds, but slightly higher than fixed income funds. Investments with a higher level of risk can also be a prerequisite for higher returns than investments with a lower level of risk. In general, savings consist of a combination of investments in different asset classes in order to spread the risk.

All fund activities are associated with different types of risks. Below is a brief overview of the main risks that may arise when saving in funds. The list is not exhaustive. The specific risks that an individual fund may be exposed to as a result of the fund's investment strategy are described in the fund's risk profile. The fund's risk profile can be found further on in this fund prospectus. Furthermore, the fund has been classified in accordance with the EU standard for risk classification, whereby a seven-band scale known as a 'Synthetic Risk and Reward Indicator' is applied, where 1 indicates the lowest risk and 7 the highest risk. The classification is disclosed in the fund's KIID, which also sets out supplementary information about the risks.

### Market risk

Market risk refers to the risk that financial instruments in a fund vary in value as a result of changes in market conditions, e.g. changes in interest rates, exchange rates, stock and commodity prices or an issuer's credit rating.

### Currency risk

Currency risk arises when a fund invests in instruments that are issued in currencies other than the fund's base currency. The value of a fund varies in line with changes in exchange rates. The value can be affected both negatively and positively by exchange rate fluctuations.

### Credit/counterparty risk

Credit risk or counterparty risk arises when an issuer or a counterparty does not fulfil its obligations prior to the settlement of the transaction, e.g. does not pay a fixed amount or does not deliver securities as agreed. Credit risk exists for all funds when investing cash and cash equivalents with credit institutions. As regards a fund's investments, the choice of counterparty is always made in order to achieve the best possible terms. However, there can always be changes regarding the credit rating (solvency and willingness to pay) of an issuer or a counterparty, thus affecting the fund's level of credit risk.

### Settlement risk

Settlement risk refers to a settlement in a transmission system that cannot be carried out as expected. All funds are exposed to such a risk.

### Liquidity risk

Liquidity risk refers to the situation whereby it may not be possible to trade a security at the intended time without a significant reduction in price or the risk of incurring substantial costs. A high liquidity risk entails a risk that a request for redemption of units cannot be executed immediately. Low liquidity in the markets can make it difficult or impossible to buy or sell financial instruments in a reasonable time period, and the price may consequently be lower or higher than expected. Liquidity risk is typically very high in the event of unexpected events and under extreme market conditions.

### Interest rate risk

interest rate risk refers to the sensitivity to changes in market interest rates on interest-bearing instruments.

### Risk of concentration/geographical risk

A fund that invests in limited sectors or in a limited geographic market is normally exposed to a higher level of risk due to the concentration in the investment portfolio compared to funds with more diversified investments. Legislation requires funds to spread the risk by investing in instruments from a number of different issuers, and the opportunities to invest funds are therefore relatively limited.

### Operational risk

Operational risk refers to losses due to e.g. system failures, human error, ineffective or failed routines, political decisions or external events. All forms of funds are exposed to this risk.

### Outsourcing risk

Outsourcing risk refers to the risk associated with the information that the Company outsources to a third party.

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## The fund's risk profile

The fund has a risk factor of 5 out of 7, corresponding to a medium high-risk fund, and an investment horizon of three years or more is recommended. Money invested in the fund can increase and decrease in value and it is not certain that any amounts invested in the fund will be returned to an investor.

The fund has no defined geographical investment restrictions, although its focus will mostly be in the Nordic region and Europe. The goal is to generate an average annual return of between 10 and 15 percent over time and to exceed the returns on global stock markets. The Manager's objective is for the fund to be well invested in over time, as it focuses on sectors with strong underlying structural growth. Management is conducted on the basis of a fundamental analysis for each company and sector, and the Manager must constantly strive to improve sector-related knowledge through qualitative and quantitative analyses, in order to create a high-performing and diversified portfolio. Investments are made in equities and equity-related transferable securities in sectors regarding technology, media and entertainment, consumer goods and consumer services. The fund's assets will primarily be invested in shares issued by companies with operations in Gaming within these sectors. The Manager will avoid investing in interest-bearing instruments. The fund's specified investment restrictions can be found under Section 5 of the Fund's Investment Policy.

The fund's primary risk is market risk, i.e. the risk of changes in the prices of the fund's underlying holdings. Exposure to the stock market is achieved through investments in shares, share-related transferable securities and fund units (maximum 10 per cent of the portfolio). The exposure to Nordic, European and global equities, etc., varies in the light of the Manager's assessment of the market situation. The aggregate market risk in the fund can be reduced through a diversified portfolio and an appropriate use of risk-reducing strategies such as currency hedging and derivative instruments.

The global investment mandate implies that the fund can invest in assets in currencies other than its trading currency, Norwegian Crowns, and hence the fund will be exposed to currency risk to the extent that the global mandate is used. Thus, currency risk is a natural part of the fund's overall risk. The fund has the opportunity to use currency hedging instruments to manage currency risks in those cases in which the Manager deems it appropriate.

The fund has a mandate to have a relatively concentrated portfolio where the minimum number of individual shares is 10 and where the largest holding is permitted to be 20 per cent of the portfolio. In addition, the investment focus is very specific. This implies that the fund may have a clear concentration risk. Moreover, the fund will in effect have sector-specific risk, as it focuses on sectors regarding technology, media and entertainment, consumer goods and consumer services.

The fund may be exposed to liquidity risk, which refers to the risk that positions in financial instruments cannot be closed or reduced at a reasonable cost and within a reasonable time period, and the price may be lower or higher than expected. The fund may, if the Manager deems it appropriate, have more concentrated holdings even in smaller companies that are generally not as frequently traded on the stock market as larger companies. Furthermore, this risk may be increased during periods of limited liquidity in the market.

To calculate the fund's total exposures, the Company uses the commitment approach whereby all derivative instruments included in the fund are converted into the equivalent position of derivative instruments in the underlying asset pursuant to Article 8 of the AIF Regulation (231/2013/EU) on Financial Leverage. The Company takes netting and hedging into account when calculating the total exposure.

## Financial leverage

Financial leverage is a method by which a manager increases the exposure of a fund, for example, by way of loans or the use of derivative instruments. The Fund's total gross exposure may not exceed 200 per cent of the Fund's value. Total gross exposure refers to exposure through derivative instruments and the value of other financial instruments and assets that are included in the Fund. Gross exposure is a term used to describe the total exposure including derivative positions. If a fund's exposure does not exceed 100 per cent, no financial leverage has been created. The fund may take out cash loans up to a maximum of 50 per cent of the fund's value.

## Financial security management

When the fund trades with OTC derivatives, it can give rise to counterparty risk. The counterparty risk when trading in OTC derivatives may amount to a maximum of 20 per cent of the fund's assets if the counterparty is a credit institution. The Company only approves credit institutions as counterparties for trading in OTC derivatives. Furthermore, the counterparty risk is regulated by the Company entering into security agreements with the counterparties, which among other things prescribes which securities are approved in relation to each counterparty. The security interest must be liquid assets pursuant to the agreements (ISDA and CSA). The fund's counterparty regarding trading in OTC derivatives is SEB.

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## Securities financing transactions and total return swaps

The fund may use securities financing transactions. When it comes to securities financing transactions, the fund uses short selling, securities loans and marginal loans. The fund does not use total return swaps.

### Short selling

Short selling refers to the fund borrowing securities which are then sold on the market. When the loan falls due, the fund is obligated to return equivalent securities of the same type and quantity to the lender and the fund must thereby repurchase securities on the market. As a result, the fund's return increases to the extent that the market price for the borrowed securities declines and vice versa. The fund pays a fee to the lender in exchange for the securities loan. Short selling implies that the fund has a market risk in respect of the securities being shorted. As a consequence of the short sale, the fund is also exposed to a certain counterparty risk in that the lender requires security for the loan. The security interest usually consists of investments in deposit accounts, shares, or in treasury bonds. Executing the security interest generally entails a transfer of ownership (transfer of title), which affords the counterparty the right to have (re-use) the security interest during the term of the loan. Counterparty risk is limited to the additional margin of collateral, i.e. the amount by which the value of the security interest provided exceeds the value of borrowed instruments. This risk is managed in part through the Company's routines for counterparty selection, which includes requirements that counterparties, on one hand, must conduct a securities business under financial supervision, be established within the EEA or another country with equivalent regulations and have a very good credit rating, and, on the other hand, perform a daily valuation of borrowed securities and the collateral provided for the security interest.

