

**FUND RULES:  
SOIC DYNAMIC CHINA**

**Adopted by the Board of Directors:** 10  
November 2021

**Approved by FI:** 13 January 2022

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

The fund's name is SOIC Dynamic China. The fund is a mutual fund in accordance with Sweden's Act (2004:46) on mutual funds ("LVF"). 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. The fund is aimed at the general public; see also § 18.

Operations are conducted in accordance with these fund rules, the articles of association of the Fund Management Company, LVF and other applicable statutes.

The fund's assets are jointly owned by the fund unit holders. The units within each share class carry equal rights to the assets included in the fund.

Share classes

The fund has the following share classes:

Share class	Currency	Minimum initial subscription amount	Maximum fee	Maximum variable fee
A	SEK	None	2%	15%
B	EUR	None	2%	15%
C	SEK	SEK 2 million	1.2%	15%
D	EUR	EUR 0.2 million	1.2%	15%
E	SEK	None	1.2%	15%

The content of the fund rules is common to all share classes unless otherwise stated. The fund consists of share classes, which means that the value of one unit in one class will differ from the value of one unit in another class.

The share classes differ in terms of their investment currency, minimum initial subscription amount, distribution terms, and fees. The minimum initial subscription amount refers only to the first subscription amount. Share class E is open only to:

- unit holders who, within the framework of an agreement on investment services according to Ch. 2 § 1 of the Act (2007:528) on the securities market or equivalent Swedish or foreign regulation, invest in the fund provided that, and only as long as, there is a written agreement between the Fund Management Company and the provider of the investment service, or an intermediate party in the distribution stage, which expressly permits distribution of the share class without entitling the distributor to compensation from the Company, and to

- insurance companies that are investing in the fund within the framework of agreements with policyholders, provided that, and only as long as, there is a written agreement between the Company and the insurance company or an insurance distributor that explicitly allows investment in the share class without entitling the insurance company or insurance distributor to remuneration from the Company.

## § 2 FUND MANAGER

The fund is managed by AIFM Capital AB, org. no. 556737-5562, hereinafter referred to as “the Company”.

## § 3 THE DEPOSITARY AND ITS TASKS

The Depositary is Skandinaviska Enskilda Banken AB (publ) org. no. 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, regarding, for example, valuation, redemption and sale of fund units, are made in accordance with laws, regulations and these fund rules.

## § 4 CHARACTER OF THE FUND

The fund is a geographically oriented fund that invests in securities issued by companies in China, Hong Kong, or Taiwan and in companies whose shares are admitted for trading in a marketplace in another OECD country provided that the company

has significant operations in China, Hong Kong, or Taiwan or that a significant proportion of the company’s assets or income is in or from these countries.

The fund aims to exceed its benchmark index over a five-year period. The fund’s benchmark index is MSCI China Net Index in each share class’s investment currency.

## § 5 THE FUND’S INVESTMENT POLICY

The fund’s assets may be invested in transferrable securities, money market instruments, fund units, and accounts with credit institutions.

The fund will have exposure of at least 90 percent to securities issued by companies in China, Hong Kong, or Taiwan, and in companies whose shares are admitted for trading in a marketplace in another OECD country, provided that the company has significant operations in China, Hong Kong, or Taiwan or that a significant proportion of the company’s assets or income is in or from these countries.

The fund may invest a maximum of 10 percent of the fund’s value in other funds or fund companies.

## § 6 MARKETPLACES

The fund’s trading in financial instruments may take place on a regulated market or an equivalent market outside of the EEA. Trading may also take place in another market within or outside of the EEA that is regulated and open to the general public.

#### **§ 7 SPECIAL INVESTMENT FOCUS**

The fund may invest in such transferable securities and money market instruments as referenced in Ch. 5, § 5 of the Swedish Act (2004:46) on mutual funds.

The fund may not invest in derivative instruments or so-called OTC derivatives.

#### **§ 8 VALUATION**

The value of a fund unit is each share class's part of the fund's total value divided by the number of outstanding fund units for each share class. The value of the fund units is calculated every trading day. The value of the fund is calculated by deducting the liabilities relating to the fund from the assets. The fund's assets are valued at current market value. The current market value can be determined by different methods, which are applied in the following order:

1. If financial instruments are traded on a market as specified in Ch. 5, § 3 of the LVF, the latest price paid shall be used or, if such does not exist, the latest purchase price.
2. If the price according to method 1 does not exist or is clearly misleading, the current market value shall be derived on the basis of information about a current transaction in a corresponding instrument between independent parties.
3. If methods 1 and 2 cannot be applied, or according to the Company become misleading, the current market value shall be determined by applying a principle applicable to the financial instrument in question on the market, where applicable, if

not misleading, through an established valuation model.

