

Prospectus

for the

Fixed Income Fund

FIRST Høyrente (High Yield)

Registration number:

996589900

ISIN: NO0010602188

FIRST FONDENE

1. Details of the fund management company:

FIRST Fondene AS
Munkedamsveien 45E
NO-0250 Oslo

Company number: 994832107
Date of establishment: 23.11.2009
Authorisation: 04.08.2010
Share capital: 600,000

Shareholders:
Pods Asset Management Ltd (51%)
FIRST Fondene AS (1,5%)
Ansatte (47,5%)

Chairman of the Board of Directors:
Geir Langfeldt Olsen

**Members of the
Board of
Directors:**

John Høsteland
Moerveien 16
NO-1430 Ås

Kjell Bettmo
Lerkeveien 7B
NO-1053 Oslo

Morten Berg
Øverbergveien 40 B
NO-1397 Nesøya

Øyvind Gjærvoll Schanke
Nedre Stokkavei 113
4023 Stavanger

Harald Øyen
John Colletts allé 61
NO-0854 Oslo

Deputy members:
Erik Nicholas Ø. Salbu
Stjerneveien 40 C
NO-0779 Oslo

Bjørn Thorkildsen
Holmenveien 8
NO-0374 Oslo

Torkjell Johan Nilsen
Parksvingen 11A
1357 Bekkestua

Managing Director

Erik Haugland
Kulsrudjordet 3
NO-2022 Gjerdrum

The salary of the Managing Director is NOK 1,460,000 per annum.

Custodian bank:

Danske Bank
Søndre gate 13-15
NO-7011 Trondheim
Company no. 977 074 010
Main activity: Banking and other financial services.

Auditor:

Deloitte Norway
Dronning Eufemias gate 14
NO-0191 Oslo
End of financial year: 31 December

Price calculation:

PandaConnect A/S
Sydmarken 32
DK-2860
Søborg
Denmark

Information Agent Germany:

Active Fund Placement GmbH
Meisengasse 11
60313 Frankfurt am Main
Germany

FIRST Fondene AS manages the following mutual funds:

FIRST Generator
FIRST Globalt Fokus
FIRST Norge Fokus
FIRST Nordisk Eiendom
FIRST Norden Fokus
FIRST Høyrente
FIRST Nordisk Högränta
FIRST Rente
FIRST Pengemarked

FIRST Fondene AS is the capital manager of the following mutual funds under the umbrella of Swedbank SEF Sicav in Luxembourg:

FIRST Allokering
FIRST SMB

2. Information concerning FIRST Høyrente mutual fund

FIRST Høyrente is classified as a fixed income fund. The fund is a UCITS fund.

Investment strategy:

FIRST Høyrente is an actively managed fund of which the risk exposure is adjusted over time. Assessments of the macroeconomic outlook, credit pricing and equities pricing are key

assessments for the fund's overall risk level, which is most easily observed by average rating and credit duration in the portfolio. Varying credit premiums between countries or risk classes in the credit market are also important to the fund's positioning. As a general rule, most of the fund's assets are placed in ordinary high-yield bonds (BB and B) in Nordic names, but the manager also invests in "distressed" bonds, both in the Norwegian market and abroad. With a contracyclical approach, the "distressed" share of the fund will naturally vary over time. In individual cases, the fund can also invest in companies in other OECD countries.

For each potential investment in FIRST Høyrente, a fundamental company analysis is performed with related assessments of such factors as equity access, sector attractiveness, potential up/downside, company management, etc. All investments in currencies other than NOK are hedged.

The fund's reference index is **ST3X, 1-year Norwegian government bond**. The reference index is adjusted for unpaid coupon interest. The fund's investments will be in bonds with a generally higher credit and liquidity risk than the reference index, which solely consists of government bonds. As a consequence of the higher risk, the fund's return will be expected to exceed the reference index, but at the same time significant fluctuations in the fund's return must be expected.

Portfolio manager responsible: Henry Grepstad
Deputy portfolio manager: Nicholas Salbu
Commencement date of the fund: 17 March 2011

Risk:

Investment in fixed income funds entails a risk of fluctuation in the fund's net asset value over time. A wider savings horizon entails a reduced risk.

