

N.B. The English text is an in-house translation of the Swedish original and, in case of discrepancies, the Swedish original shall prevail.

INFORMATION MEMORANDUM

Arte Collectum II AB (publ)

The information below relates to Arte Collectum II AB (publ), corporate identity number 559479-2722, (the “**Fund**”) which is an alternative investment fund pursuant to the Swedish Alternative Investment Fund Managers Act (2013:561) (the “**AIFM Act**”), implementing the Directive (EU) 2011/61 (the “**AIFMD**”). Chapter 10, Section 1 of the AIFM Act implements the disclosure requirements in Article 23(1) of the AIFMD.

This document has been prepared by AIFM Capital AB, corporate identity number 556737-5562, (the “**AIFM**”) to provide information in accordance with the requirements in Chapter 10, Section 1 of the AIFM Act and Chapter 13, Section 1 of Swedish Financial Supervisory Authority’s regulation (FFFS 2013:10) regarding alternative investment fund managers.

In addition to this document, the Fund also has General Terms and Conditions for Debentures issued by Arte Collectum II AB (publ) (the “**General Terms and Conditions**”), Key Investor Information Document, and other relevant information documents from time to time (the “**Fund Documentation**”).

Prior to investing in the Fund instruments, being debentures (the “**Debentures**”), the investor is advised to read the entire Fund Documentation and the other documents referred to in the Fund Documentation and to make a general assessment of the business environment in order to make a decision on whether to invest.

An investment in the Fund may result in a loss. This applies even in the event of otherwise favourable developments on the financial markets. Past performance is no guarantee of future returns. The assets invested in the Fund may increase as well as decrease in value and there is no guarantee that the investor in the Fund will recover the capital invested.

The Fund Documentation should not be construed as a recommendation to invest in the Fund. It is for each person wishing to invest in the Fund to make their own decision as to whether to invest in the Fund and the risks associated therewith. The Fund’s Key Information Document and Fund Documentation are published on the Fund’s website, www.artecollectum.com, and on the AIFM’s website, www.aifmgroup.se.

Other documents such as the Fund’s financial statements will be published on the Fund’s website as soon as they are available. All documents referred to above relating to the Fund will be available from the AIFM and the Fund and will be provided free of charge on request to potential investor wishing to review the documents.

Chapter 10, Section 1 of the AIFM Act	Information	
1. (Article 23 (a) AIFMD)	The Fund's investment strategy and objectives.	The Fund will acquire, own and manage artworks such as paintings, photographs, prints, sculptures and other types of artworks with strong indications of future value growth over the next 5–10 years. The Fund's investments shall, as a starting point, include art from the 20th century onwards. The portfolio will be diversified with a global scope, but with a particular focus on artists active in Europe, Hong Kong and the United States. The investment period of the Fund is a period of 3 years from the first day of issue during which the Fund shall mainly carry out acquisitions of holdings. After the investment period, no further acquisitions of holdings shall take place.
1. (Article 23 (b) AIFMD)	The circumstances under which the investment strategy and objectives or investment policy of the fund may change.	The AIFM may decide to change the investment policy and strategy of the Fund provided that such changes (a) do not materially alter the nature of the Fund's operations, and (b) the Fund's Debenture Holders' Committee agrees to the change. In the event of such a change, each Debenture holder will be notified in accordance with the address details specified for the securities account in which the Debentures are held.
2. (Article 23 (a) AIFMD)	Where the receiving fund is established if the fund is a feeder fund to an alternative investment fund and information on where the underlying funds are established if the fund is a fund-of-funds.	The Fund is not a fund-of-funds or a feeder fund to an alternative investment fund.
3. (Article 23 (a) AIFMD)	The asset classes in which the fund may invest.	The Fund invests in artworks such as paintings, photographs, prints, sculptures and other types of artwork. The Fund's holdings shall consist of artworks by established artists with a satisfactory auction history and exhibition frequency in established galleries, and shall relate to at least one of the categories of artworks listed below: a) female artists; b) artists from ethnic minority groups; c) artists who, in the Fund's own assessment, have been re-evaluated by the art market as a result of a revision of art history; d) established artists represented in the top 20 galleries in the world, as assessed by the Fund;