### Securities lending

Securities lending involves the fund lending (extending) securities to a borrower who is obligated at the end of the term of the loan to return equivalent securities of the same type and quantity. The fund that lends the securities is paid a fee for doing so and the loan is thus intended to increase the fund's return. Securities lending entails that the fund takes a credit risk in relation to the borrower. This credit risk is managed through the Company's security interest arrangements whose objective is for funds to receive, and at all times have, collateral whose market value covers the outstanding loan amount. In addition, securities loans may only be granted to or by way of a clearing organization, securities institution, or other financial institution that may enter into such agreements, and that are under financial supervision by a governmental authority or other competent body, and is generally well-reputed in the market. The collateral that the Company receives as a security interest is held by the fund's Depository and shall normally consist of liquid global shares. The collateral is not reinvested by the fund.

Both the outstanding loans and the collateral provided as the security interest are evaluated on a daily basis. The fund may also be exposed to certain operational risks as a result of securities lending, e.g. improper valuation of the collateral or outstanding loans that can lead to increased liquidity risk, as transactions entered into with foreign borrowers can lead to the fund's position as a lender being affected by foreign regulations. These risks are generally managed by lending always in accordance with internationally established and proven standard agreements. The fund lends securities corresponding to a maximum of 50 per cent of the fund's assets. Shares are the assets that are eligible for securities loans.

### Margin lending

Margin lending involves the fund raising cash loans to make investments in financial instruments. The use of margin lending increases the fund's investment scope and creates leverage in the fund. Margin loans are typically used to increase the fund's market risk, but the increased investment scope can also be used for hedging and thus reduce the market risk in the fund. In addition to the effect of loans on the Fund's market risk, counterparty risk may arise if the lender requires security for the loan (see above concerning the provision of a security interest in connection with short selling).

### General information concerning risks associated with securities financing transactions

The main risks associated with securities lending and short selling and the measures taken to manage the risks are described above. The funds may also be exposed to certain operational risks in connection with securities lending and short selling. For example, erroneous valuation of collateral or outstanding loans may entail an elevated credit risk. Additionally, if the fund enters into transactions with foreign borrowers, its position as a lender may be affected by foreign regulations. These risks are generally managed by way of lending, including security arrangements, being always carried out pursuant to internationally established and proven standard agreements and through the Company's robust routines and skilled personnel who manage, monitor and control the transactions.

## Provision of information regarding risk and liquidity management

Information on the current risk profile and the risk management systems that are applied, as well as information on any share of liquid assets and derivatives, is provided in the fund's annual report and half-year report.

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## Valuation

A fund's value is calculated by deducting the fund's liabilities from the fund's assets, including accrued expenses and taxes. The starting point being that property that forms part of a fund is valued on the basis of the current market value. Based on the fund's value, the fund unit value is calculated by dividing the fund's value by the number of fund units. All costs and fees in the fund, except for any subscription or redemption fees, are deducted in the valuation of the fund and in the presentation of the fund's return. If a calculated fund unit value transpires to be incorrect, the Company follows the Swedish Investment Fund Association's guidelines for handling compensation to unitholders who have been negatively affected by a fundamental error.

The unit value of a fund is called NAV, and stands for Net Asset Value per unit. The NAV price is thus the price at which fund units are subscribed and redeemed. The valuation of the fund takes place after the cut-off time for subscription and redemption and, therefore, the price is always unknown at the time an order is placed.

The fund is valued on the last Swedish banking day of each month (valuation day).

More details on the principles that apply to valuation are set out in Section 8 of the fund rules.

## Dividends

The fund issues no dividends.

## Taxation

The description below is a general summary of current regulations for natural persons who are fully taxable in Sweden. Investors' tax situation may be affected by individual circumstances. For foreign fund unitholders, other regulations may apply. Investors who are unsure of any tax consequences are therefore advised to consult a tax adviser to obtain a complete description of the regulations in force at any given time.

Since 2012, funds have not been subject to tax on the income of assets included in the fund.

Natural and legal persons that are fully taxable in Sweden and have direct ownership in funds are subject to a so-called standard tax. The basis for taxation is the standard income that each unitholder must include in their tax declaration. The standard income amounts to 0.4 per cent of the value of the fund units as of the beginning of the calendar year. The standard income is then taxed as capital income. For natural persons who are fully taxable in Sweden, the standard income is included in the capital income category, and is thus taxed at 30 per cent, which results in an actual tax rate of 0.12 per cent of the fund value. For legal persons who are subject to unlimited tax liability in Sweden, the flat rate applies in the Income Tax Act regarding business revenue.

For natural persons who are fully taxable in Sweden, gains on the redemption of fund units are taxed at a flat rate of 30 per cent. As regards dividends, 30 per cent is deducted as preliminary tax. The same regulations apply to deceased estates, provided that the deceased was fully taxable in Sweden. If the unitholder is a Swedish legal entity, the tax rate is 22 per cent. Capital losses can be deductible to varying degrees. Capital gain and capital loss, respectively, are calculated as the difference between the redemption price (after deduction of any fees) and the cost amount i.e. the subscription price paid. The Company sends control information on capital gains, capital losses, possible dividends and information on unit holdings at the end of the year. Control information is provided for natural persons and Swedish deceased estates.

If the fund is linked to an investment savings account, endowment, IPS or premium pension, special tax rules apply. For legal persons and foreign unitholders, other special tax rules apply.

## Pledging of assets and transfer of fund units

Fund units cannot be pledged as assets.

Unitholders are permitted to transfer their fund units. The transferor must notify the Company in writing, and is responsible for ensuring that the notification is duly signed. The notification must contain information about the transferor and acquirer. Transfer of fund units is subject to the Company granting consent. Consent is only granted for the transfer of unit holdings from a deceased estate, as part of the division of matrimonial property, a gift to a spouse or next of kin, or between different legal persons in the same group, as well as in the event of exceptional cases. Furthermore, consent can only be granted provided that the new unitholder has undergone the mandatory controls regarding measures against money laundering and terrorist financing in order to ensure that a person would be a permitted investor.

A transfer can only take place to an acquirer who has been approved and registered as a customer with the Company. To be registered as a customer with the Company, a customer form is to be completed and sent to the Company. Further instructions can be found under the heading "Subscription" in the section "Subscription and redemption of units" in this fund prospectus. The Company can only grant consent to the transfer provided that the intended acquirer has submitted a completed customer form with relevant appendices and the

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Company has carried out the mandatory controls regarding measures against money laundering and terrorist financing based on the information provided in order to ensure that a person would be a permitted investor. The Company is entitled to charge the unitholder a fee not exceeding 1,000 SEK for the administration of the transfer.

### Annual and half-year reports

The Company compiles two fund reports per year: a half-year report for the first six months of the financial year, and an annual report for the entire financial year. The half-year report is completed within two months from the end of the half-year and the annual report within four months from the end of the financial year. The reports are available in PDF format on the Company's website and can be ordered in print format and free of charge for unitholders.

### Marketing in other countries

The fund is also marketed in Norway.

### Amendment of fund rules

The Company has the opportunity to amend the current fund rules. Amendments in fund rules can affect the fund's characteristics, e.g. its investment focus, fees and risk profile. An amendment to the fund rules may only take place after a decision by the Company's board of directors, and shall be subject to the Swedish Financial Supervisory Authority's approval. Upon approval of the amendments, the fund rules shall be made available by the Company and the Depository, and issued in the manner prescribed by the Swedish Financial Supervisory Authority.

### Termination of the fund or transfer of fund operations

The Company may, with the consent of the Swedish Financial Supervisory Authority, transfer the management of a fund to another AIF management company. All unitholders in the transferred fund shall be informed accordingly. The information is published in the governmental gazette *Post-och Inrikes Tidningar* and will also be made available by the Company. The Swedish Financial Supervisory Authority may decide on exemptions from the announcement if there are special reasons. A transfer may be carried out no earlier than three months after the announcement, unless the Swedish Financial Supervisory Authority has decided otherwise.

Should The Swedish Financial Supervisory Authority revoke the Company's license to conduct fund operations or should the Company become insolvent or is declared bankrupt, the fund's management will be taken over immediately by the Depository. In such an event, the Depository shall as soon as possible transfer the management of the fund to a AIF management company or to a securities company with the required authorisation if it has been approved by the Swedish Financial Supervisory Authority. Otherwise, the fund will be dissolved by selling the assets and distributing the net balance to the unitholders. An announcement in connection therewith would be published in *Post- och Inrikes Tidningar* and made available by the Depository and the Company. Upon termination, or the transfer of fund operations, the unitholders will be informed through the Company's website as soon as possible. Subscription or redemption of fund units will cease whilst the Depository manages the fund.

# Investing in the fund

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## General information

An investment in a fund implies that a person who invests money receives fund units at a value corresponding to the amount invested. A fund unit is a right to a share of a fund that corresponds to the fund's net assets divided by the number of outstanding units. A fund's assets are jointly owned by the unitholders who have subscribed for units.

