

# PROSPECTUS

## Catella Fondförvaltning AB

### Investment Funds

Catella Avkastningsfond

Catella Småbolagsfond

Catella Sverige Aktiv Hållbarhet

Catella Sverige Hållbart Beta

The prospectus for the funds listed above has been prepared in accordance with the Swedish Investment Funds Act (SFS 2004:46) and the regulations of The Swedish Financial Supervision Authority (Finansinspektionen) governing investment funds (FFFS 2013:9).

This document, the fund rules and the key investor information documents for the aforementioned funds together make up the prospectus.

#### RISK INFORMATION

Investment in fund units is subject to risk. The money invested could either increase or decrease in value and it is not certain that you will be able to recover all of your investment. Historical return is no guarantee of future return. For further information, please contact us using the details below for a complete prospectus, key investor information, annual and semi-annual report. You find all documents at [catella.se/fonder](https://catella.se/fonder)

SWEDISH MANAGEMENT COMPANY

Catella Fondförvaltning AB

Box 7328, 103 90 Stockholm, Sweden

Main number: +46 (0) 8 - 614 2500

Customer Service: +46 (0) 8 - 614 2520

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Email: fonder@catella.se

Corporate registration number: 556533-6210

Company founded: 12 June 1996

Share capital: SEK 5,000,000

The company is insured against third-party liability.

Legal form: Limited company

Registered office and head office: Stockholm

Ownership: Athanase Industrial Partners II KB, Athanase Industrial Partners Fund II and Catella Brand AB.

*Board of directors:*

Stefan Charette, Chairman, Athanase Industrial Partner Ltd, chairman of DistIT AB and Haldex AB

Johan Claesson, interim CEO Catella AB (publ)

Björn Hårderup, Alternative Leaders S.A.

Joachim Gahm, Chairman in Arise AB and board member in Catella AB

Emma Stevens, Part of Danesmead Partners as a principal for advisory and directorship services.

*Executive management:*

Fredric Calles, interim CEO

Lena Andersson, Head of Business Support

Marcus Andersson, Head of Middle Office

Peter Elmhorn, Head of Distribution

Thomas Elofsson, Head of Fund management and acting CEO of the Management Company

Helena Frykehag, Chief Risk Officer

Elisabeth Hult, Compliance Officer

Josef Mehkri, Head of Institutional Sales

Catella Fondförvaltning AB (the “Management Company”) is regulated by the Swedish Financial Supervisory Authority (“Finansinspektionen”). The Management Company was authorised on 30 December 1997 pursuant to the Swedish Securities Funds Act (1990:1114) and re-authorised 22 December 2004 pursuant to the Swedish Investment Funds Act (2004:46) (“IFA”). In addition, the Management Company has been authorised since 29 March 2010 to engage in discretionary portfolio management and has been authorised under the Swedish Alternative Investment Fund Managers Act (2013:561) since 3 December 2014.

The Management Company also manages the special funds Catella Balanserad, Catella Credit Opportunity, Catella Hedgefond, ICA Banken Modig, ICA Banken Måttlig and ICA Banken Varlig. DELEGATION AGREEMENTS  
KPMG AB to manage the Management Company's internal auditing; and ISEC Services AB to manage fund portfolio administration for the Funds.

The Management Company has identified no material conflicts of interest related to the delegation agreements.

#### DISTRIBUTION

The Management Company has agreements with distributors on the sale and marketing of the Funds. See Appendix 1.

#### DEPOSITARY

Fund assets are held in custody by Skandinaviska Enskilda Banken AB (publ), 106 40 Stockholm, Sweden, as the depositary (the "Depositary"). The Depositary's primary business is banking and financial services and related business. The duties of the Depositary include accepting and holding in custody Fund property and ensuring that sales and redemptions, etc., of fund units are carried out in compliance with applicable rules.

#### THE FUNDS

The information in this prospectus relates to the investment funds Catella Avkastningsfond, Catella Småbolagsfond, Catella Sverige Aktiv Hållbarhet and Catella Sverige Hållbart Beta (the "Funds"). The Funds are investment funds regulated by Finansinspektionen.