		e) emerging artists hand-picked by the top 40 galleries in the world, as assessed by the Fund; and f) the 50 most traded artists (excluding Chinese ink art) as reported by <i>Artmarket.com</i>, <i>Artnet</i>, and other established art trade databases. A maximum of 20 per cent of the portfolio may be invested in artworks by a single artist and a maximum of 15 per cent of the portfolio may be invested in a single artwork.
3. (Article 23 (a) AIFMD)	The risk profile of the fund.	For information on the Fund's risk profile, see <u>Appendix 1</u> .
3. (Article 23 (a) AIFMD)	Information on the use of financial leverage.	The Fund may raise additional financing from external lenders to create financial leverage in the portfolio and finance additional asset acquisitions. This means that the overall level of risk in the Fund may increase, but also increased opportunities for better returns. Financial leverage may amount to a maximum of 30 per cent of the portfolio value at the time of entering into the leverage agreement.
4. (Article 23 (c) AIFMD)	The main legal consequences of an investment in the fund.	The Fund is a Swedish public limited liability company and is governed by Swedish law. An investment in the Fund is equivalent to the investor's subscription to the Debentures issued by the Fund. These securities are dematerialised and are intended to be admitted to trading on a regulated market in Sweden. As the Fund is an independent legal entity that can acquire rights or assume obligations, the Fund's assets can be seized. The Fund may also be declared bankrupt. This means that the investors' claim on the Fund will be treated in the order of priority established by the relevant legislation, <i>i.e.</i> the Debentures will be treated as the Fund's other unsecured and unprioritised claims. This means that in the event that the Fund has obligations and liabilities to someone else (<i>e.g.</i> due to legal provisions), there is thus a risk that such obligations and liabilities may be honoured and/or repaid before the Fund's repayment of the Debentures and/or interest payments.
5. (Article 23 (d) AIFMD)	AIFM.	The Fund is managed by AIFM Capital AB, corporate identity number 556737-5562. The AIFM is responsible for risk management and certain administration of the Fund. AIFM Capital AB is under the supervision of the Swedish Financial Supervisory Authority and conducts its business in accordance with Swedish law. The AIFM is authorised by the Swedish Financial Supervisory Authority to act as a manager of alternative investment funds under the AIFM Act.

5. (Article 23 (d) AIFMD)	Depository.	Intertrust Depository Services (Sweden) AB, corporate identity number 556944-1172, is the Fund's depository. Intertrust Depository Services (Sweden) AB is registered with the Swedish Financial Supervisory Authority as a financial institution.
5. (Article 23 (d) AIFMD)	Auditor.	Grant Thornton Sweden AB, corporate identity number 556356-9382, Box 7623, 103 94 Stockholm, is the Fund's auditor. The auditor in charge is the authorised public accountant Olof Nordgaard. The auditor reviews, <i>inter alia</i>, the accounts on which the Fund's annual report is based.
5. (Article 23 (d) AIFMD)	Other service providers.	<i>Storage of artworks:</i> MTAB Sverige AB, corporate identity number 556124-0630. <i>Insurer:</i> XL Insurance Company SE, Swedish branch, corporate identity number 516402-5123. <i>Accounting:</i> AIFM Services AB, corporate identity number 559024-7416. <i>Market maker:</i> Pareto Securities AB, corporate identity number 556206-8956. <i>Issuing agent:</i> Nordic Issuing AB, corporate identity number 559338-2509. <i>Central Securities Depository:</i> Euroclear Sweden AB, corporate identity number 556112-8074. <i>Regulated market:</i> Nordic Growth Market NGM Aktiebolag, corporate identity number 556556-2138.
6. (Article 23 (e) AIFMD)	Liability insurance or available funds in accordance with Chapter 7, section 5 of the AIFM Act to cover any claims for damages.	The AIFM maintains additional own funds to cover the risk of liability arising from errors or omissions in the activities carried out by the AIFM under its authorisation as an AIFM.
7. (Article 23 (f) AIFMD)	Delegation of management and safe-keeping functions and conflicts of interest that may arise when delegating management and safe-keeping functions.	The AIFM has delegated the management of the Fund's portfolio to Arte Collectum AB, corporate identity number 559329-9356, (the "Portfolio Manager") in accordance with Chapter 8, Section 16 of the AIFM Act. Arte Collectum AB has in-house expertise with many years of experience of investments in the art market. Arte Collectum AB thus has the necessary expertise to manage the Fund's portfolio in accordance with the investment policy. Within the framework of its activities, Arte Collectum AB has established an investment committee with well-known individuals from the art market who assist in the management of the Fund's portfolio. Persons with an ownership interest in the Portfolio Manager, which is a contractor of the AIFM, also have ownership interests