A fund may not acquire rights or assume obligations. A fund is not a legal entity and thus cannot bring an action in court or with regard to any other authority. The Company manages the fund in its capacity as the AIF management company and represents the unitholders in all matters concerning the fund, and exercises rights deriving from the fund's property. Operations relating to the fund are conducted in accordance with the fund's rules, the articles of association of the Company, the Mutual Funds Act (2004: 46), the Alternative Investment Fund Managers Act (2013:561) and other applicable statutes.

Historical returns do not guarantee any future returns. Money invested in the fund can increase and decrease in value and it is not certain that any amounts invested in the Fund will be returned to an investor. This fund prospectus does not provide any recommendations regarding investing in the funds, but aims to provide you, as a prospective investor, with sufficient information to assess the fund's opportunities and risks. An investment decision must thus be made by an individual with regard to a number of factors such as the investment horizon, the market, and risk considerations. Any dispute concerning the fund is handled in accordance with Swedish law by way of general courts or arbitration.

## Fair treatment

The units in the fund are the same size and carry the same right to property included in the fund. All unitholders are treated equally inasmuch that the terms, stipulated in the fund rules, apply to all unitholders. No unitholder receives any form of preferential treatment. This ensures that the Company applies the principle of fair treatment of unitholders. The company further ensures that all unitholders are treated fairly by well-trained personnel, the necessary technical systems, and by way of inspections by independent bodies.

## Unit classes

The funds in this fund prospectus consist of unit classes. The fact that a fund consists of unit classes means that units in a fund is associated with different conditions. This in turn implies that the value of a fund unit in one unit class may differ from the value of a fund unit in another unit class. The unit classes in each fund differ, for example, with regard to the subscription and redemption currency, the minimum subscription amount, and fees. Further information and the differences between the unit classes are set out in the fund's rules. This fund prospectus contains fund information regarding the trading currency, minimum subscription amount and fees for each unit class.

## Target group

The fund is aimed at investors who wish to participate in an actively managed fund that invests globally. The investor must be able to accept that large price fluctuations may occur. The fund is not suitable for investors who plan to withdraw their money within three years.

## General information regarding fees and costs

A fund's return is always shown after deduction of all fees with the exception of any subscription and redemption fees. This section provides information on the types of fees that the fund may be charged to the extent permitted by applicable regulations and the fund rules. The specific fees that apply to the fund are reported later in this fund prospectus. Information on the size of the fees paid from the fund in the previous year can be found in the fund's annual reports and half-year reports which are available at [www.isec.com/funds](http://www.isec.com/funds).

### Fixed management fee

Remuneration is paid to the Company from the funds in the form of a fixed management fee which is always reported as a percentage on an annual basis. The current fixed management fee covers the Company's costs for the management of the fund's assets, administration, marketing and distribution. The fee also includes the costs that the Company incurs for supervision, auditing and storage of the Fund's property. The highest possible fixed management fee that may be charged is regulated in the fund rules.

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### Performance-based management fee

A performance-based management fee is paid from the funds, in addition to the fixed management fee. The fee is linked to the fund's return, i.e. how well the Manager has succeeded in the assignment, and may only be paid out to the extent that it is permitted under the fund rules. A performance-based fee is applied for all unit classes in addition to the abovementioned fixed management fee. Further information about this fee can be found below.

### Analysis costs

To the extent permitted by applicable law and the fund rules, funds may be charged with costs for external analysis. Purchasing external analysis aims to increase the possibility of achieving the funds' objectives. However, analysis costs may be charged to the fund only to the extent that the analysis is significant for the fund's investment focus and improves management quality. Furthermore, the benefit of the analysis must correspond to the cost. In order to ensure that the analysis costs are justified, and in the best interests of the unitholders, an evaluation of all the analysis parties is performed annually. When calculating analysis costs, the Company uses a so-called budget model in which the analysis cost is calculated and debited to the fund independent of the transactions being carried out in the underlying securities of each fund. According to the budget model, the fund is charged an accrued cost on a daily basis based which is established annually. The total cost of external analysis is reported separately in the annual report of each fund.

### Other fees

Other fees that the fund may incur:

- Transaction costs (brokerage and other costs as well as statutory fees attributable to the Fund's trading of financial instruments, which may also include a local transaction tax), certain interest costs (e.g. on deposits and overdrafts) and certain taxes (e.g. "foreign securities tax" and "foreign voucher tax"). These costs are charged to the fund at the time they arise and are not known in advance.
- Certain taxes that are not transaction related.
- Fees for subscription and redemption in the fund, to the extent permitted by the fund rules.
- Management fees in underlying funds or fund companies. This fund prospectus will deal with the maximum management fee appertaining to significant investments in other funds or UCITS. Such fees for underlying funds are reported after any part is repaid to the fund (discount).

### "Annual fee" measurement

The fund's KIID uses the term "annual fee". The measurement of an annual fee is simply a way of reporting the total fee that unitholders pay. Therefore, it is not a fee that is added to any administration fee. The annual fee includes the fees and costs taken from the fund during the year on the basis of statute, regulations, fund rules, such as the fixed management fee, and costs for any external investment analysis. Costs (management fees as well as subscription and redemption fees) regarding significant investments in fund units of underlying funds, are also included. However, the annual fee does not include transaction costs (brokerage and other costs, as well as statutory fees attributable to the fund's trading in financial instruments), performance-based fees, subscription and redemption fees, and interest. The annual fee is based on the previous year's costs and the amount can therefore vary from year to year.

### Fund's fees

Unit class	Highest management fee %	Applicable management fee %	Performance-based fee %
Alinea Capital A	2.0	2.0	15
Alinea Capital B	2.0	2.0	15
Alinea Capital C	1.5	1.5	15
Alinea Capital D	1.5	-*	15
Alinea Capital E	1.0	1.0	15
Alinea Capital F	1.0	-*	15
Alinea Capital G	1.0	-*	15
Alinea Capital H	0.8	-*	15
Alinea Capital I	0.8	-*	15
Alinea Capital J	0.8	-*	15

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Alinea Capital K	0.7	-*	15
Alinea Capital L	0.7	-*	15
Alinea Capital M	0.7	-*	15
Alinea Capital N	0.6	-*	15
Alinea Capital O	0.6	-*	15
Alinea Capital P	0.6	-*	15

\*The unit class has not yet commenced, therefore, information on the current fee cannot be provided.

#### **Subscription and redemption fees regarding fund units**

According to the fund rules, the Company has the opportunity to charge a fee upon redemption of fund units. This fee may amount to a maximum of 2 per cent of the subscription amount and shall accrue to the fund. The fee currently amounts to 2 per cent if redemption takes place within 12 months from each investor's first subscription. No redemption fee will be applied if an investor redeems their units after 12 months.

Subscription fees cannot be charged pursuant to the fund's rules.

### **Subscription and redemption of units**

This section sets out how to subscribe for, and redeem, fund units. Information regarding minimum subscription amounts, trading currency and cut-off times can be found further on in this fund prospectus. The terms regarding subscription and redemption specified in Section 9 of the fund rules. Additionally, there are certain restrictions applying to permitted investors in the fund that are stipulated in Section 17 of the fund rules. Furthermore, the Company may have to decline subscription applications in order to comply with the Money Laundering and Terrorist Financing Prevention Act (2017: 630) (the Money Laundering Act).

The fund is normally open for subscriptions and redemptions once a month. The company has the right to temporarily postpone the possibility to subscribe and redeem under certain circumstances. Further information on such circumstances can be found in Sections 9 and 10 of the fund rules. The subscription and redemption price for a fund unit amounts to the fund unit value on the valuation date. Information on the latest subscription and redemption price is available on the Company's website [www.isec.com/funds](http://www.isec.com/funds). Requests for subscription and redemption may only be revoked if the Company consents accordingly. Subscription and redemption orders cannot be limited.

Further information on subscription and redemption of fund units and the registration forms are available on the Company's website, or can be obtained from contacting our fund administration, email: [fundadmin@isec.com](mailto:fundadmin@isec.com), or by telephone: 08-556 06 560. Any questions regarding the application form or the documents to be attached in connection with registration are to be sent to [kyc@isec.com](mailto:kyc@isec.com).

#### **Subscription**

In order for an initial subscription in the fund to be approved, prospective unitholders must first apply to be registered as a customer with us by completing the customer form. The customer form can be submitted either by ordinary post or digitally, and you can find the different versions of the customer form on our website, [www.isec.com/funds](http://www.isec.com/funds). where you may also find KIID, the fund rules, and other important information regarding saving in funds.

If the customer form is sent by ordinary post, kindly remember to attach the necessary specified documentation. If you opt to send the customer form digitally, you can sign in with BankID and no additional identity document is required. When we have received the customer form and registered you as a customer, a confirmation will be sent to you. Once you have received your customer number, you may subscribe for fund units.

