

## Appendix 16: SEF – FIRST SMB

### Investment Objective

The Compartment seeks to achieve capital appreciation through a long/short exposure principally to equity securities of small and medium capitalised Norwegian listed companies as well as through exposure to companies listed on other developed market exchanges. The Compartment seeks to achieve a higher performance than its benchmark (Oslo Bors Small Cap index – OSESX).

The Oslo Bors Small Cap Index is sponsored and calculated by Oslo Bors, the Norwegian stock exchange. It measures the performance of a diversified basket of Norwegian listed small and medium capitalised equity securities. The index consists of the 10% lowest capitalised stocks listed on Oslo Bors, and is rebalanced on a bi-annual frequency. (source: Bloomberg).

The definition if a company is considered small or medium capitalized is when the companies have a market capitalization below 50 billion NOK at the time of investment.

### Investment Policy

#### Principal Investment Strategy

In order to achieve its investment objectives, the Compartment will have an active investment strategy resulting in a portfolio that may differentiate significantly from its benchmark. Portfolio construction is done on a bottom up basis exploring fundamental analysis. The Compartment may also undertake long and short exposure in equities through swap arrangements in order to achieve its objective. Gross short exposure cannot exceed 20% of Net Asset Value. The Compartment will have an exposure to long positions of between 80% and 120% of its net assets, and between 0% and 20% of its net assets to short positions. The Compartment will have a net market exposure (long exposure less short exposure) of between 80% and 120%, and can hold up to 20% of its net assets in cash or cash equivalents. The absolute amount of the Compartment's exposure to equities will thus be between 80% and 140%. The Compartment may have an exposure to other assets, including fixed and floating rate debt securities, cash and cash equivalents on an ancillary basis. The Compartment may invest in the following instruments:

- Equities
- Cash or cash equivalents
- Fixed and floating rate instruments
- Derivatives (swap arrangements)

The Compartment may use derivatives as listed above, and in accordance with principles stated above, in order to efficiently achieve an optimal portfolio.

#### Typical Investor's Profile

The Compartment is intended for retail investors and Institutional Investors who are seeking long term capital appreciation. This Compartment may be inappropriate for investors who plan to withdraw their money within five year.

### Global Risk Exposure

The Compartment employs the relative Value-at-Risk (VaR) approach to measure its market risk.

### Expected Level of Leverage

Between 0% and 40% of the total net assets of the Compartment.

### Investment Manager

**FIRST Fondene AS** (organisation number: 994 832 107) with registered offices at Bolette brygge 1, 0252 Oslo, Norway, has been appointed as Investment Manager of the Compartment.

The Investment Manager is incorporated under the laws of Norway and regulated by the Norwegian Supervisory Authority (*Finanstilsynet*).

The Investment Manager was established in November 2009 as a limited company with the purpose to provide fund management, handle sales and repurchase of shares, fund related securities transactions, investment advice and safekeeping of fund units.

#### **Distributor**

FIRST Fondene AS has been appointed as Distributor of the Compartment.

#### **Principal Risks**

The principal risks of investing in the Compartment are linked to:

- Market Risk
- Small Market Capitalization Companies
- Markets volatility
- Risk of Temporary Illiquidity
- Financial Derivatives Instruments and Hedging
- Counterparty Risk

Please refer to the relevant sections under "Principal Risks" above.

### **Characteristics**

#### ***Characteristics of the Class(es) of Shares available in the Compartment***

<b>Class(es) of Shares</b>	A
<b>Pricing Currency</b>	NOK
<b>Dividend Policy</b>	Accumulation
<b>Administration Fee Rate</b>	Up to 0.50% Compartment's Net Asset Value
<b>Investment Management Fee Rate</b>	Up to 2.00% Compartment's Net Asset Value
<b>Performance Fee Rate</b>	20% of outperformance
<b>Investment management fees of other UCIs or UCITS (excluding any performance fees)</b>	May be in total up to 0.10 % of the Compartment's Net Asset Value
<b>Subscription Fee Rate</b>	Up to 0.20% paid to the fund to compensate existing shareholders
<b>Redemption Fee Rate</b>	Up to 0.20% paid to the fund compensating existing shareholders

#### **Performance Fee**

The Fund will pay the Investment Manager a fee of 20% of the performance of the Compartment over a benchmark hurdle rate, being the annual performance of the Oslo Bors Small Cap. Index (Bloomberg code OSESX).

The calculation period runs for a calendar year and finishes on the last Valuation Date of each year. The initial offer price is taken as the starting point for the performance fee calculations. A performance fee is payable only where:

- the increase in Net Asset Value (before performance fees) in respect of any calculation period is higher than the increase in the benchmark in respect of such calculation period; and
- any underperformance of the Net Asset Value versus the benchmark in preceding calculation periods has been clawed back.

### ***Subscriptions of Shares in the Compartment***

<b>Class(es) of Shares</b>	A
<b>Minimum Initial Subscription Amount</b>	NOK 1000
<b>Minimum Subsequent Subscription Amount</b>	NOK 1000
<b>Subscription Day</b>	any day on which banks are open for normal banking business in Luxembourg and Norway, save for December 24 and December 31
<b>Valuation Day</b>	each Subscription Day
<b>Subscription Cut-Off Time</b>	before 4.00 p.m. Luxembourg time on the relevant Subscription Day

Subscriptions applications must be received before the Subscription Cut-off-time (as defined above). If an application is received after 4.00 p.m., it will be processed on the next relevant Subscription Day.

Payment for Shares subscribed shall be made within 3 Business Days following the relevant Subscription Day by bank transfer in the relevant Pricing Currency quoting the applicant's name and stating the name of the Compartment and relevant Class.

Shares are available for subscription on any Subscription Day at the Net Asset Value per Share for the relevant Class calculated on the relevant Valuation Day.

The Board of Directors, in its discretion, can modify the Minimum Initial Subscription Amount and/or Minimum Subsequent Subscription Amount at any time. The Fund may issue further Classes of Shares that may be denominated in different currencies.

The Compartment may accept payment for subscriptions in the Compartment in the form of securities and other assets as stipulated in Part A "*Subscription, Transfer, Conversion and Redemption of Shares*".

The Key Investor Information Document will be available at the following website: [www.swedbank.lu/swedbank-management-company](http://www.swedbank.lu/swedbank-management-company).

### ***Redemptions of Shares in the Compartment***

Shares may generally be redeemed on each Redemption Day at a price per share based on the Net Asset Value per Share calculated on the relevant Valuation Day.

<b>Class(es) of Shares</b>	A
<b>Redemption Day</b>	any day on which banks are open for normal banking business in Luxembourg and Norway, save for December 24 and December 31
<b>Redemption Cut-Off Time</b>	before 4.00 p.m. Luxembourg time on the relevant Redemption Day
<b>Payment Day</b>	Within 5 Business Days following the relevant Redemption Day

Redemption applications must be received before the Redemption Cut-off time (as defined above). If an application is received after 4.00 p.m., it will be processed on the next relevant Redemption Day.

When there is insufficient liquidity in the Fund due to exceptional circumstances, the Board of Directors of the Fund reserves the right to postpone the payment of redemption orders until the sale of corresponding assets has been made without delay.

The Compartment may accept redemptions in specie as stipulated in Part A "*Subscription; Transfer, Conversion and Redemption of Shares*".

***Taxation of the Compartment – Subscription tax***

The Compartment will be subject to a subscription tax of 0.05% Compartment's Net Asset Value per annum.

***Base Currency of the Compartment***

NOK