#### LEGAL STATUS OF THE FUND AND KEY LEGAL CONSEQUENCES OF INVESTMENT IN THE FUND

Investors in a fund obtain units at a value equal to the invested capital and thus become unitholders. A unitholder has the right to redeem units on the terms and conditions stated in the fund rules for the Fund and, where applicable, to receive dividends. When units are redeemed, cash is paid to the unitholder in an amount equal to the current value of the units redeemed. The Fund is not a legal person and cannot acquire rights or assume obligations. Nor may the Fund institute legal action before a court of law or other public authority. The Management Company represents unitholders in all legal and financial matters concerning the Fund, takes decisions concerning the property included in the Fund and exercises the rights derived from the property. In the management of the Fund, the Management Company acts solely in the interests of unitholders and management is based on the objectives and investment strategy of the Fund. The assets of the Fund are held by the Depositary, Skandinaviska Enskilda Banken AB (publ), which ensures that a unitholder will not be adversely affected if the Management Company were to experience financial distress. The fund rules regulate the terms and conditions for the fund saver and are appended to this prospectus.

#### FAIR TREATMENT

All units in the Fund are of equal size and confer equal rights to the property of the Fund. However, a single fund may include units of various types, or “fund classes”. Fund classes in the same fund may be subject to different terms and conditions with respect to, among other things, dividends, charges, minimum subscription amounts and the currency in which units are subscribed and redeemed. The units within a unit class are of equal size and carry equal rights to the property included in the Fund. This means that Management Company applies the principle of fair treatment of unitholders, adjusted for any terms and conditions that apply to a particular unit class.

#### FUND UNIT CLASSES

Catella Sverige Index has four unit classes. A Retail Class, B Institutional Class and C with conditions applying to distribution which differ in terms of the minimum subscription and charges in the manner detailed in this prospectus and in the fund rules. Unit class D with conditions applying to distribution as described in greater detail in this prospectus and in the fund rules. Unit class D and is not currently open for trade.

The other funds have various unit classes but only A SEK, Retail Class, is currently open for trade in each Fund. Other unit classes are not currently open for trade. The unit classes differ in terms of currency, charges and the minimum deposit and conditions applying to distribution, as described in greater detail in this prospectus and in the fund rules.

#### UNITHOLDER REGISTER

The Management Company maintains a register of all unitholders and their holdings. Unitholders receive reports in the form of half-yearly and annual statements. Fund units may also be nominee-registered with a bank or securities company, which means that the unitholder is anonymous to the Management Company. In these cases, it is the bank or securities company that bears responsibility towards the client for registration of the holding and distribution of information from the Management Company.

#### SALES (SUBSCRIPTION) AND REDEMPTIONS OF FUND UNITS AND TRANSFER OF FUND UNIT

The Funds are open for trade daily.

Requests for sale (subscription) and redemption of fund units received by the Management Company by 3:00 pm on a full banking day and by 11:00 am on a half banking day are settled at the selling/redemption price for that day. Payment for fund units must be in the Fund’s bank account with the Depositary by 3:00 pm or 11:00 am, respectively, on the same banking day on which the Management Company receives the request. Requests received after 3:00 pm or 11:00 am, as above, are settled at the selling/redemption price for the next banking day. The selling price and redemption price are thus unknown as of the date of the request. The Management Company posts information on selling and redemption prices for fund units each banking day on the Management Company's website.

The terms and conditions otherwise of sales and redemptions of units in the Fund are provided in Section 9 of the fund rules. Further information about sales and redemptions (as well as the required forms) is available on the Management Company's website or may be obtained from Customer Service on +46 (0) 8 - 614 2520.

### Transfer of fund units

Fund units are transferred between classes under the conditions set forth in each fund's fund rules. Transfers are executed on a banking day determined by the Management Company. On the transfer date, the investor will receive units in the unit class to which the transfer is to be made to a value equal to the value of the investor's units in the prior unit class. The value of the units in each class will correspond to the sale and redemption prices for the relevant unit classes in effect on the date of transfer.

### LIMITATION OF SALES AND REDEMPTION ORDERS

Sales and redemptions take place at a price unknown to the unitholder and cannot be limited. Information about selling and redemption prices may be obtained from the Management Company. Requests for sales and redemptions may be withdrawn only if the Management Company consents.

