

## **FUND RULES**

Plain Capital LunatiX

### **§ 1 NAME AND LEGAL STATUS OF THE FUND**

The fund's name is Plain Capital LunatiX. The fund is a special fund under the Act (2013:561) on alternative investment fund managers ("LAIF").

The fund's assets are jointly owned by the fund unit holders and each fund unit carries an equal right to the assets included in the fund. The fund may not acquire rights or assume obligations. The company specified in § 2 represents the unit holders in matters concerning the fund, decides on the assets included in the fund and exercises the rights deriving from the fund.

Operations are conducted in accordance with these fund rules, the articles of association of the fund management company, LAIF, and other applicable statutes.

The fund is aimed at the general public, see also § 18.

### **§ 2 FUND MANAGER**

The fund is managed by AIFM Capital AB, org.nr 556737-5562, hereinafter referred to as the Company.

### **§ 3 THE DEPOSITARY AND ITS TASKS**

The depositary is Skandinaviska Enskilda Banken AB, org.nr 502032-9081, hereinafter referred to as the Depositary. The depositary executes the company's decisions regarding the fund and receives and stores the fund's assets.

In addition, the depositary verifies that the decisions relating to the fund taken by the company, such as valuation, redemption, and the sale of fund units, are made in accordance with the law, regulation, and these fund rules.

### **§ 4 CHARACTER OF THE FUND**

The fund is a mutual fund that mainly invests assets in investment fund units and in exchange traded funds, so-called ETFs.

The fund's overall financial objective is to achieve the highest possible value growth of the fund's assets.

The management strategy is based on trend and momentum indicators based on quantitative analysis of price movements and changes in returns for different markets.

The fund's benchmark index is OMRX T-BILL.

### **§ 5 THE FUND'S INVESTMENT POLICY**

The fund invests in transferable securities, derivative instruments, money market instruments, mutual fund shares, and in accounts with credit institutions.

The fund may invest in derivative instruments with such underlying assets as set out in Ch. 5 § 12 (paragraph 1) of the Act (2004:46) on mutual funds (hereafter referred to as the "LVF"). The fund may also invest in derivative instruments where the underlying asset is or relates to commodities or commodity-related financial indices. Derivative instruments shall be traded on a financial market. Derivative instruments shall not impose an obligation to deliver or receive the underlying asset. The fund may also not deliver or receive any other underlying asset as a result of a forward deal.

The fund may invest without limitation to a particular industry or geographical area. The fund can place a larger part of the fund's assets in an account with credit institutions.

The fund has the following exemptions from Ch. 5 of the LVF:

- exemption from Ch. 5 § 15 (paragraph 1, point 3) of the LVF, may invest at a maximum of 100 percent of the fund's value in fund units that do not comply with Ch. 5 § 15 of the LVF with regard to the requirement to provide semi-annual reports.
- exemption from Ch. 5 § 16 of the LVF, may invest in fund units that do not meet the requirements of Ch. 5 § 15 of the LVF with regard to the requirement to provide semi-annual reports in a single fund with up to 30 percent of the fund's value.

## **FUND RULES**

### Plain Capital LunatiX

- exemption from Ch. 5 § 15 (paragraph 2) of the LVF, may invest in other funds which may invest up to 100 percent of their assets in units of other funds.
- exemption from Ch. 5 § 16 (paragraph 1) of the LVF, may place assets in a single fund with a maximum 50 percent of the fund's value.
- exemption from Ch. 5 § 16 (paragraph 2) of the LVF, may invest in the shares referred to in paragraph 15 (points 1 and 3), a maximum of 100 percent of the fund's value.
- exemption from Ch. 5 § 19 (paragraph 1, point 4) of the LVF, the fund's investments in units of other funds shall not exceed 30 percent of the shares in the fund.
- exemption from Ch. 5 § 11 and Ch. 5 § 21-22 of the LVF, may place a maximum of 40 percent of the fund's value in an account with the same credit institution which is a bank and a maximum of 30 percent of the fund's value with a single credit institution which is not a bank.
- exemption from Ch. 5 § 15 (paragraph 3) of the LVF, may invest in funds investing in derivative instruments whose underlying assets are or relate to commodities or commodity-related financial indices provided that these instruments are traded on any financial market and do not have an obligation to supply the underlying asset.