Subscription generally occurs once per month. The subscription price for a fund unit is set on the day in which the fund unit value is determined, which is the last Swedish banking day in each month (valuation day). Subscription registration is made by transferring the subscription amount to the fund's bank account using your customer number as a bank transfer reference. The subscription amount must be received by the Company, i.e. deposited in the fund's bank account, no later than the day and time that is the cut-off for subscription in order to execute the subscription on the ensuing valuation day. Should the Company receive the subscription amount at a later date or time, the subscription will normally take place on the subsequent valuation date. The cut-off time for subscription registration is stated in a table further on in this fund prospectus.

#### *Mandatory subscription documentation*

Natural persons:



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An initial subscription requires a completed registration form and a verified copy of a valid identity document. For persons who are not Swedish citizens, a passport constitutes a valid identity document. If passports are not available, please contact us for more information regarding other identity documents that may be accepted. For a minor with both parents as guardians, a certified copy of both parents' identity documents and both parents' signatures on the registration form are required. If a parent has sole custody, only a verified copy of their identity document is required. As regards a power of attorney or a legal guardian, valid authorization documents are to be sent with the registration form.

Legal persons:

An initial subscription requires the following documents to be submitted with the registration form.

- A certified copy of the legal entity's certificate of incorporation (not older than three months). For foundations, an extract from the foundation register is required.
- A verified copy of a valid identity document regarding the signatory (as applicable in the abovementioned natural persons section).
- A verified copy of a valid identity document for each beneficial owner of the legal entity (as applicable in the abovementioned natural persons section).
- Completed form "Beneficial Owner Information".
- Certification regarding any tax liability in another country.
- If ownership or control consists of several different persons: an account of the ownership and control structure or an organisation chart is to be provided. This information will be checked against public registers.

#### *Cessation of sales*

The Company may decide that further subscription of fund units shall be temporarily suspended, so-called cessation of sales, in the event that the fund's total assets are of such a size that the fund can no longer be managed in a way that is beneficial for the unitholders. A cessation of sales is justified should the fund's assets become either too large or too small. In both cases, the size of the fund's assets implies that funds cannot be invested in a rational and cost-effective manner in those assets and markets specified in the investment policy. If the Fund's assets become too small the transaction costs etc. may become disproportionately high.

Cessation of sales may apply if the fund's assets amount to more than 5,000 million SEK or less than 200 million SEK for a period of at least 30 days. The decision may be enforced no earlier than 30 days after the Company has notified the Swedish Financial Supervisory Authority. The Company has the right to decide to withdraw the cessation if the conditions for such a cessation no longer exist or apply. Such a decision may be enforced no earlier than five days after notification of the decision has been sent to the Swedish Financial Supervisory Authority.

The company has the sole right to withdraw the cessation of sales provided that the conditions for such a cessation no longer apply.

#### **Redemption**

A request form is to be completed in order for fund units to be redeemed. This form is available on the Company's website, [www.isec.com/funds](http://www.isec.com/funds). Redemption requests must be submitted by way of a digital form, letter, or fax.

Redemption generally occurs once per month. The redemption price for a fund unit is the day on which the fund unit value is determined, which is the last Swedish banking day in each month (valuation day). The redemption request must be received by the Company no later than the day and time that is the cut-off for redemption in order to execute the redemption on the ensuing valuation day. Should the Company receive the redemption request at a later date or time, the redemption will normally take place on the subsequent valuation day. The cut-off time for the redemption request is stated in a table further on in this fund prospectus. Payment of the redemption amount is made to the account notified to us at the time of subscription. If you have not registered an account, or if you wish to have the amount paid into another account, you need to enter the new account number and the bank details and attach a document, e.g. a bank statement, showing that you are the holder of said account.

Unitholders that have their fund units registered with a nominee bank or other securities institution shall apply to them for the redemption of the fund units.

#### *Mandatory redemption documentation*

For all parties, the completed and signed redemption request form must be submitted to us, or signed by BankID whereby a copy of the form is automatically sent to us by email.

### **Subscription amount, currency and cut-off times for subscription and redemption**

Subscription and redemption of fund units are normally executed once per month.

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The cut-off time for subscription registration for all unit classes is 15:30, 2 banking days prior to the valuation date, and for redemption requests the cut-off time is 15:30, 1 month and 2 banking days prior to the valuation date.

Unit class	Trading currency	Minimum first subscription amount	Subsequent subscription amount	Cut-off time for subscription registration	Cut-off time for redemption requests
Alinea Capital A	NOK	1 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital B	SEK	1 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital C	NOK	10 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital D	SEK	10 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital E	NOK	25 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital F	SEK	25 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital G	EUR	2 500 000	-	2 banking days	1 month and 2 banking days
Alinea Capital H	NOK	100 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital I	SEK	100 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital J	EUR	10 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital K	NOK	250 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital L	SEK	250 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital M	EUR	25 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital N	NOK	500 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital O	SEK	500 000 000	-	2 banking days	1 month and 2 banking days
Alinea Capital P	EUR	50 000 000	-	2 banking days	1 month and 2 banking days

## Fund rules

Fund rules apply from and including 29 September, 2021.

### Section 1 Name and legal status of the Fund

The name of the fund is Alinea Capital, hereinafter referred to as "the Fund". The Fund is a special fund formed in accordance with the Act (2013: 561) on Alternative Investment Fund Managers (LAIF).

The Fund is intended for the general public (natural and legal persons) with the restriction that is set forth under Section 17. The assets of the Fund are jointly owned by the Fund's unitholders. Each fund unit confers equal right to the property that makes up the Fund. The Fund may not acquire rights or assume obligations. Nor may the Fund be brought before a court or any other authority, as the fund is not a legal entity. The fund management company in Section 2 represents the holders of fund units in all matters regarding the Fund, decides over property included in the Fund and exercises the rights appertaining to such property.

The Fund is managed in accordance with these fund rules, the articles of association of the fund management company, LVF, LAIF and other applicable statutes.

The fund consists of the following unit classes with the respective minimum initial subscription amounts and currencies:

- A Minimum first subscription amount 1 000 000 NOK
- B Minimum first subscription amount 1 000 000 SEK

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- C Minimum first subscription amount 10 000 000 NOK
- D Minimum first subscription amount 10 000 000 SEK
- E Minimum first subscription amount 25 000 000 NOK
- F Minimum first subscription amount 25 000 000 SEK
- G Minimum first subscription amount 2 500 000 EUR
- H Minimum first subscription amount 100 000 000 NOK
- I Minimum first subscription amount 100 000 000 SEK
- J Minimum first subscription amount 10 000 000 EUR
- K Minimum first subscription amount 250 000 000 NOK
- L Minimum first subscription amount 250 000 000 SEK
- M Minimum first subscription amount 25 000 000 EUR
- N Minimum first subscription amount 500 000 000 NOK
- O Minimum first subscription amount 500 000 000 SEK
- P Minimum first subscription amount 50 000 000 EUR

The fund rules set forth herein are applicable to all unit classes unless otherwise stated.

The unit classes refer to the value of a fund unit in one unit class which may differ from the value of a fund unit in another unit class and between fund units. The unit classes differ with regard to currency, the minimum subscription amount (see Section 9), fees and fee model (see Section 11).

When a unitholder's total subscription amount, with deductions for redemption, in one unit class exceeds the minimum first subscription amount in another unit class, the unitholder's funds may be transferred to the other unit class. When a unitholder's total subscription amount, with deductions for redemption, in a unit class is less than the minimum first subscription amount in the unit class, the unitholder's funds may be transferred to the unit class with the lowest management fee subject to the terms set forth under Section 11. The above applies irrespective of whether the unitholder's holding is directly held with the fund management company, or registered with the fund management company (in one or more stages) by a nominee. The nominee that has an agreement with the unitholder is partly responsible for the unitholder receiving the unit class to which it is entitled, and partly for notifying the unitholder in the event of a transfer between unit classes. Transfers must take place without changing the terms that apply to currency.

## **Section 2 Fund manager**

The fund is managed by ISEC Services AB, company registration number 556542-2853, hereinafter referred to as the Company.

## **Section 3 Depository information**

The Fund's depository is Skandinaviska Enskilda Banken AB (publ), company registration number 502032-9081, hereinafter referred to as the Depository.

The Depository shall act independently of the Company and solely in the common interest of the unitholders.

The Depository shall implement the Company's decisions with regard to the Fund pursuant to the provisions set forth in LVF, LAIF and other applicable statutes, or the rules set forth herein. The Depository shall accept and hold the property that makes up the Fund and ensure that:

1. Sales and redemptions of fund units take place in accordance with statutory provisions and these fund rules;
2. The value of the fund units is calculated in accordance with the Swedish Mutual Funds Act and these fund rules;
3. The Fund's assets are deposited with the Depository without delay;
4. the Fund's assets are used in accordance with the provisions of the Swedish Mutual Funds Act and these fund rules.