### ABOUT SHAREHOLDER ENGAGEMENT AND SUSTAINABILITY AT CATELLA FONDER

#### **Our take on sustainability**

We believe that innovative solutions to the global challenges of today will be among the winners of tomorrow. This is something we can transform into value creation in our funds. One of the things we do as managers is to look for mispricing in the market. When we assign higher importance to a company's sustainability profile, we are turning yet another stone, which strengthens our capacity to identify underestimated structural trends or overestimated cyclical trends. We believe this improves the accuracy of our assessments and helps us avoid a number of unwanted risks. In this way, creating value and promoting sustainability are inextricably linked for us at Catella Fonder, and both benefit the unitholders in our funds.

Sharper focus on sustainability influences our investments in several ways. We analyse companies' business opportunities and risks related to sustainability to gain better understanding of their long-term qualities. Based on this analysis, we can identify specific, sustainability-related investments. We screen in and take larger positions in sustainability-driven companies and, in our absolute return funds, short positions in companies with non-sustainable characteristics. We altogether avoid investments in controversial products and services and in companies that are in breach of international conventions. Catella Fonder also works actively with the companies to identify areas of potential improvement in their internal risk management and ESG.

#### **We screen in**

All companies are exposed to sustainability risks to some degree that vary according to the company's sector, geographical distribution and ownership structure, which can entail significant risks, as well as opportunities. We use the UN 2030 Agenda for Sustainable Development and the 17 Global Sustainable Development Goals (SDGs) as a basis for identifying business models that can benefit structurally by offering a solution to one or more of the 17 Agenda 2030 Goals. We have selected eight of these goals that we consider particularly interesting. We have grouped the goals into four themes where we can find business models that benefit from governance, regulations and

development towards sustainability and which provide exposure to structural growth. Finally, we study the extent to which company financial statements are affected by sustainability.



**Sustainability aspects are crucial to the manager's choice of company.**

Catella Småbolagsfond and Catella Sverige Aktiv Hållbarhet, the Funds, have specific and explicit criteria for selecting companies based on environmental, social and business ethical issues. The method for this is either thematic or best in class:

- Thematic companies, through their products and services, contribute to one or more of our themes as described below. In order for a company to fall into this category, a significant portion of the company's sales, growth and or profits must come from the theme.
- The method for best in class means that the Funds invest in the shares that receive the highest ratings in Catella's internal rating model for sustainability. In this rating, Sustainalytic's rating is a part as well as an internal assessment and evaluation of management's prioritization of risks and opportunities regarding sustainability.

All Fund holdings either fall under the thematic method or best in class.

#### Our themes

- **Health and safety** contributes to SDG 3 Good Health and Well-being and SDG 6 Clean Water and Sanitation. Under this theme, our actions include investments in companies that offer solutions to global health challenges such as obesity and sedentary lifestyles, as well as sanitation and safety solutions for public spaces.
- **Energy efficiency** contributes to SDG 7 Affordable and Clean Energy and SDG 11 Sustainable Cities and Communities. The transition to sustainable energy and energy

consumption is going to benefit companies that work with smart energy solutions that reduce or improve the efficiency of energy consumption in several areas. These include Nibe (energy-efficient heat pumps and systems) and Vestas (production of wind power systems).

- **Sustainable production/consumption** contributes to SDG 9 Industry, Innovation and Infrastructure and SDG 12 Responsible Consumption and Production. Actions under this theme include investing in companies whose business model benefits from reuse and recycling.
- **Combat negative environmental impact** contributes to SDG 14 Life Below Water and SDG 15 Life on Land. One example of an investment under this theme is Tomra, which manufactures and sells recycling and sorting machines that contribute to reducing waste of resources and negative environmental impact.

### **We screen out**

We draw a clear line at sectors and products that create or exacerbate a global challenge. Accordingly, we screen out companies whose turnover is derived from tobacco production, pornography, alcohol, commercial gambling operations, weapons, cannabis and fossil fuels. We also exclude companies that generate more than 5 percent of their turnover from distribution of the above. We also screen out all companies in breach of international norms and conventions.

<b><u>International norms and conventions</u></b>		
UN Global Compact		
Controversial weapons		
<b><u>Controversial products and services</u></b>	<u>Production</u>	<u>Distribution</u>
Tobacco	0%*	5%
Pornography	0%*	5%
Alcohol	0%*	5%
Weapons	0%*	5%
Military contracts	0%*	5%
Cannabis	0%*	5%
Commercial gambling operations	0%*	5%
<b><u>Fossil fuels</u></b>		
Oil, gas & coal	0%*	5%

5% for production and distribution for Catella Balanserad.