For such transferable securities as are referred to in Ch. 5, § 5 of the LVF, a determination of the market value is made on objective grounds according to a special valuation based on information on the most recent payment price or indicative purchase price from the market maker if such is designated for the issuer.

If such information does not exist or if the information is considered by the Company to be unreliable, the market value is determined by, for example, obtaining information from independent brokers or other external independent sources. Such information may, for example, be an issue price or knowledge that trading has been carried out at a certain price in the relevant security.

To determine the value of fund units, the Company uses the most recently reported unit value.

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

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

However, the fund is not open for sale and redemption on those banking days when the valuation of the fund's assets cannot be carried out in a way that ensures the fund unit holders' equal rights as a result of one or more of the underlying marketplaces not being open for trading.

Requests for sales and/or redemptions must be made in writing and be received by the Company before 15:00 CET on full banking days and no later than 11:00 CET on half banking days (day before a public holiday) in order for the sale and/or redemption to take place on the next banking day. Sales and redemptions thus take place at a price unknown to the unit holder at the time of the request. Requests for sales and/or redemptions that are received later are normally processed on the next banking day.

When purchasing fund units, the subscription payment must be posted to the account belonging to the fund no later than 15:00 CET on full banking days and no later than 11:00 CET on half banking days.

Requests for the sale or redemption of fund units may be withdrawn only if permitted by the Company.

If funds for redemption need to be procured through the sale of securities, the sale and redemption shall be executed as soon as possible. Should such a sale significantly harm the interests of other unit holders, the Company may, after notifying Finansinspektionen (the 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 that stated in this rule, second paragraph and in § 10, normally take place at the price on the following banking day.

For share classes C and D, the minimum initial subscription amount at the first deposit is SEK 2,000,000 and EUR 200,000 respectively. For share class E, which has conditions for distribution, the subscription and redemption of fund units can take place only after a special agreement has been entered into between the Company and the Distributor/Insurance Company. There is no minimum initial subscription amount for the other share classes.

The value of a fund unit is normally calculated every banking day. However, the fund unit value is not calculated if the fund is closed for sale and redemption with regard to the circumstances specified in this rule, 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 co-operating distributors on a daily basis.

Shares in share class A shall be converted to share class E when the conditions for holdings in share class E are met. Shares in share class E shall be converted to share class A when the prerequisites for the conditions for holdings in share class E no longer exist. Transfers shall take place on a banking day determined by the Company. On the transfer date, the investor shall receive shares in the share class to which the transfer is to be made, at a value corresponding to the value of the investor's shares in the existing share class. The value of the shares in each share class corresponds to the sale and

redemption prices applicable on the transfer date for the share classes concerned.

#### **§ 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 that mean that a valuation of the fund's assets cannot be carried out 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 depositaries – see § 3 – as well as for Finansinspektionen's supervision and for auditors. The fee is paid in an amount equal to not more than 2% per year for share classes A and B and 1.2% per year for share classes C, D, and E. The fee is payable monthly in arrears and is calculated daily as a 1/365 share.

In addition to the above fee, a collectively calculated performance-based fee is paid to the Company. The performance-based fee corresponds to a maximum of 15% of the excess return provided by the fund when compared to the yield of the benchmark index, consisting of the MSCI China Net Index (“**reference rate**”).

Performance-related fees are paid collectively on a share class's overall development, which may differ from the individual unit holder's development. The performance-related fee is calculated after the deduction of fixed costs and is booked daily. Consequently the respective share class's daily NAV

rate shows the value per share after all fees. The accrued fee is paid to the Fund Management Company after the end of each month. To find out what the accumulated total return or share class must achieve in order for the Fund Management Company to be allowed to charge performance-based fees, a high-water mark (HWM) is used. Each day, the respective share class's HWM is calculated, going up (down) with the day's percentage increase (decrease) on the fund's reference rate. If a share class's share price exceeds, after the deduction of fixed costs, the high-water mark on that day, fifteen percent of this excess return is taken out in performance-related fees and the NAV price is adjusted to reflect this. The HWM is raised to this new higher rate so that remuneration for excess returns is paid only once. If a share class's accumulated return on a certain day falls below the HWM, no performance-based fee will be paid until the share class's share price again exceeds the HWM. Even in the event of a negative return, performance-related fees may be payable. This is provided that a share class's yield exceeds the reference rate. The fund's HWM cannot be restored.