## **Section 4 Characteristics of the Fund**

The Fund is a hedge fund that focusses on sectors regarding technology, media and entertainment, and consumer services. The Fund is actively managed and investments are concentrated in several sectors and regions. The aim of the Fund is to concentrate its investments in Gaming and iGaming with regard to the aforementioned sectors.

The Fund can invest globally, but will initially focus on Europe and the Nordic region.

The investments can consist of both long and short positions and are spread across different markets in order to obtain good diversification and spread risk. The Company uses a "long-short" hedge fund strategy for the purpose of creating a return that is slightly less connected with stock market performances.

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The Fund's allocation regarding the market (gross/net exposure) varies over time and is governed by the Company's assessment of the best allocation that can create a positive return at any given time. The Fund will invest long-term, as it focuses on sectors with strong underlying structural growth.

The Company makes a fundamental analysis of each company and sector, and constantly seeks to improve sector-related knowledge through qualitative and quantitative analyses in order to create a high-performing and diversified portfolio.

The Fund's objective is to generate a good risk-adjusted return with an annual volatility target of 20 to 40 per cent. The goal is to exceed global stock market returns over time. The Fund has no benchmark index.

An investor in the Fund should have an investment horizon of at least three to five years.

## **Section 5 The Fund's investment strategy**

### **Section 5.1 General**

#### Assets and sector focus

The Fund shall invest its assets in transferable securities, money market instruments, derivative instruments, fund units and accounts with credit institutions.

Transferable securities refer to shares and share-related transferable securities. Investments in transferable securities will for the most part consist of share purchases. The Fund takes long and short positions mainly in shares and share-related financial instruments.

The Fund will primarily invest in shares issued by companies operating in the Gaming and iGaming sector. Such companies conduct business in the following sectors:

technology,  
media and entertainment,  
consumer goods, and  
consumer services.

#### Geographic focus and currency

The Fund has no geographical investment restrictions, but should be considered as a global fund with particular focus on the Nordic region and Europe. However, no quantitative limit is specified for this geographical area.

The Fund's base currency is NOK. The Fund may invest in assets with exposure to several different currencies due to the global mandate of the Fund. Therefore, currency risk forms part of the fund's total risk. The Fund does not intend to completely hedge the fund's holdings against foreign exchange risk at any given time. However, the fund has the opportunity to use currency derivatives for the purpose of partially managing currency risk.

The distribution of exposure between Nordic, European, and global shares and share-related transferable securities may vary, and is based on the Company's assessment of what risk-adjusted future returns are envisaged.

#### Concentration

The assets of the Fund may be concentrated in several sectors and companies. The Fund will strive at all times to have between 10 and 25 individual shares in its portfolio. The Fund can invest in both small and large companies.

The Fund has the possibility to have a concentration of market exposure in respect of specific companies, whilst simultaneously seeking to obtain good diversification and a spread of risk in the portfolio as a whole.

#### Derivative instruments and short selling

Derivative instruments must be of a financial nature and underlying assets (or equivalent) may consist of, or relate to, transferable securities, money market instruments, financial indices, interest rates, exchange rates or foreign currencies.

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The Fund may use derivative instruments, including so-called OTC derivatives pursuant to **Chapter 5, Section 12, second paragraph of the Swedish Mutual Funds Act**.

The sale of securities that the Fund does not own but which the Fund has at its disposal, so-called short selling, is an integral part of the Fund's management strategy along with trading in derivative instruments. Trading in derivative instruments can take place to a certain extent whilst the use of short selling takes place to a significant extent.

Exposure, leverage, and framework:

The Fund's investment focus is to be a so-called "long-short hedge fund", whereby the Fund takes both long and short positions in shares for the purpose of generating returns and hedging market risk. The Fund has a long-term investment outlook as it focuses on sectors with strong underlying structural growth. The framework includes:

- No long position can exceed 20 per cent of the Fund's value.
- No single short position can exceed 5 per cent of the Fund's value (absolute value).
- Absolute exposure may not exceed 50 per cent of the Fund's value with regard to a financial index (derivative instrument).
- A maximum of 10 per cent of the Fund's value may be invested in so-called OTC shares.
- The Fund's portfolio must contain at least 10 different holdings. These restrictions apply to both individual issuers and issuers in the same group of companies.
- Fund units: the Fund may invest up to 10 per cent of its assets in other funds and exchange traded funds (so-called ETFs).

Additionally:

- The Fund will generally have a long net share exposure to stock markets that exceeds 50 per cent, and may have a maximum of 150 per cent of the Fund's value in long net exposure to stock markets; measured according to the so-called Net Method.
- The Fund will generally have a gross share exposure to stock markets that exceeds 90 per cent, and may have a maximum of 200 per cent of the Fund's value in gross exposure to stock markets; measured according to the so-called Gross Method.

Short positions/leverage:

- The Fund has the possibility to use lending and short-selling strategies. The fund may sell financial instruments that it has at its disposal but does not own at the time of trading (genuine short selling). Naked shorting will not be used.
- The Fund may take out cash loans of up to 50 per cent of the Fund's value on sector-related standard terms with security interest requirements at, or by way of, securities institutions which are under regulatory supervision.
- The Fund has the possibility to lend securities to an extent corresponding to 50 per cent of the Fund's value.
- The Fund may borrow cash corresponding to a maximum of 50 per cent of the Fund's value. The assets of the Fund may be provided as a security interest for these loans.
- The total net exposure in derivative instruments and short positions may not exceed 150 per cent of the Fund's value.

Comments:

The Fund's framework for share exposure implies that the assets of the Fund may increase or decrease irrespective of how the financial markets develop. The value of the Fund can develop both positively and negatively from one year to the other.

In general, and over time, the Fund will be well within these minimum and maximum limits. In particular, this would be the case regarding OTC exposure limits. The Company will opt for OTC exposure if and when it is attractive, but it will not necessarily be a permanent characteristic of the Fund.

The general framework of the Fund may be temporarily undercut/exceeded in connection with major inflows or outflows.

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Securities loans may be granted on sector-related standard terms with a satisfactory security interest at, or by way of, securities institutions, or well-reputed foreign financial institutions that may enter into such agreements, and which are supervised by an authority or other competent body.

### **Section 5.2 Exemptions**

The Fund is a special fund, implying that exemptions apply regarding general investment regulations that are set forth under the Swedish Mutual Funds Act. These exemptions are listed below.

#### Subscription and redemption of fund units:

The Fund is exempt from **Ch. 4, Section 10, paragraph 5 LVF**, as the Fund is valued once per month (see Section 8).

The Fund is exempt from **Ch. 4, Section 13, paragraph 1 LVF**, as set out below under Section 9.

#### The Fund's exposure to a specific issuer and concentration:

The Fund has the possibility to invest in a more concentrated portfolio of transferable securities and money market instruments than a mutual fund. The Fund's holdings of transferable securities and money market instruments issued by an issuer may amount to a maximum of **20 per cent** of the Fund's value, provided that the holdings that are above **5 per cent** constitute a maximum of **85 per cent** of the Fund's value. These restrictions apply to both individual issuers and issuers in the same group of companies. The Fund's portfolio must contain at least **10** different holdings. Therefore, the Fund has been granted an exemption from **Ch. 5, Section 6, paragraph 1** and **Ch. 5, Section 6, paragraph 2.3 LVF**.

#### Credit institution accounts

The Fund has the possibility to invest funds in credit institution accounts, and may invest up to **40 per cent** of the fund's assets in a bank, or banks that are part of the same group provided that funds are invested in an account with a bank within the EEA. Therefore, the Fund has been granted an exemption from **Ch. 5, Section 11 Section LVF and Ch. 5 Section 21 LVF and Ch. 5 Section 22 LVF**.

#### Derivative instruments:

The Fund uses the so-called Commitment Method for calculating total exposure regarding derivative instruments, which cannot exceed **150 per cent** of the Fund's value. Therefore, the Fund has been granted an exemption from **Ch. 5 Section 13 paragraph 2 LVF and Ch. 25 Section 6 of Finansinspektionen's regulations (FFFS 2013:9) regarding Swedish UCITS**.

#### OTC-derivatives and counterparty risk:

The Fund has the possibility to use so-called OTC derivatives. The Fund's exposure to a counterparty in OTC-derivative transactions may amount to a maximum of **20 per cent** of the Fund's value, provided that the counterparty is a bank within the EEA. Therefore, the Fund has been granted an exemption from **Ch. 5 Section 14 LVF**.

#### Securities loans and cash loans:

The Fund has the possibility to borrow securities up to **50 per cent** of the Fund's value and to lend securities up to **50 per cent** of the Fund's value. Therefore, the Fund has been granted an exemption from **Ch. 25 Section 21 paragraph of Finansinspektionen's regulations (FFFS 2013:9) regarding Swedish UCITS**

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The Fund may sell financial instruments that it has at its disposal but does not own at the time of trading (genuine short selling). The Fund's trading in derivative instruments may result in the fund having a negative exposure to a specific currency, share, stock market, fixed income market or financial index.