### **We engage for direct invested funds**

As a shareholder, we encourage the companies in which we invest to move in a more sustainable direction through active involvement in board recruitment processes, general meetings and discussions with management. We also engage by coordinating with other shareholder groups. Our actions are always based on an assessment of the conditions for achieving outcomes that will, by extension, benefit our unitholders. Our opportunities for shareholder engagement depend upon the



type of asset involved. As regards Swedish companies in which we are major shareholders, we have well-established forms of shareholder engagement. As for other investments, such as in foreign companies and companies in which we are a minor or indirect owner, the conditions for shareholder engagement are more limited and coordination with other investors becomes even more important. In these cases, coordination with other investors is a method of shareholder engagement.

### **General description of our voting behaviour and choice of companies with which we engage**

Catella Fonder's participation at general meetings is governed by the materiality principle. This means we participate in meetings of portfolio companies that are materially important to the performance of our funds and we vote at all general meetings of companies in which we are major shareholders (where Catella's funds own 5 percent or more of equity and/or voting rights). Catella Fonder also participates in general meetings where decisions are to be taken that are expected to have significant impact on the portfolio company's operations, even if our ownership is below the threshold, if there are opportunities to work in concert with other shareholders. As well, Catella Fonder normally participates in general meetings of companies where we have been involved in nomination committee work and/or are a major shareholder.

Catella Fonder has established the following criteria for initiating sustainability/ESG engagement: ESG Score (Sustainalytics), level of controversy, inadequate guidelines and processes related to the environment, corruption, supplier assurance or other key areas. The engagement includes questions pertaining to corporate governance where risks have existed in relation to large stock options plans or similar payments. Once per quarter, we revise fund holdings based on our sustainability criteria. In that context, our engagement during the preceding period is followed up and we set priorities for new engagement processes.

### **Resources and commitments**

Catella Fonder has had a chief sustainability officer since 2016. Our independent external partner, Sustainalytics, provides guidance and input as we determine our positions. Sustainalytics assesses whether the portfolio company is or is not in breach of norms, and monitors current controversies and problems. However, the fund manager is ultimately responsible and is the one who engages in dialogue with companies concerning financial matters, sustainability and ownership issues.

*Ongoing efforts:* As an active manager, we engage in ongoing dialogue with a large number of companies traded on Nordic stock exchanges. The topics include financial matters, shareholder dialogues and sustainability. We strongly believe that the sustainability analysis must be integrated with the financial analysis to create value. Efforts are ongoing as a natural and integrated aspect of the traditional fund manager role, where we estimate the company's potential for future growth and profitability. By adding an assessment of how sustainability strengthens or weakens the company's circumstances, we increase our understanding and thus the reliability of our forecasts on the company's valuation.

*Quarterly.* We hold internal sustainability seminars to plan our work and delve more deeply into the issues. At these seminars, we add Sustainalytics' analysis to our own company analysis to deepen our knowledge and perspective on company sustainability programs.

*Biannually.* Screening performed by Sustainalytics gives us a list of companies that are violating international norms and conventions, as well as companies affected by our established limits at the sector level. We also use their company analysis to discover which companies have elevated risk or potential to improve. Based on that information, we can identify investment candidates and prioritise future shareholder engagement.

### **Policy on Shareholder Engagement and Sustainability**

READ MORE IN OUR COMPLETE POLICY ON SHAREHOLDER ENGAGEMENT AND SUSTAINABILITY on our website, [catella.se/fonder](https://catella.se/fonder).

### **ANNUAL REPORT, SEMI-ANNUAL REPORT AND THE LATEST CALCULATED NET ASSET VALUE (NAV) OF FUND UNITS.**

The Management Company prepares annual reports and semi-annual reports for each fund. Upon request, the documents shall be sent free of charge to unitholders and shall be available at the Management Company and the Depositary not later than four months after the end of the financial year (for the annual report) and two months after the end of the half-year (semi-annual report). The documents are also available on the Management Company's website. The latest calculated net asset value (NAV) of one fund unit in each fund and, where appropriate, each unit class is published on the Management Company's website.