Charges:

Normally no charges are made in relation to subscription and redemption. Nevertheless, if the management company identifies undesired unit holder behaviour, a subscription and redemption fee up to 0,2 % may be charged. Such costs shall accrue to the fund.

The fund's total charges reflect all charges on the fund. The management charges are 0.75% per annum, plus a performance fee of 10% of the fund's return, after management charges, in addition to the reference index. The performance fee is calculated symmetrically, is accumulated on a day-to-day basis, and is paid annually in arrears. The fee is only accumulated if the fund's return in addition to the reference index is the highest within each calendar year (high water mark). The total annual management charges may amount to maximum 1.00% and minimum 0.50% of the average annual assets under management.

The fund practices the "partial swing pricing" principle. The manager calculates trading costs for the fund (brokerage fee, purchase/sales difference, etc.) based on necessary divestments or investments after net redemptions or net subscriptions in the fund. On days when the net redemption/subscription exceeds the limit at which the swing pricing comes into force, NAV per unit will be changed according to the trading costs. The fund management company will then take account of the calculated trading costs entailed by net subscription or net redemption. This principle will protect existing unitholders' interests.

The partial swing pricing principle will apply irrespective of whether subscription and redemption fees are effected towards the end-customer by an external distributor.

Subscription and redemption:

Subscription / redemption must be received before noon if the first price calculation after the subscription / redemption shall be used. Subscription and redemption prices are announced each banking day at the managers website. Settlement time upon redemption is normally 3-5 business days.

3. Tax rules

The information provided below does not constitute tax advice. Existing and potential unitholders should consult their own tax advisers concerning taxation of their investments in funds managed by FIRST Fondene AS. The tax rules are subject to continuous development and may be changed in the future.

This inform merely provides information on the basic tax rules for the Fund and the unit holders who are liable to tax. Please contact your local tax consultant for further information.

The Fund:

The Fund is subject to the current tax rate on the taxable income. Taxable income consists of net capital gains on the interest bearing securities, as well as the Unit class accrued capital gain and foreign exchange gains, minus deductible cost such as management fee, interest costs and foreign exchange losses. In practical terms, the Fund distributes taxable income to unit holders so that the Fund will not be subject to taxation. On distribution to unit holders, the Fund has a right of deduction for the distribution of interest income.

All investors:

The Fund's taxable income is annually separated from the Fund and distributed to the unit holders in the form of the issue of new units. The price of the unit will thus be adjusted down by an amount exactly equal to the value of the taxable income per unit. The taxable income per unit is charged to the unit holder in the year it accrued.

Investors liable to taxation in Germany

Taxation of fund units for private investors

The taxable income of the investment fund is taxable for the individual investor as capital income; a private saving's allowance of EUR 801 p.a. (EUR 1,602 for spouses with joint assessment) applies. Taxation at fund unit holder's level is due for the investment income: · distributions of the fund, · advance lump sum. Advance lump sum is the amount by which the distributions of an investment fund within a calendar year fall below the basic income for that calendar year. Basic income is calculated by multiplying the redemption price for the investment share at the start of the calendar year by 70% of a base rate. That base rate is derived from the return of public bonds with long duration. Basic income is limited to the excess of the last redemption price for the calendar year over the first redemption price for the calendar year plus the distributions during the calendar year. The advance lump sum is deemed to have accrued on the first working day of the following calendar year. · capital gain on the fund units in case of redemption or disposal of the fund units. (The already taxed advance lump sums during the holding period can be deducted from the capital gain). The tax rate is basically set at a flat rate of 25% and 5.5% solidarity surcharge, thereof (=26, 375%). If the unit holder is liable to church tax, church tax will also apply.

Tax is levied through withholding tax on the investment income in case the fund units are under custody by a German-resident custodian. In case the fund unit holder's personal income tax rate is inferior to the a.m. rate, such lower rate will be applied upon his application in his annual tax

declaration

Taxation of fund units held as business assets or held by corporate investors

The distributions, the advance lump sum and the capital gain on the investment units are also taxable for these investors.

WHT will be levied on the distributions and the advance lump sum. The levied WHT will be credited in the annual tax assessment procedure.

WHT will – under certain circumstances – not be levied on the capital gain on the investment units. However, the taxation will apply in the annual tax assessment in this case.