Securities loans may be granted on sector-related standard terms with a satisfactory security interest at, or by way of, securities institutions, or well-reputed foreign financial institutions that may enter into such agreements, and which are supervised by an authority or other competent body.

The Fund may borrow cash corresponding to a maximum of **50 per cent** of the Fund's value. The assets of the Fund may be provided as a security interest for these loans. Therefore, the Fund has been granted an exemption **from Ch. 5 Section 23 paragraph 1.1 LVF**.

### **Section 5.3 Risk level**

The Fund's objective is to have a well-balanced level of risk.

Investments in shares entail an inherent risk of considerable price fluctuations (market risk). The Fund will generally have a long net share exposure to stock markets that exceeds 50 per cent, and up to a maximum of 150 per cent of the Fund's value (measured according to the so-called Net Method). At the same time, the Fund's gross share exposure will be between 90 and 200 per cent, implying that the Fund can be exposed to significant market risk.

The Fund focuses on specific sectors and niche markets regarding Technology, Media and Entertainment, Consumer Goods, and Consumer Services. The Fund has the possibility to be exposed in a concentration to specific companies, whilst simultaneously achieving good diversification and spreading risk at a portfolio level.

The Fund's global mandate enables investments in assets with exposure to several different currencies, implying that currency risk is a natural part of the Fund's total risk.

The fund's level of risk is monitored, among other things, by measuring and monitoring the absolute risk. The absolute risk is measured mainly by way of standard deviation measurements. The desired standard deviation for the Fund is estimated under normal conditions to be in the range of 20 - 40 per cent measured over ongoing 24-month periods. The fund management is not subject to a predetermined level of standard deviation.

The Fund's framework for share exposure implies that the Fund's assets can increase or decrease irrespective of the performance of financial markets. The value of the Fund can develop both positively and negatively from year to year. In particular, attention should be paid to the fact that the level of risk may be exceeded or undercut in the event of unusual market conditions or extraordinary events.

### **Section 6 Market places**

The assets of the Fund will be invested in a regulated market within the EEA or an equivalent market outside the EEA but may also be invested in a market, within or outside the EEA, that is regulated and open to the public, such as MTF platforms. Trading in fund units may take place by way of fund companies, fund management companies, UCITS or AIF-managers.

### **Section 7 Special investment strategy**

The Fund's assets may be invested in such transferable securities and money-market instruments referred to in Chapter 5. Section 5 LVF.

The Fund may make use of derivative instruments as part of its investment strategy.

The Fund can invest in OTC derivatives in accordance with Ch. 5 Section 12 Paragraph 2 LVF.

The Fund may use such methods as referred to in Ch. 25 Section 21 of Finansinspektionen's regulations (FFFS 2013:9) regarding Swedish UCITS for the purpose of creating leverage in the fund.

### **Section 8 Valuation**

The net asset value of the Fund is calculated by deducting from the assets those liabilities related to the Fund including accrued fees, as set out in Section 11 below, and taxes.

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The Fund consists of unit classes and therefore the value of a fund unit will be determined by taking into account the conditions associated with each unit class. The value of a fund unit in class A or B consists of the value of the unit class divided by the number of its outstanding units. Furthermore, the value of a fund unit in unit classes C - P is adjusted in relation to the individual unitholder's share of the remuneration to be paid to the Company, in accordance with Section 11, and taxes.

Unit classes A, C, E, H, K and N are valued in NOK. Unit class B, D, F, I, L and O are valued in SEK. Unit class G, J, M and P are valued in EUR.

The Fund's assets consist of:

- Financial instruments, which are valued at the current market value (last price paid or, if not available, the last bid price). If such prices are not available or if the prices in the opinion of the Company are misleading, the Company may determine the value on an objective basis which is a valuation based on market prices from an unregulated market, independent brokers or other independent sources, or through the use of a valuation method that is established in the market, e.g. a net present value calculation of future cash flows.
- Cash and cash equivalents and current receivables (e.g. deposits in accounts with credit institutions and cash from sold securities), which are valued at the expected receivable amount.
- Accrued interest.
- Accrued dividends.
- Non-liquidated sales.
- Other receivables.

The Fund's liabilities consist of:

- Remuneration to the Company.
- Non-liquidated purchases.
- Tax liabilities.
- Other liabilities

The market value in respect of transferable securities and money-market instruments referred to in Ch. 5 Section 5 LVF is determined on objective basis with regard to a valuation that includes information on the latest price paid or the indicative purchase price from an independent market-maker if one is designated. If this information is not available or deemed unreliable, the market value is determined with the assistance of independent brokers or an independent third-party. If market value cannot be determined according to any of the alternatives above, or becomes manifestly misleading, the current market value shall be determined using a valuation method that is established in the market, e.g. a net present value calculation of future cash flows. The market value of derivative instruments referred to in Ch. 5 Section 12 paragraph 2 LVF, so-called OTC derivatives, is determined as follows:

- Market price from an active market in which prices are regularly available under normal circumstances.
- If such a market price is not available, the market value must be determined by one of the methods below:
  - o on the basis of constituent assets/constituents' market value,
  - o on the basis of recent transactions, if available, between knowledgeable parties who are independent and have an interest in the transaction being executed, or
  - o use of market price from an active market for another financial instrument that is in essence the same.
- If the market price cannot be determined according to any of the alternatives above, or becomes manifestly misleading, the applicable market value shall be determined by using a valuation method that is established in the market, e.g. an established theoretical pricing model such as Black & Scholes.

The Fund consists of unit classes, the value of a fund unit will be determined by taking into account the conditions associated with each unit class. The value of a fund unit in classes A and B consists of the value of the unit class divided by its number of outstanding units. For other unit classes, the number of fund units that an individual unitholder has acquired is adjusted at the end of each month, in relation to the individual unitholder's share of the remuneration to be paid to the Company in accordance with Section 11.

The value of a fund unit is generally calculated on the last banking day of each month by the Company. The



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Fund is exempt from Ch. 4 Section 10 paragraph 5 LVF.

### **Section 9 Subscription and redemption of fund units**

Subscription and redemption of fund units can take place once a month. Therefore, the Fund is exempt from Ch. 4 Section 13 paragraph 1 LVF. Requests for subscription and redemption are made in the manner specified in the Fund's fund prospectus or in accordance with the instructions that can be obtained from the Company. Requests for subscription and redemption are executed provided that the request is received by the Company, or a legal person designated by the Company, no later than the time specified in, and under the terms set forth under, the Fund's fund prospectus. Unitholders are responsible for ensuring that the request for subscription or redemption is correct and complete. Requests for subscriptions and redemptions may only be withdrawn with the consent of the Company. Subscription and redemption orders cannot be limited.

Prospective unitholders must complete a KYC-form as a prerequisite to their initial investment in the Fund. If the form is not completely filled in, or if all the requested documentation is not attached, and if the Company cannot satisfactorily identify a prospective unitholder, then the unitholder's funds cannot be invested in the Fund and the corresponding fund units may be offered for sale to other prospective unitholders.

Subscription and redemption take place at a fund unit price that is not known to the unitholder at the time of the request for subscription or redemption. The subscription price and redemption price for a fund unit shall be the fund unit value calculated in accordance with Section 8 on the day the subscription or redemption takes place. Information on the subscription price and redemption price is published on the Company's website, [www.isec.com](http://www.isec.com), no later than the banking day following the valuation day.

If funds for redemption must be obtained through the sale of assets in the Fund, such sale must take place and redemption must be effected as soon as possible. The Company shall have the right to temporarily suspend the possibility of subscription and redemption in accordance with Section 10.

The Fund may apply a redemption fee of a maximum of 2 per cent of the fund unit value in each unit class, as described in the Fund's fund prospectus. The fee payment is deposited with the Fund.

Subscription and redemption differ between the unit classes as follows:

#### **Currency at subscription and redemption**

In unit classes A, C, E, H, K and N, subscription and redemption in NOK

In unit classes B, D, F, I, L and O, subscription and redemption in SEK

In unit classes G, J, M and P, subscription and redemption in EUR

Currency (in parentheses) and the minimum initial subscription amount in each share class according to the table below.

<u>Unit class and currency</u>	<u>Amount</u>
A (NOK) and B (SEK)	1 000 000
C (NOK) and D (SEK)	10 000 000
E (NOK) and F (SEK)	25 000 000
G (EUR)	2 500 000
H (NOK) and I (SEK)	100 000 000
J (EUR)	10 000 000
K (NOK) and L (SEK)	250 000 000
M (EUR)	25 000 000
N (NOK) and O (SEK)	500 000 000
P (EUR)	50 000 000

### **Section 10 Extraordinary circumstances**

The Fund may be closed for subscription and redemption if there exist extraordinary circumstances whereby a valuation of the Fund's assets cannot be made in a manner that ensures the equal rights of the Fund's unitholders.