### **CESSATION OF THE FUND OR TRANSFER OF FUND OPERATIONS**

If the Management Company decides that the Fund should cease or that the management of the Fund, following authorisation by Finansinspektionen, shall be transferred to another Management Company, all unitholders will be informed in the manner prescribed by Finansinspektionen. If Finansinspektionen withdraws the Management Company's authorisation or if the Management Company enters into liquidation or is declared bankrupt, management shall immediately be taken over by the Depositary.

### **AUDITOR**

PricewaterhouseCoopers AB, 113 97 Stockholm, Sweden. The auditor in charge is Daniel Algotsson.

### **PRINCIPLES AND PROCEDURES FOR VALUATION OF FUND ASSETS**

Valuation of the property included in a Fund is based on current fair value (market value). See the respective fund rules for further information about valuation of the Fund's assets.

### **COMPENSATION FOR INCORRECT UNIT VALUATION**

If a calculated unit value is found to be incorrect, the Management Company applies the Swedish Investment Fund Association's guidelines for managing compensation for incorrect unit values. This means that unitholders adversely affected by a material error are compensated.

## RISK AND RISK MANAGEMENT

Saving in funds always entails a certain measure of risk-taking, which means that investors are at risk of recovering less than the amount they invested. Risk is normally higher for savings in a dedicated equity fund than in fixed-income or mixed funds. The main risks that may occur in connection with savings in funds are covered briefly below. The list is not exhaustive.

*Market risk:* The market for an asset class, such as the price of a share, may rise or fall in price.

*Liquidity risk:* It may not be possible to trade a security at the intended time without a significant reduction in price or substantial costs.

*Currency risk:* The value of an investment may be affected by movements in exchange rates.

*Credit/counterparty risk:* An issuer or counterparty may suspend payments.

*Interest risk:* The sensitivity of a fund to movements in market interest rates.

*Operational risk:* Risk connected to the operations of the Management Company, such as IT systems, personnel, administration, etc.

The Management Company has classified the Fund according to the EU standard for risk classification, whereby the Management Company applies a seven-band scale of “Synthetic Risk and Reward Indicators” (SSRIs), where 1 indicates the lowest risk and 7 the highest risk. The classification of the Fund is disclosed in the key investor information documents for the Fund.

## AMENDMENTS OF FUND RULES

The Management Company is able to amend the fund rules for the Fund. Such amendments are subject to approval by Finansinspektionen. Amendments may affect the characteristics of the Fund, or a unit class, such as investment strategy, fees and charges and risk profile. Finansinspektionen may decide that the Management Company must inform unitholders about the changes and that the amended fund rules may not be applied until a certain time has elapsed since the decision to approve the amendments.

## REMUNERATION

The Management Company’s remuneration policy:

### *Decision process*

The board of directors of Catella Fondförvaltning AB, the Management Company, adopted an updated remuneration policy in December 2019, which is based on Finansinspektionen’s regulations (FFFS 2013:9) regarding Swedish UCITS funds. The Management Company is included in a consolidated situation with Catella Bank S.A. as a guarantor institution and has therefore also observed the regulations that apply to the consolidated situation.

The board has appointed a Remuneration Committee composed of the chairman of the board and one designated director.

### *Correlation between pay and performance*

The general principle is that remuneration to employees of the Management Company is comprised of fixed and variable pay related to the Management Company's development and individual performance. The pay and remuneration structure is also designed to facilitate the capacity of the Management Company to achieve good profitability over the short and long terms. The mix of fixed and variable pay differs among personnel categories.

### *Performance assessment and risk adjustment*

The Management Company has established a process for performance assessment and risk adjustment of variable pay that takes into consideration the performance of the Management Company, the business units and/or the Funds/discretionary mandates, as well as the individual's performance and the Management Company's capital and liquidity requirements. In this context, "Funds" refers to all funds managed by the Management Company.

Further information is available on the Management Company's website and may be ordered from the Management Company.

Full details of the company's remuneration policy are made available on the Management Company's website. A printout of the information is provided free of charge on request.

### TAX RULES FOR UNITHOLDERS

The Fund is a separate taxable entity, but is not subject to tax on the income of the assets included in the Fund. Instead it is the unitholders that are taxed using a standard income (see below).

#### *Capital gains tax*

Individuals who are fully taxable in Sweden should report capital gains and capital losses on the divestment of units in the Fund as income from capital at a tax rate of 30 percent. Divestment includes sales and redemptions. The same rules apply to estates, provided that the deceased was fully taxable in Sweden.