		in the Fund of which the AIFM is a contractor. To address these potential conflicts of interest, measures have been taken in the context of both the delegation mandate and the AIFM mandate. These measures mainly relate to establishing procedures for processes and procedures for evaluating and monitoring the mandate and managing identified conflicts of interest, limiting the possibility of replacing the AIFM but leaving the AIFM free to terminate the delegation of portfolio management, and ensuring independent members of the Fund's board of directors. The depositary has not delegated safe-keeping functions to anyone else.
8. (Article 23 (g) AIFMD)	Principles and procedures for valuing the assets of the fund.	The assets of the Fund are valued by the valuation function of the AIFM, supported by valuation opinions from external, established and authorised art dealers with satisfactory experience in valuing artworks in the international art market appointed by the AIFM. Valuation is carried out in accordance with applicable accounting principles as required by law and regulations. The Fund produces a breakdown of the investment portfolio and its value on a semi-annual basis, which is made available to investors. The portfolio valuation per debenture is calculated by dividing the book value of the Debentures by the number of Debentures issued. Information on the market value of the Fund's issued instruments and net asset value (NAV) is available on the AIFM's website, www.aifmgroup.se, and on the Fund's website, www.artecollectum.se.
9. (Article 23 (h) AIFMD)	Liquidity risk management and redemption rights.	The Debentures run from the date of their first issue until the date falling 6 years from the date of first issue at the latest, at which time the funds must be repaid. The Board of Directors of the Fund may decide to extend the repayment period by a maximum of 2 years from the date falling 6 years from the date of the first issue of the Debentures. The Debentures are not accompanied by any right of early redemption or any form of conversion. However, the Debentures are freely transferable. The Fund's liquidity risks are therefore limited and liquidity management is primarily aimed at ensuring that the Fund has sufficient funds for ongoing management. The AIFM continuously monitors the risks that may arise in the Fund's operations.
9. (Article 23 (l) AIFMD)	Procedure and conditions for the issue and sale of units or shares.	The Fund's Debenture Programme (the "Programme") provides a framework within which the Fund may make one or more issues of Debentures in accordance with the General Terms and

		Conditions. The decision to issue is taken by the Board of Directors of the Fund. The Debentures are freely transferable. Issues under the Programme are without preferential rights for existing investors of the Fund. Debenture holders do not have any pre-emptive rights in respect of issues of other Debentures issued by the Fund. Debenture holders have no voting rights at the general meeting of the Fund.
10. (Article 23 (i) AIFMD)	Fees and all other costs and maximum amounts of direct and indirect fees and costs charged to investors of the fund.	The following costs, expenses and disbursements of the Fund shall be charged to the Fund's assets: (a) set-up costs up to EUR 750,000 (including but not limited to costs for legal advice, marketing, application and registration fees and other costs related to the start-up of the Fund); (b) Management fee of 2.5% per year; (c) legal, depositary, listing, audit, valuation, consultancy, insurance, warehousing, directors' and similar costs and fees incurred in the ordinary course of business; (d) costs related to debt raised by the Fund for investment or hedging purposes (including but not limited to bank charges and interest payments); and (e) taxes and charges to which the Fund is subject.
11. (Article 23 (j) AIFMD)	The manager's principles of equal treatment of investors and the right to more favourable terms for any investor in the fund.	Investors who choose to invest in the Fund are treated in accordance with the principle of equal treatment. The General Terms and Conditions do not entitle any individual investor or group of investors to more favourable treatment.
12. (Article 23 (o) AIFMD)	the primary broker of the Fund and the relevant arrangements between such broker and the Fund	No primary broker is used.
13. (Article 23 (p) AIFMD)	How and when regular information about the fund under Chapter 10, sections 9 and 10 of the AIFM Act is provided.	The AIFM provides reporting in respect of the Fund on a regular basis in accordance with the applicable accounting and, when applicable, regulatory framework of the regulated market on which the Debentures of the Fund will be admitted to trading. The annual report of the Fund or any other appropriate information that the AIFM is required to provide in respect of the Fund under the AIFM Act, such as information on illiquid assets, changes to the Fund's liquidity management, risk profile, risk management system and use of leverage, will also be provided.