In the case of redeeming fund units after a period when the fund has performed worse than the reference rate – i.e. when the fund has an accumulated underperformance compared to the development of the index – no compensation is paid to unit holders in the form of repayment of previously deducted performance-based fees.

The value of the fund units is calculated after deductions for fixed and performance-based fees.

The performance-based fee is calculated after deducting the fixed fee.

Brokerage and other transaction-based expenses for the fund's purchases and sales of financial instruments and tax are charged to the fund.

#### **§ 12 DIVIDEND**

The fund does not pay dividends.

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

The fund's financial year is the calendar year.

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

The Company shall submit an annual report for the fund within four months of the end of the financial year and a semi-annual report for the fund for the first six months of the financial year within two months of 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 be sent free of charge to unit holders upon request.

Amendments to the fund rules shall be decided on by the Board of Directors and be submitted to Finansinspektionen for approval. After approval, the fund rules shall be kept available at the Company and the Depositary and, where applicable, be announced in the manner directed by Finansinspektionen.

#### **§ 15 PLEDGING AND TRANSFER**

Pledging takes place through written notification to the Company or intermediary institution. The notification must state the unit holders, pledgee, which units are covered by the pledge and any restrictions on the scope of the lien. The pledge is registered in the unit holder register. The Company must notify the unit holder in writing of such registration. Pledging ceases when the Company or intermediary institution has received notification from the pledgee 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 through written notification to the Company or intermediary institution. The notification of transfer must state the transferor, to whom the fund units are being transferred and the purpose of the transfer. A transfer is approved only if the acquirer takes over the transferor's acquisition value.

#### **§ 16 LIMITATION OF LIABILITY**

The company has liability for damages according to Ch. 2 § 21 of the LVF. The Company and the Depositary are not responsible for damage due to Swedish or foreign legislation, Swedish or foreign government action, war incidents, strikes, blockades, boycotts, lockouts, or other similar circumstances. The proviso in respect of strikes, blockades, boycotts, and lockouts applies even if the Company or the Depositary itself is the subject of or takes such industrial action. If the Company or the Depositary inflicts damage on unit holders by violating the LVF, other applicable law or regulations, these fund rules,

the articles of association, or internal rules, the Company or the Depositary shall compensate such damage in accordance with Ch. 2 § 21 and Ch. 3, §§ 14-16 of the LVF.

Damage that has arisen in cases other than those referred to in the first paragraph above shall not be compensated by the Company or Depositary if they have taken normal care. 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 any obstacle to the Company or the Depositary taking action due to a circumstance specified in the first paragraph above, the action may be postponed until the obstacle no longer exists.

#### **§ 17 DEPOSITARY'S LIABILITY**

The Depositary has liability for damages according to Ch. 3 §§ 14-16 of the LVF. In the event that the Depositary has lost financial instruments that are deposited with the Depositary or its Custodian, the Depositary shall return financial instruments of the same type or an amount corresponding to their value to the fund without undue delay.

The Depositary is, however, not responsible for the loss of financial instruments or other damage caused by external events outside of the control of the Depositary, such as damage due to Swedish or foreign legislation, Swedish or foreign government action, war incidents, strikes, blockades, boycotts,

lockouts, or other similar circumstances. The proviso in respect of strikes, blockades, boycotts, and lockouts applies even if the Depositary is the subject of or itself takes such industrial action. The Depositary is not liable for damage caused by Swedish or foreign stock exchanges or other marketplaces, a central securities depository, or a clearing organisation.

The Depositary is not liable for damages incurred by the Company, investors in the fund, or other party as a result of a restriction on disposal that may be applied to the Depositary regarding securities. The same applies in the event of loss of financial instruments held by the Custodian or another entity that provides similar services that the Depositary has duly engaged to take custody of financial instruments and with which the Depositary has agreed on the transfer of responsibility in respect of the Company's right to make claims directly against the Custodian. Such transfer of responsibility from the Depositary to the Custodian is a consequence of the Depositary instructing the Custodian to store foreign financial instruments in a local market in the manner set out in the current custodian agreement between the Depositary and the Company.

Damage that has arisen shall not be compensated by the Depositary if they have taken normal care and unless otherwise follows from applicable mandatory law.

However, the Depositary is not in any case liable for indirect damage.



If there is any obstacle to the Depositary taking action under this agreement, in full or in part, due to a circumstance specified in the first paragraph, the action may be postponed until the obstacle no longer exists. In the event of deferred payment, the Depositary shall not pay default interest. If interest is pledged, the Depositary shall pay interest at the interest rate that applied on the due date.

If the Depositary has been prevented from receiving payment for the funds as a result of a circumstance specified in the first paragraph, the Depositary is, for the period during which the obstacle existed, entitled to interest only in accordance with the conditions that applied on the due date.