Capital gains and capital losses are calculated as the difference between the sale price (less any fees) and the tax basis amount. The tax basis amount is the purchase price paid for the divested fund units. The tax basis amount is normally calculated using the average cost method.

Switch of unit classes on request of a unitholder triggers taxation. Taxation will not occur when fund units are transferred between classes under the conditions set forth in each fund's fund rules in accordance with the position taken by the Swedish Tax Agency, reference no. 131 529333-13/111 on the introduction and switch of unit classes.

#### *Standard taxation*

From income year 2012, individuals who are fully taxable in Sweden and who own units in the Fund must report a standard income on the value of the fund holding at the beginning of the year. The

standard income should be reported as income from capital at 30 percent tax. The same rules apply to estates, provided that the deceased was fully taxable in Sweden.

#### *Miscellaneous*

If the Fund is linked to an investment savings account, endowment, IPS or premium pension, special tax rules apply. For legal persons and foreign unitholders, other special tax rules apply.

#### *Statements for tax returns*

The Management Company provides statements for tax returns showing gains and losses from the sale or redemption of units in the Fund, standard income and any dividends. Statements are provided for individuals and Swedish estates.

#### MARKETING OF FUND UNITS IN ANOTHER EEA COUNTRY

Catella Avkastningsfond is marketed in Luxembourg. The paying agent for the Fund is Skandinaviska Enskilda Banken S.A. in Luxembourg.

Catella Småbolagsfond and Catella Sverige Aktiv Hållbarhet are marketed in Finland and Norway through third party distribution.

#### INDEXES USED AS A BENCHMARK

EU regulations mean that benchmark administrators must be approved by and registered with the European Securities and Markets Authority (ESMA) by May 2020. The SIX RX index is provided by an administrator registered with ESMA.

The Management company has a plan for the measures to be taken if the fund's index ceases to be provided or changes significantly. The Management company's alternative index as a reference value is SBX OMX Stockholm Benchmark. If the administrator of the said index changes significantly, the Management Company will change the fund rules for Catella Sverige Hållbart Beta, which, after examination by Finansinspektionen, will be notified to the unit holders.

#### DAMAGES

If a unitholder incurs a loss as a consequence of a violation of the Swedish Investment Funds Act or the Fund rules by the Management Company or the Depositary, the entity that caused the loss shall compensate such loss.

The Depositary's liability is limited to cases where the violation occurred deliberately or by negligence. The Management Company shall not be liable for loss if the entity has exercised normal care. Neither the Management Company nor the Depositary shall be liable for indirect loss.

Moreover, in the event the Depositary or a custodian bank has lost financial instruments held in custody at the Depositary or a custodian bank, the Depositary shall without undue delay return financial instruments of identical type or pay the corresponding amount to the Management Company on the Fund's behalf. The Depositary shall, however, not be held liable if the loss of the

financial instruments was caused by an external event beyond the reasonable control of the Depositary and whose consequences were impossible to avoid, even though all reasonable efforts were made to do so.

The Management Company and the Depositary shall not be held liable for loss arising from Swedish or foreign legal enactment, measures taken by the Swedish government or a foreign government, act of war, strike, lockout, boycott, blockade or comparable circumstance. The reservation with respect to strikes, blockades, boycotts, and lockouts shall apply notwithstanding that the Management Company or the Depositary is the object of or institutes such a measure.

Furthermore, neither the Management Company nor the Depositary shall be held liable for loss caused by a – Swedish or foreign – stock exchange or other marketplace, custodian bank, central securities depository, clearing organisation, or other entities that provide equivalent services, or other delegates retained by the Management Company with due care, nor for loss which may arise as a consequence of restrictions on the right of disposition which may be imposed upon the Management Company. The same shall apply to loss caused by the insolvency of the aforementioned organisations or delegates.

If the Management Company or the Depositary is prevented from taking measures as a consequence of a circumstance set forth in the first paragraph above, these measures may be delayed until the impediment has ceased to exist.

The liability of the Management Company and the Depositary is governed by the IFA and the limitation of liability arising out of the fund rules of the respective Fund.

#### SECURITIES FINANCING TRANSACTIONS

In the management of the Funds, the Management Company may use securities financing transactions. The specific information in the prospectus concerning each Fund contains further information about the extent to which such transactions are permitted, while the annual reports and semi-annual reports for the Funds contain quantitative information about actual use.