14. (Article 23 (k) AIFMD)	The most recent annual report under Chapter 10, section 4 of the AIFM Act.	The Fund's annual report is available on the AIFM's website, www.aifmgroup.se , and on the Fund's website, www.artecollectum.se . As the Fund is newly established, no annual report is currently available.
14. (Article 23 (m) AIFMD)	The latest calculated net asset value (NAV) or market value of the fund's units or shares.	Information on the market value of the Fund's issued instruments and NAV is available on the AIFM's website, www.aifmgroup.se , and on the Fund's website, www.artecollectum.se . As the Fund is newly established, no NAV data is currently available.
15. (Article 23 (n) AIFMD)	Historical returns.	The Company presents NAVs on a semi-annual basis. The reports are available on the AIFM's website, www.aifmgroup.se , and on the Fund's website, www.artecollectum.se . As the Fund is newly established, no data on historical returns is currently available.

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APPENDIX 1

The Fund's risk profile

1 Introduction

The risks that the Fund considers to be material to its operations and future development are described below. The risks are related to the Fund's operations and market, legal and regulatory conditions and the Fund's Debentures. Investors may lose all or part of their invested capital.

The assessment of the materiality of each risk is based on the likelihood of the risk materialising and the expected magnitude of adverse effects resulting from the risk materialising. The assessment of materiality has been graded in relation to each risk factor on a qualitative scale of low, medium or high. The risks described below are limited to those that are specific to the Fund or to the Fund's Debentures and that are material to making an informed investment decision. The risks currently considered most material by the Fund are described first in each risk category. The subsequent risks are not ranked.

2 Risks related to the Fund

2.1 Risks related to the Fund's market

Changing market conditions may have a negative impact on the Fund's operations

The Fund's operations are affected by market conditions and economic cycles. During economic booms, the prices of the artworks in which the Fund invests may be high and the availability of suitable investment objects may decrease, which may result in the Fund not being able to realise investments to the extent intended or at more expensive prices. In times of economic recession, demand for artworks may decline and the performance of the Fund's investments may deteriorate. Since the Fund operates in the international art market, the Fund is sensitive to economic fluctuations in Sweden, Europe and other parts of the world.

As a result of the above factors, the performance of the investments may not materialise or may not reach the expected levels, which in turn may result in the return on the Debentures not reaching the expected levels or not materialising at all. Repayment of the Debentures may also fail in whole or in part.

Risk level: Medium

Increased competition may have a negative impact on the Fund's operations

The Fund invests in artworks. To the best of the Fund's knowledge, there are currently no other funds with a similar investment policy as the Fund, with the exception of Arte Collectum I AB (publ), which is also managed by the AIFM.

However, the return on the Debentures is directly dependent on the possibility of making economically profitable acquisitions and disposals of artworks. In this respect, the Fund competes with a large number of players both for the purchase and disposal of artworks, both in Sweden and abroad. Increased competition may result in the Fund's potential investments being realised only at higher prices or not at all. Similarly, increased competition may result in the Fund being unable to sell its assets at the desired price or at all. Thus, there is a risk that the return on the Debentures may not reach the expected levels or may not materialise at all. There is also a risk that repayment of the Debentures may not be made in whole or in part.

Risk level: Medium

Growth in the value of investments

The Fund's operations consist exclusively of investments in artworks. The value of the portfolio is directly and exclusively dependent on the performance of the artworks in which the Fund has invested. Notwithstanding the general market conditions during the investment period, it is difficult to predict how the value of the Fund's investments will develop. There is therefore a risk that the Fund's investments may not yield the expected return, which in turn may result in the return on the Debentures not reaching the expected levels or not being realised at all. Repayment of the Debentures may also fail in whole or in part.