### **Section 11 Payments and charges**

The Company is to be paid from the Fund in the form of a fixed management fee and a performance-based fee.

In addition, brokerage and other expenses attributable to the Fund's purchases and sales of financial instruments and tax are paid directly from the Fund. The Fund may also be charged expenses for analysis.

A redemption fee of a maximum of two per cent of the fund unit value in each unit class is applied, which is deposited in the Fund. There is no subscription fee.

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#### *Fixed management fee*

The fixed management fee includes compensation for the Fund's management and administration as well as costs for supervision, auditing and storage of the Fund's property. The fixed management fee per year for each share class may not exceed the percentage amount for each share class as illustrated below:

Unit class	Per cent
A and B	2.00
C and D	1.50
E, F, and G	1.00
H, I, and J	0.80
K, L, and M	0.70
N, O, and P	0.60

The remuneration is calculated once per month and is withdrawn from the Fund at the end of each month. The current fixed remuneration is stated in the Fund's fund prospectus.

#### *Performance-based fee*

A performance-based fee is applied for all unit classes, in addition to the fixed management fee above. The performance-based fee is paid, after deduction of the fixed fee, at a maximum of 15 per cent of the part of the share class (collective calculation) or the individual investor's (individual calculation) return that exceeds the return threshold. The return threshold consists of a risk-free component (see table below for each share class) with a supplement of 3 percentage points per year. The risk-free component consists of a three-month interest rate for each currency. The supplement of 3 percentage points refers to the risk premium on the stock market and is deemed appropriate based on the Fund's investment strategy.

In the event that a return threshold ceases to be published, the return threshold will be replaced by a compensation index administered by a registered BMR administrator in accordance with the European Benchmark Regulation (BMR). The current threshold is stated in the fund prospectus.

The performance-based management fee is calculated once per month and is paid directly from the Fund each month. In the event of a lower return than the return threshold, no performance-based fee shall be paid until the previous period's lower return has been recovered (so-called high watermark). The high watermark is not adjusted downwards if the index falls, and the previous highest fund unit value must always be exceeded for a performance-based fee to be paid.

Performance-based fee calculations differ irrespective of whether the fee is calculated collectively or individually as set out below.

#### *Collective calculation*

Unit classes A and B are calculated collectively, i.e. common to the unitholders in each unit class, and therefore the fund unit value may differ between unit classes.

As a result, all unitholders in a unit class are treated equally regardless of the time of the investment. Anyone who subscribes to fund units after the unit class has received a lower return does not have to pay a performance-based management fee until the unit class as a whole has recovered the lower return. The same applies when a unitholder redeems units after accumulating an undercut, whereby any previously paid performance-based management fee is not repaid.

#### *Individual calculation*

As a result, remuneration is based on an individual fee model whereby the performance-based remuneration is paid by the Fund, and is charged to each unitholder in relation to that unitholder's return. The Company makes the calculation at each subscription window in order to ensure that individual unitholders are only charged with a performance-based fee that is in proportion to the return. Thus, the performance-based remuneration is to be paid by the Fund but is charged to the respective fund unitholders in unit classes C to P in relation to an individual unitholder's return in such a way that the amount of fund units held are changed. The number of units for each individual unitholder in each class is derived from the unitholder that pays the highest performance-based remuneration per unit in each class. This unitholder's net value per unit forms the basis for calculating the new number of units in the fund.

#### *Table overview*

Unit class	Lowest initial investment	Fixed management fee (per cent)	Performance-based fee (per cent)	Yield threshold (percentage)	Calculation method performance-based fee
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A	NOK 1m	2.0	15.00	NIBOR + 3.0	Collective
B	SEK 1m	2.0	15.00	STIBOR + 3.0	Collective
C	NOK 10m	1.5	15.00	NIBOR + 3.0	Individual
D	SEK 10m	1.5	15.00	STIBOR + 3.0	Individual
E	NOK 25m	1.0	15.00	NIBOR + 3.0	Individual
F	SEK 25m	1.0	15.00	STIBOR + 3.0	Individual
G	EUR 2.5m	1.0	15.00	EURIBOR + 3.0	Individual
H	NOK 100m	0.8	15.00	NIBOR + 3.0	Individual
I	SEK 100m	0.8	15.00	STIBOR + 3.0	Individual
J	EUR 10m	0.8	15.00	EURIBOR + 3.0	Individual
K	NOK 250m	0.7	15.00	NIBOR + 3.0	Individual
L	SEK 250m	0.7	15.00	STIBOR + 3.0	Individual
M	EUR 25m	0.7	15.00	EURIBOR + 3.0	Individual
N	NOK 500m	0.6	15.00	NIBOR + 3.0	Individual
O	SEK 500m	0.6	15.00	STIBOR + 3.0	Individual
P	EUR 50m	0.6	15.00	EURIBOR + 3.0	Individual

#### Section 12 Dividends

The Fund does not issue dividends.

#### Section 13 Financial year

The financial year for the Fund is the calendar year.

#### Section 14 Half-year reporting and annual reporting, amendment to fund rules

The Company shall prepare annual and half-year reports for the Fund within four months and two months of the end of the financial year and half-year respectively.

The annual report and the half-year report are submitted to the Swedish Financial Supervisory Authority and are made available to unitholders by the Company, as well as being sent free of charge to unitholders at their request. The annual report and the half-year report will also be made available on the Company's website for download.

Any decision by the board of directors of the Company to amend these fund rules must be submitted to the Swedish Financial Supervisory Authority for approval. The decision regarding amended fund rules shall be published by being made available by the Company and the Depository and announced in the manner prescribed by the Swedish Financial Supervisory Authority.

#### Section 15 Pledging and transfer

Fund units cannot be pledged.

Unitholders are permitted to transfer their fund units. The transferor must notify the Company in writing, and is responsible for ensuring that the notification is duly signed. The notification must contain information about the

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transferor and acquirer. Transfer of fund units is subject to the Company granting consent. Consent is only granted for the transfer of unit holdings from a deceased estate, as part of the division of matrimonial property, a gift to a spouse or next of kin, or between different legal persons in the same group of companies, as well as in exceptional cases. Furthermore, consent can only be granted provided that the new unitholder has undergone the mandatory controls regarding measures against money laundering and terrorist financing in order to ensure that a person would be a permitted investor.

The Company is entitled to charge the unitholder a fee not exceeding 1,000 SEK for the administration of the transfer.

#### **Section 16 Limitation of liability**

The liability of the Company and the Depository for damages is regulated under Ch. 8 Sections 28-31, and Ch. 9 Section 22 LAIF respectively.

In the event that the depository or a custodian bank has lost financial instruments held in custody at the depository or a custodian bank, the depository shall without undue delay return financial instruments of identical type or pay the corresponding value to the Company on the Fund's behalf. The Depository shall, however, not be held liable if the loss of the financial instruments was caused by an external event beyond the reasonable control of the Depository and whose consequences were impossible to avoid, even though all reasonable efforts were made to do so, such as loss arising from Swedish or foreign legal enactment, measures taken by the Swedish government or a foreign government, acts of war, pandemic, strike, blockade, boycott, lockout, or other similar circumstances, shall apply notwithstanding that the Depository is the object of or institutes such a measure.

The Depository shall not be liable for damage other than such damage as referred to in the preceding paragraph unless the Depository intentionally or negligently caused such other damage. Nor shall the Depository be liable for such other damage if the circumstances specified in the second paragraph are present.

The Company shall not be held liable for damage arising as a consequence of Swedish or foreign legal enactment, measures taken by the Swedish government or a foreign government, acts of war, pandemic, strike, blockade, boycott, lockout, or other similar circumstances, shall apply notwithstanding that the Company is the object of or institutes such a measure. The Company shall not be liable for damage other than such damage which was intentionally or negligently caused. The Company shall not be liable in any circumstance for indirect damage.

The Depository or the Company shall not be held liable for damage, other than specified in the second paragraph, caused by a - Swedish or foreign - exchange or other market place, clearing organisation, or others that provide equivalent services, or other parties, such as a custodian bank or other party retained and regularly monitored by the Depository with due skill, care and diligence or that is referred by the Company. The same shall apply to damage caused by the above organisations or retained parties becoming insolvent. Notwithstanding, neither the Depository nor the Company are discharged from liability for losses and other damage, in accordance with applicable law, with regard to delegation agreements for the storage of assets and control of property rights.

Neither the Depository nor the Company shall be held liable for any damage arising as a consequence of restrictions on the right of disposition which may be imposed on the Depository or Company with regard to assets in the Fund.