The following securities financing transactions occur in one or more of the Management Company's Funds:

##### *Securities lending*

The transaction involves the Fund lending (advancing) securities to a borrower who is obliged at the end of the term of the loan to return equivalent securities of the same type and quantity. The Fund that lends the securities is paid a fee for doing so and the loan is thus intended to increase the Fund's return. All Funds are permitted to extend securities loans, but securities lending occurs in Catella Småbolagsfond, Catella Sverige Aktiv Hållbarhet and Catella Sverige Hållbart Beta and refers to shares.

When the Fund extends a securities loan, it takes a credit risk in relation to the borrower. This credit risk is managed through the company's process for counterparty selection, which includes requirements that counterparties must operate a securities business under financial supervision, be established within the EEA or another country with equivalent regulations and have a very good credit rating. The company also applies collateral arrangements by which the Fund must take and have control over collateral from time to time whose aggregate market value covers the outstanding loan principal. The collateral is held in custody by the Fund's Depository and must normally be composed of liquid deposits in bank deposit accounts, but bonds issued by the Swedish government and other government securities of at least equivalent liquidity and credit rating can be accepted. Outstanding loans and collateral received are evaluated daily and the collateral arrangements include the use of variation margins to manage the risk of daily price fluctuations. The Funds do not reuse collateral taken. In addition to the credit risk described, securities lending can give rise to a certain liquidity risk because the Funds have limited opportunities to control lent securities during the term of the loan.

*General information concerning risks associated with securities financing transactions*

The main risks associated with securities lending and the measures in place to manage the risks are described above. The Funds may also be exposed to certain operational risks in connection with securities lending. For example, erroneous valuation of collateral or outstanding loans may entail an elevated credit risk. As well, when the Fund enters into transactions with foreign counterparties, its position as a lender may be affected by foreign regulations. These risks are generally managed through that lending, including collateral arrangements, is always carried out according to internationally established and proven standard agreements and through the company's robust procedures and skilled employees who manage, monitor and control the transactions.

**LIQUIDITY RISK MANAGEMENT**

The liquidity risk in the Funds is attributable to the Funds' commitments and holdings. The commitments consist of the ability of unitholders in the Funds to sell their units under the terms and conditions set forth in the respective fund rules for the Funds and other commitments in the Funds, for example, those that may arise upon issuance of derivatives or short positions in equities. On an ongoing basis, the Management company verifies that all Funds have an appropriate composition of liquid assets and that the commitments are within the frameworks that apply to each Fund. For this purpose, there are both risk measurements that are monitored and may be limited, as well as procedures that must be applied before the Funds make investments. Regular stress tests are carried out to ascertain that the risk measurements and limits are appropriate and adequate. If the stress tests indicate a need for new or changed risk measurements or limits, an oversight process is initiated. If the risk measurement or limits indicate that the liquidity risk in a Fund is significantly higher than appropriate according to the Fund's risk profile, the Management company must prepare an action plan to manage the liquidity risk. Liquidity risk may be higher in special funds than in UCITS funds, among else because special funds are permitted to have more concentrated portfolios.

Management company follows ESMA's guidelines and has established a liquidity risk policy for each fund.

#### PERMITTED INVESTORS

The circumstance that the Fund is directed at the general public does not mean that it is directed at such investors whose purchases or holdings of units in the Fund contravene the provisions of Swedish or foreign law or regulation. Nor is the Fund directed at such investors whose subscriptions or holdings of units in the Fund would obligate the Fund or the Management Company to take registration measures or other measures that the Fund or Management Company would not otherwise be obligated to perform.

The Management Company has the right to decline to issue units to such investors referred to above.

The Management Company may redeem a unitholder's units in the Fund - notwithstanding the objections of such a unitholder - if it proves that the unitholder has acquired units in the Fund in contravention of the provisions of Swedish or foreign law or ordinance or that the Management Company has by reason of a unitholder's acquisition of or holdings in the Fund become obligated to take registration measures or other measures for the Fund or the Management Company that the Fund or Management Company would not be obligated to perform if the unitholder did not hold units in the Fund. The units shall be redeemed on the date determined by the Management Company and in accordance with that provided in section 9 of the fund rules.