Risk level: Medium

2.2 Risks related to the Fund's operations

The Fund is an alternative investment fund with a special focus

The Fund is an alternative investment fund, not a mutual fund. As the Fund is not a mutual fund, the Fund is not subject to the specific rules applicable to mutual funds as regards capital requirements, risk spreading requirements, investment requirements and regular redemption of units, which aim to provide consumer protection. The Fund also differs from other alternative investment funds in that it has a strategy of investing its assets in only one asset class (artworks). An investment in the Fund therefore carries a greater risk of losing the capital invested than an investment in a mutual fund, or in another alternative investment fund which has a more diversified investment strategy than the Fund.

Risk level: High

The Fund relies on the expertise of the Portfolio Manager

The portfolio of the Fund is managed by the Portfolio Manager under delegation from the AIFM. The Portfolio Manager makes management decisions regarding the portfolio on the recommendations of the investment committee established by the Portfolio Manager. The members of the investment committee have expertise in the

art market and art acquisitions. Given the specific investment focus of the Fund, the Fund is dependent on the expertise of the investment committee in this area. Failure by the Portfolio Manager to retain these individuals on its investment committee could have a material adverse effect on the management of the Fund's portfolio, in particular if the Portfolio Manager is unable to attract new individuals with relevant expertise or if there is no other party with relevant expertise to take over the Portfolio Manager's duties. Loss of relevant expertise may result in the Fund failing, for example, to identify investment targets or make investment decisions, which may result in the Fund's portfolio not performing as expected. Loss of relevant expertise could also lead to the Fund making investment or divestment decisions that reduce the value of the Fund's portfolio. This, in turn, could result in the return on the Debentures not reaching expected levels or not materialising at all. Repayment of the Debentures may also fail to materialise in whole or in part.

Risk level: Medium

The Fund's holdings may be subject to material damage and insurance solutions may be inadequate

The Fund's portfolio consists solely of investments in original physical artworks. There is a risk that the artworks in the Fund's portfolio may be damaged during transport and storage or lost through theft. In such circumstances, the artworks themselves cannot be replaced as they are original materialised assets, and the Fund may incur losses and lose out on the expected future performance of the affected asset.

Insurance solutions in relation to the holdings may be inadequate in the sense that they do not provide insurance cover at all, do not provide insurance cover that fully corresponds to the market value of the individual holdings or that the insurance cover does not take into account future value developments. The risk of insufficient reimbursement is of particular importance to the Fund as its assets are both materialised and highly original. This can make it difficult to establish an accurate asset value at any given time, not least because of the lack of relevant comparables.

Given that the artworks are the Fund's only asset, material damage and insufficient insurance cover may have a significant impact on the Fund's profitability, resulting in the return on the Debentures not reaching the expected levels or not being realised at all. Repayment of the Debentures may also be partially or totally cancelled.

Risk level: Medium

The Fund may be exposed to fraud in the acquisition of artworks

The Fund intends to acquire only original artworks. The fact that each holding is the original creation of the artwork is, in the Fund's view, a key reason why individual

artworks are attributed a certain market value. An artwork that is acquired in the belief that it is an original, but which turns out not to be, has an almost non-existent market value compared to the original. There is a risk that the Fund may inadvertently acquire fake artworks. In addition, there may be no possibility of obtaining subsequent financial compensation for any damage suffered by the Fund as a result. As each artwork is acquired for a high amount, a single case of artwork fraud is sufficient for the Fund to suffer significant damage. This means that the value of the asset has to be written off from the portfolio and the value of the portfolio written down. This may result in the return on the Debentures not reaching the expected levels or not being realised at all. Repayment of the Debentures may also be partially or completely cancelled.

Risk level: Medium

2.3 Legal and regulatory risks

Regulatory authorisations

The Fund is an alternative investment fund managed by the AIFM, which has received authorisation from the Swedish Financial Supervisory Authority. The AIFM must, during the course of its operations, ensure that the requirements of commercial law are met even after the authorisation has been granted and throughout the period during which the AIFM holds the authorisation. If the AIFM does not comply with the requirements, there is a risk that the AIFM may be sanctioned or have its authorisation withdrawn, which in turn may result in the Fund having to appoint another AIFM or cease to operate.