#### **§ 18 ALLOWED INVESTORS**

The fund is aimed at the general public, but not at investors whose subscription to a unit in the fund is in conflict with provisions in Swedish or foreign law or regulations. The fund is also not aimed at those investors whose subscription or holding of units in the fund means that the fund or fund company becomes obliged to take a registration measure or other measure that the fund or fund company would not otherwise be obliged to take. The Company has the right to refuse subscription to such investors as are referred to in this paragraph. The Company may redeem a unit holder's shares in the fund against a unit holder's objection –

if it turns out that unit holder has subscribed for a unit in the fund in violation of provisions in Swedish or foreign law or regulations or that the Company becomes liable due to the unit holder's subscription or holding in the fund to take a registration measure

or other measure that the fund or Company would not be obliged to take if the unit holder did not hold units in the fund.

#### Regarding US investors

The fund or the fund units are not and are not intended to be, at any time, registered in accordance with the United States Securities Act of 1933, United States Investment Companies Act of 1940, or other applicable law in the United States. Units in the fund (or rights to fund units) may not or will not be offered, sold, or otherwise distributed to or on behalf of US persons (as defined in the regulations of the United States Securities Act of 1933 and interpreted in the United States Investment Companies Act of 1940). Anyone wishing to acquire units in the fund must state their national domicile to the Company. Unit holders are also obliged to, if applicable, notify the Company of any changes in their national domicile. Buyers of units in the fund must further confirm to the fund company that they are not a US person and that the fund units are acquired through a transaction outside the United States in accordance with Regulation S. The subsequent transfer by the Depositary of securities units or rights to them may be made only to a non-US person and shall take place through a transaction outside the United States which is covered by exemptions according to Regulation S.

If the Company deems that it has no right to offer, sell, or otherwise distribute fund units as above, the Company reserves the right to refuse execution of such an assignment for the purchase of units in the fund, and, where applicable, without prior consent, redeem such a unit holder's holdings of units in the



fund on their behalf and thus pay additional funds to them.

## CALCULATION EXAMPLE

Calculation example, variable fee, collective model. 15% fee on accumulated excess return, daily trading. The reference rate consists of the MSCI China Net Index.

	DAY 0	DAY 1	DAY 2	DAY 3	DAY 4	DAY 5
The fund's unit price, previous day		100	100.584	102	103.2	105.35
The fund's unit price before calculating variable fees but after deducting fixed fees		100.605	102	103.5	106	103.21
Value reference rate	3000	3015	3100	3050	3080	2990
Fund performance since the previous day		0.61%	1.41%	1.47%	2.71%	-2.03%
Index performance since the previous day		0.50%	2.82%	-1.61%	0.98%	-2.92%
Fund performance compared with index performance		0.11%	-1.41%	3.08%	1.73%	0.89%
NAV high-water mark	100	100.5	103.43	101.76	104.25	102.65
Excess return cf. high-water mark per unit		0.105	-1.425	1.743	1.746	0.562
Performance-based fee per unit (15% of excess return)		0.016	0.00	0.261	0.262	0.00
Performance-based fee as a percentage (percentage of NAV before performance-based fee)		0.02%	0.00%	0.25%	0.25%	0.00%
The fund's unit price after calculating variable fees	100	100.59	102.00	103.24	105.74	103.21

The example reflects events over five days. At the start, the NAV price is 100 and the reference rate is at 3,000.

- Day 1: a performance-based fee is charged because the fund has performed 0.11% better than the reference rate. The price after the variable fee is therefore 100.59, as 0.016 per unit is charged in performance-based fees (equates to 0.02%).
- Day 2: no performance-based fee is deducted because the increase in value of the fund is less than the increase in the reference rate. The reference rate increases 2.82% on the previous day, which means the high-water mark is upwardly adjusted by the corresponding 2.82%.
- Day 3: the fund rises by 1.47%, while the reference rate falls by 1.61%. The high-water mark is then adjusted downwards because the reference rate is decreasing. A performance-based fee is payable.
- Day 4: the fund performs better than the reference rate. A performance-based fee is therefore deducted. The high-water mark is adjusted upwards by the movement of the reference rate ( $103.24 + (1 + 0.98\%) = 104.25$ ). The excess return is thus 1.75 per unit.
- Day 5: the fund goes down 2.03%. The reference rate falls 2.92%. The high-water mark is adjusted downwards with the reference rate's development from 105.74 (previous day's NAV rate) to 103.33 ( $105.35 \times (1 - 2.92\%) = 102.65$ ).