4. Nature and characteristics of the unit

Each unitholder has an ideal share of the mutual fund that is equivalent to its share of the total fund units issued. A unitholder is not entitled to require the division or liquidation of the mutual fund. The operation of a mutual fund is undertaken by a fund management company that undertakes all transactions in the fund. The unitholders hold no liability for the fund's obligations in addition to the amount paid for the units. Unitholders are entitled to cash redemption of their units, cf. the Norwegian Act on Mutual funds and Article 14 of the fund's articles of association.

The unitholder register is held by Verdipapirsentralen (VPS), Pb. 4, NO-0051 Oslo, which also sends out change notifications and annual reports for tax returns. The unit will be registered in the unitholder's name.

With the consent of the Norwegian FSA, a fund management company can transfer management to another fund management company. Such transfer may not take place before three months after it has been notified to the unitholders by letter or promulgated in at least five daily newspapers and trade journals. With the consent of the Norwegian FSA, a fund management company may resolve that a mutual fund managed by the company must be liquidated. This must take place according to rules laid down by the Crown.

5. Additional information for investors in Germany

Information agent for FIRST Fondene in Germany

FIRST Fondene has appointed Active Fund Placement Germany as the Information Agent for the Federal Republic of Germany.

Active Fund Placement GmbH
Meisengasse 11
60313 Frankfurt am Main
Germany

Exchange and Redemption of Units

Applications for subscription, redemption and conversion of Units should be sent to the applicable transfer agent or bank for onward transmission to FIRST Fondene AS. Unit holders resident in Germany may request to have all payments (redemption proceeds, distributions and any other payments) to be made for their benefit through the applicable transfer agent or bank.

Documents and Notices

The Prospectus, the Key Investor Information Documents, the Articles of Association of the Company, and the audited annual/semi annual report may be inspected at and are available free of charge from the German Information Agent either via regular mail or per e-mail.

Notifications to the Unit holders, if any, are available from the German Information Agent and are communicated to Shareholders via Unitholder letter.

Furthermore, subscription, redemption and conversion prices of the units and any notices to the unit holders additional information, which is also available free of charge at the Information Agent.

Publications

Subscription, redemption and conversion prices of the units will be available at www.wmdataen.com, on the FIRST Fondene website www.firstfondene.no free of charge as well as at the offices of the German Information Agent.

Any notices to the unit holders will be published in the German Federal Gazette (www.bundesanzeiger.de).

Particular events

In addition, communications to investors in the Federal Republic of Germany by means of a durable medium in the following cases:

- suspension of the redemption of the units,
- termination of the management of the fund or its liquidation,
- any amendments to the fund rules which are inconstant with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool,
- Merger of the fund with one or more other funds and
- The change of the fund into a feeder fund or the modification of a master fund.

Subscription prices and redemption prices will be available at www.wmdataen.com and at the offices of the German Information Agent.

Taxation

More information about tax for German investors can be found under section 3 of this prospectus.

Because of the complexity of German tax law, it is recommended that investors contact a tax adviser regarding the effect on their individual tax situation.

The unitholder register is held by Verdipapirsentralen (VPS), Pb. 4, NO-0051 Oslo, which also sends out change notifications and annual reports for tax returns.

With the consent of the Norwegian FSA, a fund management company can transfer management to another fund management company. Such transfer may not take place before three months after it has been notified to the unitholders by letter or promulgated in at least five daily newspapers and trade journals. With the consent of the Norwegian FSA, a fund management company may resolve that a mutual fund managed by the company must be liquidated. This must take place according to rules laid down by the Crown.

6. Board of Directors' responsibility

The Board of Directors of the Management Company is responsible for ensuring that the prospectus meets the requirements of the regulations laid down by the Norwegian Ministry

of Finance on 21 December 2011 no. 1467 in pursuance of the Norwegian Securities Funds Act of 25 November 2011 no. 44. The Board of Directors of FIRST Fondene AS hereby declares that, to the best of its knowledge, the prospectus reflects the actual facts and does not contain omissions of a nature liable to alter the meaning of the prospectus.

Last updated: 12.09.2019

Articles of association of FIRST Høyrente

The fund is a separate legal entity with its own articles of association governing the fund's operations. The articles of association are drawn up in accordance with the Norwegian FSA's standard and are approved by the FSA.