Changes in applicable regulations may also affect the operations of the AIFM in a way that leads to increased administrative costs, which may result in the Fund having to pay a higher management fee to the AIFM and thus incurring increased costs. This may have a negative impact on the Fund's profitability, which in turn may result in the return on the Debentures not reaching the expected levels or not being achieved at all.

Risk level: Medium

2.4 Financial risks

The Fund is subject to risks related to exchange rate fluctuations

As the Fund operates in an international market, the Fund will acquire and dispose of artworks in several different currencies. The profitability of the Fund may be adversely affected by exchange rate fluctuations if an acquisition of a holding is made in a currency that is stronger than the currency in which the Fund holds its investment capital. Profitability may also be adversely affected by exchange rate

movements if a disposal of a holding is made into a currency which has a weaker position than the currency in which the Fund holds its investment capital.

Since the Fund intends to invest in a small number of objects but each object is expected to be of high value, exchange rate movements in relation to a single transaction can have a significant impact. Thus, a change in exchange rates in relation to a single object may have a significant impact on profitability, which in turn may result in the return on the Debentures falling below expected levels or not materialising at all.

Risk level: Medium

The Fund's arrangements to minimise exchange rate risk may have an adverse effect on the Fund's repayment capacity

The Fund may acquire and dispose of derivatives for the purpose of reducing exchange rate risks in relation to the holdings in the Fund's portfolio, known as hedging. The General Terms and Conditions of the Fund do not contain any limit on the size of such hedging arrangements, which means that individual arrangements may amount to large amounts. If the Fund misjudges exchange rate movements when entering into such an arrangement, the negative impact on the Fund's profitability may be significant, which in turn may result in the return on the Debentures not reaching expected levels or not being realised at all.

Risk level: Medium

The Fund's leverage arrangements may have negative effects on the portfolio value

The Fund may raise external financing equivalent to up to 30 per cent of the portfolio value in order to make additional investments. This creates a leverage effect by increasing the Fund's exposure through additional acquisitions, but without investing the corresponding own resources. Therefore, if such investments are disposed of at a loss, the loss to the Fund may exceed the amount of own funds invested by the Fund. As the Fund intends to invest in a small number of objects but each individual object is expected to be of high value, such negative leverage may have a negative impact on the profitability of the Fund, which in turn may result in the return on the Debentures not reaching the expected levels or not being realised at all.

Risk level: Medium

External financing may have a negative impact on the position of Debentures

The Fund may raise additional external financing over and above the Debentures in order to make investments. Such an increase in indebtedness will increase the number of creditors with whom the Debenture holders compete for repayment of their subordinated claims. Accordingly, there is a risk that the financial condition of

the Fund may be affected in a manner that makes it more difficult for the Debenture holders to recover their investment in the unsecured Debentures.

Risk level: Medium

3 Risks related to the Debentures

3.1 Financial risks related to the Debentures

The Fund's investment strategy may result in fewer than anticipated Debentures being issued under the Programme

The investment strategy of the Fund is to invest exclusively in artworks. This investment strategy, which does not involve risk diversification and which, according to the Fund, is considered new and unfamiliar to investors in the market, may result in fewer Debentures than expected being issued under the Programme. This in turn means that the issue proceeds will be lower than expected, which may mean that the Fund needs to refrain from certain investment opportunities where the Fund believes that the return could otherwise have been significant. As a result, the return on the Fund's invested capital may be lower or may not materialise at all, which in turn may result in the return on the Debentures not reaching the expected levels or not materialising at all.

Risk level: High

Preferential rights of Debenture holders in the event of the Fund's insolvency

The Fund is incorporated as a limited liability company. The insolvency or ongoing liquidation of the Fund may therefore, unlike in the case of mutual funds, affect the Fund's ability to pay any returns or repay the capital invested. In the event of the Fund's insolvency or in the event of the commencement of winding-up proceedings, the Debentures are treated *pari passu* with the Fund's other non-subordinated and non-priority claims, subject to applicable law. In the event that the Fund has obligations and liabilities to another party (*e.g.* due to legal provisions), there is thus a risk that such obligations and liabilities may be fulfilled and/or repaid before the Fund's interest payments and/or repayment of the Debentures. This means that there is also a risk that, in the event of liquidation, reorganisation, bankruptcy or other insolvency proceedings of the Fund, Debenture holders will normally receive payment only after each senior creditor, including those with a mandatory statutory priority, has been paid in full.