The Depository or the Company shall not be liable in any circumstance for indirect damage. If the Depository or the Company is prevented in whole or in part from taking measures as a consequence of a circumstance set forth above, these measures may be delayed until the impediment has ceased to exist. If payment is delayed, no penalty interest is paid. If interest is committed, the interest must be paid at the interest rate that applied on the due date. If the Depository or the Company is prevented from accepting payment by reason of a circumstance set forth above, the Depository or the Company is entitled to interest for the period during which the impediment existed only in accordance with the terms in effect on the due date.

If the Depository or the Company is prevented from receiving payment to the Funds by reason of a circumstance set forth above, the Depository or the Company is entitled to interest for the period during which the impediment existed only in accordance with the terms in effect on the due date.

#### **Section 17 Permitted investors**

The circumstance that the Fund is directed at the general public does not mean that it is directed at such investors whose subscription to units in the Fund contravene the provisions of Swedish or foreign law or regulation. Nor is the Fund directed at such investors whose subscriptions or holdings of units in the Fund would obligate the Fund or the Company to take registration measures or other measure that the Fund or the AIF-manager would not otherwise be obligated to perform. The Company shall have the right to decline to issue units to such investors referred to in this paragraph.

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The Company may redeem a unitholder's units in the Fund – notwithstanding the objections of such a unitholder - if it proves that the unitholder has acquired units in the Fund in contravention of the provisions of Swedish or foreign law or regulations or that the Company has by reason of a unitholder's acquisition of or holdings in the Fund become obligated to take registration measures or other measures that the Fund or the Company would not otherwise be obligated to perform if the unitholder did not hold units in the Fund.

*Specific information for American investors*

The Fund or the units of the Fund are not, and not intended to be, registered in accordance with the United States Securities Act 1933 or the United States Investment Companies Act 1940 or any other applicable law in the United States. Units in the Fund (or rights to fund units) shall not or will not be offered, sold or otherwise distributed to or, on behalf of, U.S. Persons (as defined in Regulation S of the United States Securities Act and construed under the United States Investment Companies Act 1940).

Anyone wishing to acquire units in the Fund must declare their domicile to the Company. Unitholders are also obligated to, if applicable, notify the Company of any changes in domicile. The Company requires confirmation that a person that acquires units in the Fund is not a U.S. Person and that the fund units are acquired by way of a transaction outside the United States in accordance with Regulation S. Subsequent transfer of or rights to the units may only be made to a non-US person and must be made by way of a transaction outside the USA pursuant to the exemption under Regulation S.

If the Company deems not to have the right to offer, sell or otherwise distribute fund units as above, the Company has the right to decline a request to purchase units in the Fund, and, where applicable, without prior consent redeem a unitholder's holdings in the Fund on their behalf liquidate the unitholder accordingly.

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# Appendix 1. Fee calculation example

## Collective calculation

The Fund has a collective performance-based fee structure in unit classes A and B, i.e. common to the unitholders in each unit class, implying that the unit value of the Fund may differ between the unit classes.

Whether the 15% fee is charged or not depends on the Fund's value development compared to its return threshold (in A NIBOR + 3% and in B STIBOR + 3% per year), see the calculation example below. The fixed administration fee is deducted prior to the calculation of the performance-based fee. For the purpose of simplification, the assumptions, in respect of the Fund's monthly development, are made after the deduction of the fixed fee as set out in the calculation below.

Month	Return per unit	Unit value before fee	Return threshold	Over/Under -return SEK/unit	Accumulated sub-return per unit	Fee basis per unit	Fee per unit	Unit value after fee
0								100.00
1	1.25	101.25	0.40	0.85	0.00	0.85	0.13	101.12
2	-3.00	98.12	0.40	-3.40	-3.40	0.00	0.00	98.12
3	3.50	101.62	0.39	3.11	-0.29	0.00	0.00	101.62
4	-2.00	99.62	0.45	-2.45	-2.74	0.00	0.00	99.62
5	4.38	104.00	0.65	3.73	0.00	0.99	0.15	103.85

**Month 1:** the unit value increases by 1.25 and the return threshold goes up by 0.40, therefore a performance-based fee is paid as the excess return accrued by 0.85 per unit. 15% of the excess return entails a compensation deduction of 0.13 per unit and the unit value is reduced to  $101.25 - 0.13 = 101.12$ .

**Month 2:** the unit value decreases by 3, the return threshold increases by 0.40. The Fund performs worse than the return threshold, therefore no performance-based fee is charged.

**Month 3:** the unit value goes up by 3.50, the return threshold increases by the equivalent of 0.39, the Fund's excess return is +3.11, but no performance-based fee is charged as the Fund has had an overall sub-return in the previous months (-3.40%), which is greater than this excess return. Only when the entire sub-return has been recovered can a new performance-based fee be charged.

**Month 4:** the unit value decreases by 2, the return threshold increases by 0.45. The Fund performs worse than the return threshold, which is why the performance-based fee is not charged this month either.

**Month 5:** the unit value goes up by 4.38 while the return threshold increases to 0.65. This gives an excess return and now the performance-based fee is charged as the accumulated difference ( $3.73 - 2.74 = 0.99$ ) is positive.

## Individual calculation

Unit classes C to P are calculated in terms of an individual performance fee, i.e. based on the individual investor's return, implying that the Fund unit value may differ between different investors.

In order to ensure that all unitholders pay the correct fee, the Fund may need to issue extra free-of-charge units to certain investors. These new units are called compensation units and are obtained individually. An example is set out below to illustrate how compensation shares are calculated and managed.

### Example

Assuming that there are three unitholders in one of the Fund's unit classes. For the purpose of simplification, we can call these unitholders A, B and C. They each own fund units for 1 000 000 SEK and thus the Fund's value amounts to 3 000 000 SEK. Further assumptions include the unit value being 100 prior to performance-based compensation being paid, and that investors own 10,000 units each.

The Fund's three unitholders have purchased their units on different occasions and will pay different amounts of performance-based remuneration at the end of the month. Assume that investor A is to pay 2 500 SEK, investor B 1 000 SEK, and investor C 0 SEK, i.e. a total of 3 500 SEK.

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There is only one unit value for the Fund at the end of the month, and the unit value is determined by the unitholder who is to pay the highest performance-based remuneration (unitholder A). The other unitholders (B and C) are compensated with new free units at the unit price calculated on the basis of investor A, as they would otherwise have too low a value for their units. Investor A's value shall be 1 000 000 SEK - 2 500 SEK = 997 500 SEK, and investor A owns 10,000 fund units. Thus, the Fund's unit value is set to 997 500/10 000 = 99.75.

Investor B's value shall be 1 000 000 SEK - 1 000 SEK = 999 000 SEK. Since the unit value has been set at 99.75, investor B must be compensated so that the investor's total value is 999 000 SEK. Investor B will have 999,000 / 99.75 = 10,015.0376 units, and will thus be compensated with 15.0376 units. This can also be calculated with the following formula (investor A's performance-based compensation - investor B's performance-based compensation) / unit value, i.e. (2,500 - 1,000) / 99.75 = 15.0376. If the same analysis is made for investor C, C will be compensated with 2,500 / 99.75 = 25.0627 units. In total, 15.0376 + 25.0627 = 40.1003 new units will be issued by the Fund. Thus, the Fund will have 30,000 + 40,1003 = 30,040,1003 units at a value of 30,040,1003 x 99.75 = 2 996 500 SEK, and the investors will have paid a total of 3 500 SEK as a performance-based fee to the Company.

The Investors now have the following value:

Investor A 10,000 units x 99.75 SEK/unit = 997 500 SEK

Investor B 10,015.0376 units x 99.75 SEK/unit. = 999 000 SEK

Investor C 10,025,0627 units x 99.75 SEK/unit = 1 000 000 SEK

The calculation is illustrated in the tables below.

Benchmark	Unitholder A	Unitholder B	Unitholder C	Fund
Fund value before performance-based fee	1 000 000 SEK	1 000 000 SEK	1 000 000 SEK	3 000 000 SEK
Accrued performance-based fee	2 500 SEK	1 000 SEK	0 SEK	3 500 SEK
Number of units	10 000	10 000	10 000	30 000
Unit value before performance-based fee	100	100	100	100

Unit adjustment	Unitholder A	Unitholder B	Unitholder C	Fund
Fund value after calculation of performance-based fee	997 500 SEK	999 000 SEK	1 000 000 SEK	2 996 500 SEK
Number of units before unit adjustment	10 000	10 000	10 000	30 000
Adjusted unit value after payment of performance-based fee	99,75	99,75	99,75	99,75
Unit adjustment	0	15,0376	25,0627	40,1003
Number of units after unit adjustment	10 000	10 015,0376	10 025,0627	30 040,1003
Fund value after unit adjustment	997 500 SEK	999 000 SEK	1 000 000 SEK	2 996 500 SEK