FIRST Høyrente

Article 1 Names of the mutual fund and the fund management company

The FIRST Høyrente is managed by the FIRST Fondene AS fund management company. The fund is authorised in Norway and subject to regulation by the Norwegian FSA. The fund is governed pursuant to the Norwegian Mutual funds Act, no. 44 of 25 November 2011 ("vpfl.").

Article 2 UCITS fund

The fund is a UCITS fund that in accordance with Section 6-7(3) of vpfl is authorised by the Norwegian FSA to place up to 100% of the fund's assets in transferable securities or money market instruments with issuers domiciled in the OECD area and at the same time issued or guaranteed by an EEA state, an EEA state's local public authorities, a third country or by a public international organisation in which EEA states participate. The fund adheres to the provisions concerning subscription and redemption in Section 4-9(1) and 4-12(1) of vpfl.

Article 3 Rules for investment of the mutual fund's assets

3.1 The fund's investment area and risk profile

The fund is another fixed income fund, in accordance with the Norwegian Fund and Asset Management Association's definitions, which primarily invests in the high-yield market in the Nordic region. The fund's investment mandate is specified in the prospectus. The fund is typically characterised by a moderate fluctuation risk (volatility).

The risk profile is specified further in the fund's Key Investor Information.

3.2 About the investment area in general

The fund's assets may be invested in the following financial instruments and/or credit institution deposits:

Transferable securities	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Mutual fund units	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Money market instruments	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Derivatives	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Credit institution deposits	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

The fund may hold liquid assets, independently of the investment alternatives in this clause.

Together with the fund's other investments, the fund's investments in mutual fund units must be in accordance with these articles of association.

Investment in other mutual funds accounts for maximum 10% of the fund's assets:

Yes No

Investment in mutual funds that are not UCITS fulfils the conditions in Section 6-2(2) of vpfl and overall accounts for no more than 10% of the fund's assets.

Yes No

The fund's assets are invested in money market instruments that are normally traded in the money market, are liquid and for which a value can be set at any time: Yes No

The mutual fund may use the following derivative instruments:

- Forward contracts
- Swap agreements
- Options

The derivatives' underlying assets will be currency and fixed income instruments.

Expected risk and expected returns on the fund's underlying securities portfolio will remain unchanged as a consequence of the derivative investments.

3.3 Liquidity requirement

The fund's assets may be invested in financial instruments that:

1. Have been admitted to official listing or are traded in a regulated market in an EEA state, including a Norwegian regulated market, as defined in Directive 2004/39/EC, Article 4(1) 14), and Section 3(1) of the Norwegian Stock Exchange Act.

Yes No

2. Are traded in another regulated market that functions regularly and is open to the general public in a state that is party to the EEA agreement.

Yes No

3. Have been admitted to official listing on an exchange in a country outside the EEA, or which are traded in such a country on another regulated market that functions regularly and is open to the general public.

Yes No

If yes:

Exchanges or regulated markets in the OECD area

4. Are newly issued if a condition for issue is to apply for admission to trading on an exchange or market ticked in clauses 1 to 3 above. Admission to trading must have taken place no later than one year from the expiry of the subscription deadline.

Yes No

The fund's assets may be invested in money market instruments traded on another market than specified in clauses 1-3 above, if the issue or the issuer of the instruments is regulated in order to protect investors and savings, and the instruments are subject to Section 6-5(2) of vpfl.

The fund's assets may be invested in derivatives traded in another market than specified in clauses 1-4 above.

Up to 10% of the fund's assets may be invested in other financial instruments than specified in this clause.

3.4 Investment limits - fund's assets

The mutual fund's holdings of financial instruments must be compiled so as to appropriately spread the risk of losses.

The fund's investments must at all times correspond to the investment limits in Section 6-6 and Section 6-7(1), (2), (3) and (4) of vpfl.

The fund may invest up to 100% of the fund's assets in transferable securities or money market instruments, as described in Section 6-6(2) 3) of vpfl., and which are also domiciled in the OECD area. The assets must be invested in at least six different issues and the investment in one and the same issue may not exceed 30% of the fund's total assets.