Accordingly, Debenture holders will always have a non-priority claim on the Fund for the amounts due under or in respect of the Debentures. This means that the Debenture holders will usually be paid *pro rata* with other unsecured creditors. There

may be no amount remaining for repayment, in which case all or part of an investment in the Debentures may be lost.

Risk level: Medium

3.2 Risks related to the admission to trading of the Debentures on a regulated market

It is not certain that liquid trading will develop in the Debentures

The Fund will list the Debentures on a regulated market. The Fund has engaged a market maker to provide bid and offer prices for trading in the Debentures. However, the Fund will issue a limited number of Debentures under the Programme and has not previously listed any instruments on a regulated market. There is therefore a risk that the secondary market turnover will be low and that the liquidity of the Debentures will be low. This may mean that the Debentures are not traded on an ongoing basis and that, once traded, the Debentures may be traded at a level below the issue price – this applies even if the Fund’s operations as such develop favourably. This means that Debenture holders may find it difficult to sell the Debentures at the issue price or at all.

Risk level: High

The value of the Debentures may fluctuate

The market value of the Debentures may fluctuate as a result of, among other things, actual and anticipated variations in the value of and returns on the Fund’s investment portfolio. This is largely because the value of the Fund’s investment portfolio is dependent on the value of the physical artworks owned by the Fund, which in turn is driven by both demand in the art market generally and in relation to the particular type of art or types of artists included in the Fund’s portfolio. The value of the Debentures may also change as a result of potential regulatory changes, general economic conditions and other factors that may be beyond the Fund’s control. Accordingly, there is a risk that Debenture holders may not be able to sell the Debentures at a price equal to their acquisition cost.

Risk level: High

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Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. The Regulation does not contain a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Pre-contractual disclosures for the financial products referred to in Article 8, paragraphs 1, 2 and 2a of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Arte Collectum II AB (publ) ("Arte Collectum II" or the "Fund")

Legal entity identifier: 894500VCM7E9ENO13F67

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No

☐ It will make a minimum of **sustainable investments with an environmental objective**: ____%.

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**: ____%.

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 75 % of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU taxonomy
- ☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Fund's investment policy explicitly targets investments produced by women and/or ethnic and cultural minorities who have historically been marginalised in the art market, but whose artistic expression is now being re-evaluated as a result of the revision of art history. By acquiring and actively managing this type of investment objects, the Fund promotes greater equality between women and men and contributes to a stronger position for ethnic and cultural minorities in the art market. The Fund intends to contribute to a more equal art industry in the long term and to minimise gender price

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

inequalities. In addition to the above, the Fund has a specific focus on the United Nations Sustainable Development Goals as follows.

- Goal 5: Gender equality
- Goal 8: Decent work and economic growth
- Goal 10: Reduce inequalities

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

In order to determine whether the Fund makes investments that promote social characteristics, each investment will be preceded by a sustainability analysis. The indicators that will be used for such an analysis are the percentage of (i) art by female artists and (ii) art by artists who, due to their ethnic or cultural background, have been marginalised in the art market.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Any sustainable investments that the Fund may make, even if this is not its objective, will be reported in the Fund's annual report for the relevant period.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Fund does not have sustainable investments as its objective. However, the Fund will take into account the principle of doing no significant harm to any environmental or social objectives for all of its investments.

As provided above, each investment will be preceded by a sustainability analysis. This analysis will also include mitigating sustainability-related risks in relation to each investment object. By ensuring the following, the Fund will undertake investments that do not cause significant harm to any environmental or social objective.

- **Exclusion:** The Fund invests only in assets that are consistent with the Fund's investment policy and that do not directly or indirectly create exposure to controversial weapons, military equipment, illegal drugs, tobacco, the sex industry, the gambling industry, coal, oil, gas or other fossil fuels, sanctioned individuals under the European Union sanctions regime, tax havens or serious or systematic violations of applicable environmental, social or governance (ESG) regulations.
- **Art dealers:** The Fund only acquires art from galleries and other organisations that, for example, have good internal governance and respect human rights. Furthermore, no transactions are carried out with

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

counterparties located in high-risk third countries or counterparties that otherwise have an exposure to weapons or drugs.