The fund's investments may vary between 100 percent invested in the account of credit institutions to 100 percent equity, interest rate, or commodity-related placement. Management is not governed by a predetermined level of the fund's risk, so the fund's level of risk may vary over time. The fund's total risk measured as a standard deviation in rolling 12-month periods shall normally be in the range of 15-30 percent.

### **§ 6 MARKETPLACES**

The fund's trading in financial instruments shall take place on a regulated market or equivalent market outside the EEA. Trading may also take place in another market within or outside the EEA that is regulated and open to the public. The fund's trading may take place on an MTF (Multilateral Trading Platform).

### **§ 7 SPECIAL INVESTMENT FOCUS**

The fund may not invest in transferable securities and money market instruments referenced in Ch. 5 § 5 of the LVF. The fund may invest in derivative instruments as part of the fund's investment policy. The fund may not invest in derivative instruments referenced in Ch. 5 § 12 (paragraph 2) of the LVF, so-called OTC derivatives.

The fund's assets may be invested in a significant proportion in units of other securities funds.

The fund's assets may be invested in derivative instruments referenced in Ch. 12 § 13 of the LAIF. Investments can also take place in exchange-traded derivatives such as certificates and mini futures.

The fund may, through derivative instruments and/or investments in mutual fund shares, take both long and short positions.

### **§ 8 VALUATION**

The value of a fund unit is the value of the fund divided by the number of outstanding fund units and the value of the fund unit is calculated by deducting from the assets the liabilities relating to the fund. The fund's assets are valued at the current market value, which refers to the last price paid, or if not, the latest bid price.

If such a price cannot be obtained or is misleading in the Company's judgement, a market value is determined on objective grounds, on the basis of a specific valuation. The specific valuation is based, for example, on market prices from an unregulated market, external independent source, other listed financial instruments, indices, cost, or corporate events with an impact on market value.

## **FUND RULES**

### **Plain Capital LunatiX**

For transferable securities and money market instruments referenced in Ch. 5 § 15 of the LVF, a determination of market value is made on objective grounds according to special valuation based on data on the latest price paid or indicative bid price from the market-maker if it is designated for the issuer.

If such information does not materialize or if the information provided by the company is deemed unreliable, the market value is determined by, for example, obtaining information from independent brokers or other external independent sources. Such information may include, for example, the issue price or the knowledge that trading has been carried out to certain purposes in the securities in question.

### **§ 9 SUBSCRIPTION AND REDEMPTION OF FUND UNITS**

The fund is normally open for sale (unit holder's purchase) and redemption (unit holder's sale) of fund units each banking day.

However, the fund is not open for sale and redemption on such banking days where the valuation of the fund's assets cannot be made in a way that ensures the fund unit holders' equal rights as a result of one or more of the underlying funds not being open for sale and redemption.

Requests for sales and/or redemptions must be in writing and be received by the Company before 15:00 on full banking days and no later than 11:00 on half banking days (day before a public holiday) in order for the sale and/or redemption to take place at the price determined at the end of the day the request was received by the Company.

Sales and redemptions thus take place at a price unknown to the unit holder at the time of the request.

When purchasing fund units, the subscription payment must be posted to the account belonging to the fund no later than 15:00 on full banking days and no later than 11:00 on half banking days. Requests for the sale or redemption of fund units may only be withdrawn if the Company allows it.

If a redemption must be acquired through the sale of securities, the sale and redemption must be

executed as soon as possible. Should such a sale significantly harm the interests of other unit holders, the Company may, after notification to Finansinspektionen (Swedish Financial Supervisory Authority), delay the sale in whole or in part.