3.5 Investment limits - equity interest in an issuer

The fund's investments must all times comply with the investment limits in accordance with Section 6-9 of vpfl.

3.6 Techniques for portfolio management

In accordance with Section 6-11 of vpfl. and Section 6-8 of the Mutual fund Regulation, the mutual fund may not use techniques to achieve effective portfolio management.

Article 4 Realisation gains and dividend

Realisation gains are distributed to the unitholders.

Realisation gains from the fund's investments in certificates, bonds and derivatives (all realisation gains that are tax liable for the fund) are distributed.

Realisation gains are distributed once a year to unitholders registered in the fund's unitholder register on 31 December of the year in which the gains were realised.

Dividend is distributed to the unitholders.

Dividend is paid out as the taxable result (taxable income after deduction of deductible costs for the fund). The aforementioned realisation gains are included in the taxable result.

Dividend is distributed once a year to the unitholders registered in the fund's unitholder register on 31 December of the year in which the right to dividend was achieved.

Article 5 Costs

Management charges are the fund management company's income for management of the fund. The basis for calculation of the management charges is the current value of the fund. The basis for calculation of the fund's value (assets under management) will be the market value of the portfolio of financial instruments and credit institution deposits, the value of the fund's liquid assets and other assets, the value of earned, unpaid income (if relevant), and the value of any losses carried forward, less debt and accrued, unpaid costs, including latent tax liability. Besides management charges, the following costs may also be covered by the fund:

1. Transaction costs for the fund's investments
2. Payment of any taxes charged to the fund

3. Interest on loans as stated in Section 6-10 of vpfl., and
4. extraordinary costs necessary to pursue the unitholders' interests, cf. Section 4-6(2) of vpfl.

Management charges are distributed equally on each unit in the fund. The fund management company may invest the mutual fund's assets in sub-funds that are subject to a management charge of maximum 1.0% per annum. The management charges imposed on the sub-funds will be in addition to FIRST Fondene's management charges. Any commission rebate received by FIRST Fondene from a fund management company, or the equivalent for a sub-fund, will fall to the fund in its entirety.

The fixed management charges amount to 0.75% per annum. The fixed management charges are calculated on a day-to-day basis and charged on a monthly basis. The fund management company may also charge the fund a variable management charge. The fixed management charges are deducted before the performance fee is calculated.

The performance fee is calculated on a day-to-day basis, according to the average assets under management so far during the calendar year, and is charged annually at the end of the calendar year. The performance fee may be charged even if the fund's units have declined in value.

On any percentage better value performance than ST3X, measured in the fund's denomination currency, from the preceding day, the fund management company will calculate a fee of 10% of this difference. The overall management charges may not exceed 1.0% of the day-to-day calculated average assets under management. If the calculated management charges exceed 1.0%, the difference will not be included in the net asset value, but transferred to the next day's calculation. Any subsequent lower return compared to the reference index must therefore exceed this transferred difference before the lower return affects the net asset value.

On any percentage poorer value performance than ST3X, the fund management company will deduct 10% of this difference from the management charges. The overall management charges may not be lower than 0.5% of the day-to-day calculated average assets under management. If the calculated management charges are lower than 0.5%, the difference will not be included in the net asset value, but transferred to the next day's calculation. This entails that the fund management company will have to recover any lost value performance from the preceding day before the performance fee is included in the calculation of the net asset value.

The principles for the calculation of the yield-based management charges may in special cases entail that the fund is charged the yield-based management charges even if the fund's value performance has been negative compared to the reference index, and may in the same way not be charged if the fund's value performance has been positive compared to the reference index. The calculation of the yield-based management charges will be reset at each year-end.

Management charges are distributed equally on each unit in the fund.

Article 6 Subscription for and redemption of units

The fund is normally open for subscription on all days on which the Oslo Stock Exchange is open.

Subscription for units may incur a subscription fee of up to **0.2%** of the subscription amount. The full amount will fall to the fund.

Redemption of units may incur a redemption fee of up to **0.2%** of the redemption amount. The full amount will fall to the fund.

The fund practices the principle of partial swing pricing. Reference is made to the fund's prospectus for a more detailed description.

On initial subscription, each unitholder may subscribe for at least NOK 1,000.

Article 7 Unit classes

The fund has no unit classes.