- Exhibitions: The artworks acquired by the Fund are only exhibited by organisations that are committed to sustainability, such as members of the Gallery Climate Coalition, signatories to the Principles for Responsible Investment or other sustainability initiatives.
- Storage and transport: Continuous efforts will be made to reduce emissions by considering where the art is stored, how it is transported and to which exhibitions it is shown and in which regions. Artworks are stored in a considered way and only transported long distances when necessary. As part of its efforts to reduce the Fund's carbon footprint, the Fund has a warehouse in Delaware, USA, in addition to its warehouse in Sweden. The starting point is that all works should be transported as short distances as possible to exhibitions, and, to the extent possible, that the works of art are transported together to the same exhibitions.

How have the indicators for adverse impacts on sustainability factors been taken into account ?

The Fund does not consider indicators for adverse impacts on sustainability factors. The Fund will also not consider these in case the Fund makes sustainable investments. The reason for this is that there are no applicable indicators in relation to the underlying investments of the Fund. In the event that the Fund make sustainable investments, the Fund will instead report this in light of the indicators the Fund applies in its sustainability analysis.

— — — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights ? Details:*

The alignment of sustainable investments with these guidelines is ensured through the Fund's investment policy and the application of the sustainability analysis that precedes each investment made by the Fund in order to mitigate sustainability-related risks in relation to each investment object.

The Fund does not invest in assets that violate international conventions, laws and agreements such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises relating to environmental, human rights, labour and business ethics issues. The assessment is carried out either by the Fund itself or by a subcontractor.

Furthermore, the Fund intends not to trade with counterparties established in high-risk third countries

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

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The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☐ Yes
☒ No



What investment strategy does this financial product follow?

The Fund’s investments shall consist of artworks by established artists with a satisfactory auction history and exhibition frequency in established galleries, and shall relate to at least one of the categories of works of art listed below:

- a) female artists;
- b) artists from ethnic minority groups;
- c) artists who, in the Fund’s judgement, have been re-evaluated by the art market as a result of a revision of art history;
- d) established artists represented in the top 20 galleries in the world, as assessed by the Fund;
- e) emerging artists hand-picked by the top 40 galleries in the world, as judged by the Fund; and
- f) the 50 most traded artists (excluding Chinese ink art) as reported by Artmarket.com, Artnet, and other established art trade databases.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund invests in objects produced by women and/or ethnic and cultural minorities who have historically been marginalised in the art market, but whose artistic expression is now being re-evaluated as a result of the revision of art history.

● ***What is the policy to assess good governance practices of the investee companies?***

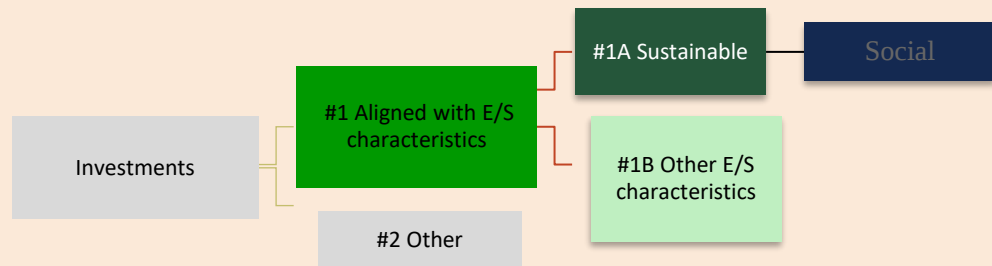
Not applicable when the Fund invests in works of art.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?



#1 Aligned with E/S characteristics includes the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

All investments, except cash, will be in assets that promote social characteristics. The Fund will have a minimum share of 75 % sustainable investments.



What is the minimum share of socially sustainable investments?

All investments, except cash, will be in assets that promote social good.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

In addition to investments, the Fund’s net assets will consist of other balance sheet items for the purpose of efficient portfolio management, in the form of cash, a part of which will be invested in Money Market Deposits. The Fund considers that no minimum environmental or social safeguards can be applied to these assets.



Where can I find more product specific information online?

More product-specific information is available on the website:

<https://aifmgroup.com/arte-collectum-ii/>