Requests for the sale or redemption of fund units received by the Company when the fund is closed for sale and redemption in accordance with what is stated in this provision, second paragraph and § 10, are normally made at the rate on the following banking day.

The value of a fund unit is normally calculated every banking day. However, the calculation of fund unit value does not take place if the fund is closed for sale and redemption with regard to the circumstances specified in this provision, second paragraph and § 10. The principles used in determining the fund unit value are stated in § 8. Information on the fund unit price is normally available from the Company and cooperating distributors on a daily basis.

### **§ 10 CLOSURE OF THE FUND IN EXTRAORDINARY CIRCUMSTANCES**

The fund may be closed for sale and redemption in the event that such extraordinary circumstances have arisen which mean that a valuation of the fund's assets cannot be made in a way that ensures the equal rights of the fund unit holders.

### **§ 11 FEES AND COMPENSATION**

From the fund's assets, a fee shall be paid to the Company for its management of the fund. The fee includes costs for custodians, see § 3, as well as for Finansinspektionen's (Swedish Financial Supervisory Authority) supervision and for auditors. The fee is paid with an amount equal to a maximum of 1.80% per year of the fund's value and is calculated daily with a 1/365-part. Commissions and other transaction-based costs for the fund's purchases and sales of financial instruments as well as taxes are charged to the fund.

In addition to the above fee, a collectively calculated profit-based fee is paid to the company. The performance-based fee corresponds to a maximum of 15% of the excess return provided

## **FUND RULES**

### Plain Capital LunatiX

by the fund when compared to the yield of the OMRX T-BILL index, the so-called benchmark index.

The performance-based fee, which is calculated daily, is paid only when the relative value development of the fund has exceeded the development of the benchmark index on the day in question. In order for the performance-based fee to be paid, the unit price must also exceed the rate prevailing when the performance-based fee was last paid, the so-called high watermark.

In the case of redemption of fund units after a period when the fund has performed worse than its benchmark index i.e. when the fund has an accumulated under-return compared to the index development, no compensation is paid to unit-holders in the form of repayment of previously withdrawn performance-based fees.

The value of the fund units is calculated after deduction of fixed and profit-based contributions. The performance-based fee is calculated after deduction of the fixed fee. See the fund's prospectus for the indication of the maximum fixed and performance-based fees that may be charged for the management of the mutual- or special-funds in whose fund units the funds are invested.

#### **§ 12 DIVIDEND**

The fund does not pay dividends to unit holders or anyone else.

#### **§ 13 FINANCIAL YEAR OF THE FUND**

The financial year of the fund is the calendar year.

#### **§ 14 SEMI-ANNUAL AND ANNUAL REPORTS, AMENDMENT OF FUND RULES**

For the fund, the Company shall submit an annual report within four months from the end of the financial year and a semi-annual report for the first six months of the financial year within two months from the end of the half-year.

The annual report and the semi-annual report must be available at the Company and the intermediary institute and sent free of charge to

the unit holders who have requested this information.

Amendments to the fund rules shall be decided by the Company's Board of Directors and shall be submitted to Finansinspektionen (Swedish Financial Supervisory Authority) for approval. After approval, the fund rules shall be kept available at the Company and the custodian and, where applicable, announced in the manner directed by Finansinspektionen (Swedish Financial Supervisory Authority).

#### **§ 15 PLEDGING AND TRANSFER**

Pledging is made by written notification to the Company or the intermediary institution. The notification must state the unit holders, mortgagees, which units are covered by the pledge and any restrictions on the scope of the lien. Registration of the pledge takes place in the unit holder register. The company must notify the unit holder in writing of such registration. Pledging ceases when the Company or the intermediary institution has received notification from the mortgagee that the pledge has ceased and deregistration in the unit-holder register has taken place.

Unit holders may transfer their fund units to another party free of charge by written notification to the Company or an intermediary. The notification of transfer must state the transferor, to whom the fund units are transferred and the purpose of the transfer. Transfer is only approved if the acquirer takes over the transferor's acquisition value.

#### **§ 16 LIMITATION OF LIABILITY**

The Company and the Depositary are not responsible for damage due to Swedish or foreign legislation, Swedish or foreign government action, war event, strike, blockade, boycott, lockout, or other similar circumstances. The reservation in respect of strikes, blockades, boycotts, and lockouts applies even if the Company or the Depositary itself is the subject of or takes such a conflict measure. If the Company or the Depositary inflicts damage on unit holders by violating the LAIF or these fund regulations, the Company or the custodian shall compensate such damage (Ch. 8 § 28 LAIF).

## **FUND RULES**

### Plain Capital LunatiX

Damage that has arisen in cases other than those referred to in the first paragraph above shall not be compensated by the Company's depositary if they have been normally careful. The Company and the Depositary are not liable in any case for indirect damage, nor are they liable for damage caused by a custodian bank or other contractor hired by the Company or the Depositary with due care or for damage that may arise due to a restriction that may be applied against the Company or the Depositary.

If there is an obstacle for the Company or the Depositary to act due to a circumstance specified in the first paragraph above, the action may be postponed until the obstacle has ceased.

The Company has liability under Ch. 8 § 28-31 of the LAIF. The Depositary has liability under Ch. 9 § 22 of the LAIF.

#### **§ 17 DEPOSITARY'S RESPONSIBILITY**

The Depositary's disclaimer applies with limitation of what is stated in Ch. 9 § 22 of the LAIF. In the event that the Depositary has lost financial instruments held at the Depositary or its custodian bank, the Depositary shall without undue delay return financial instruments of the same type or an amount equal to the value to the fund. However, the Depositary is not responsible for the loss of the financial instruments or other damage caused by an external event outside the custody institution's control such as for damage caused by Swedish or foreign law, Swedish or foreign government action, war event, strike, blockade, boycott, lockout or other similar circumstance. The reservation regarding strike, blockade, boycott, or lockout applies even if the Depositary is subject to or itself takes such conflict action. The depositary is not responsible for damage caused by – Swedish or foreign – stock exchange or other marketplace, central securities depository or clearing house.

The Depositary is not responsible for any damage incurred by the Company, investors in the fund, or another due to the disposal restriction that may be applied to the Depositary in respect of securities. The same applies in the case of loss of Financial Instruments held by the Custodian Bank

or other persons providing equivalent services engaged by the Depositary with due care for the custody of financial instruments and with which the Depositary has agreed on the transfer of liability with the right of the Company to make claims directly against the custodian bank. Such transfer of liability from the Depositary to the custodian bank is a consequence of the fact that the Depositary has instructed the custodian bank to store foreign financial instruments in a local market in the manner set out in the existing depositary agreement between the Depositary and the Company.

Damage incurred in other cases shall not be compensated by the Depositary unless it has been normally prudent and subject to the applicable mandatory law.

However, the Depositary is in no case liable for indirect damage.

If the Depositary is prevented from enforcing, in whole or in part, any measure under this agreement due to the circumstance referred to in the first subparagraph, the measure may be postponed until the obstacle has ceased. In the event of deferred payment, the Depositary shall not pay default interest. If interest is promised, the Depositary shall pay interest at the interest rate in force at the due date.

If, as a result of circumstances referred to in the first subparagraph, the Depositary has prevented receiving payment for the Funds, the Depositary has, for the period during which the obstacle existed, entitled to interest only under the conditions in force at the due date.

#### **§ 18 ALLOWED INVESTORS**

The fact that the fund is aimed at the public does not mean that it is aimed at investors whose sale of a stake in the fund or participation in the fund is contrary to the provisions of Swedish or foreign law or regulation. Nor is the Fund directed at investors whose sale or holding of shares in the fund means that the fund or the Company becomes obligated to take registration action or any other action that the fund or the Company would otherwise not be obligated to take. The

**FUND RULES**

Plain Capital LunatiX

Company has the right to refuse sales to investors referred to in this paragraph.