# Catella Avkastningsfond

*Investment fund registered in Sweden, Luxembourg*

## OBJECTIVE AND INVESTMENT STRATEGY

The Fund aims, through active management, to generate a higher return than the average in the Swedish fixed-income market. The Fund's investment strategy is, when interest rates are expected to rise, to have a short remaining term to maturity for the investments, and when they are expected to fall to have a long remaining term to maturity. The average maturity of the Fund will be 0-4 years.

The Fund shall invest its assets in interest-bearing transferable securities, money-market instruments issued by states, municipalities, mortgage institutions and companies with high credit ratings, fund units and derivatives.

A maximum of 10 percent of the Fund's assets may be invested in fund units in accordance with the Fund's investment policy.

### Sustainability

Sustainability plays a prominent role in management in that the Fund actively screens in companies that benefit from sustainability and screens out companies involved in controversial products and sectors, as described above. The manager engages with the company when the investment is made by informing the company of Catella Fonder's positions, encouraging transparency and the signing of the UN Global Compact, but in its capacity as owner of the company's debt does not have the opportunity to participate at general meetings.

## DERIVATIVES AND OTHER FINANCIAL TECHNIQUES

Fund assets may be invested in derivatives where the underlying assets are bonds as part of its investment strategy. The Fund may also use currency derivatives, such as through the purchase or sale of foreign currency on a forward basis, which is conducted in order to fully hedge the Fund's holdings.

Currency derivatives are traded as OTC derivatives in accordance with Chapter 5, Section 12, and Paragraph 2 of the Swedish Investment Funds Act. The Fund does not otherwise invest in OTC derivatives.

The focus on trading in derivatives shall be such that the Fund's capital growth and total net asset value are not at risk to any appreciable extent.

Securities lending corresponding to a maximum of 20 percent of the Fund's net asset value is permitted, secured against adequate collateral and on customary industry terms.

#### SPECIAL INFORMATION ABOUT CERTAIN PROMISSORY NOTES

The Fund is authorised to invest more than 35 percent of its assets in pursuance of Chapter 5, Section 8 of the Swedish Investment Funds Act in bonds and other promissory notes issued by and/or guaranteed by Swedish mortgage institutions, a state, a municipality or a state or municipal authority of a country within the EEA or any intergovernmental body of which one or more states within the EEA are members. Promissory notes must however come from at least six different issues and those coming from the same issue may not exceed 30 percent of the Fund's net asset value.

#### SECURITIES FINANCING TRANSACTIONS

The Fund is permitted to extend securities loans corresponding to a maximum of 20 percent of fund assets secured against adequate collateral and on customary industry terms. This occurs only in exceptional cases and rarely at a share of the Fund exceeding 5 percent. The assets considered for securities loans are interest-bearing negotiable securities.

#### FUND UNIT CLASSES

The Fund has three unit classes, A SEK, retail class, B SEK including conditions applying to distribution and C SEK including conditions applying to distribution. The fund unit classes differ in terms of charges and conditions applying to distribution, as described in greater detail in this prospectus and in the fund rules.

When the new fund rules entered into force on 1 January 2018, all existing units were placed in the Fund's unit class A. Unit classes B and C are not currently active.

#### HISTORICAL RETURNS

Please refer to the key investor information document for the Fund for information about the Fund's historical returns.

#### TARGET GROUP

The Fund is intended for investors who want an actively managed fixed-income fund that invests in both money and bond markets. The Fund may be unsuitable for investors who plan to cash out their investment within two to three years.

#### RISK PROFILE

Fund holdings consist primarily of interest-bearing transferable securities and money market instruments, such as bonds and certificates, which generally have a lower level of risk than the stock market.

The risk associated with investing in fixed-income funds is affected by the Fund's interest rate risk and credit risk, among else. The interest rate risk in the Fund arises largely from the Fund's investments in interest-bearing transferable securities that have longer fixed-rate terms. This increases the interest rate risk because the market value of such securities is affected more by movements in interest rates than are securities that have shorter fixed-rate terms. The credit risk in the Fund is affected, among else, by the Fund making investments in corporate bonds, which

usually have a higher credit risk than government bonds, for example. This is because the risk that an issuer will be unable to perform its payment obligations is greater when the issuer is a company rather than a government, for example, and because the value of corporate bonds may therefore be affected more by changes in market assessments of the company's credit rating.

The Fund invests in Nordic interest-bearing securities and may therefore hold bonds in other currencies and therefore have a certain currency risk. However, all currency risk in the Fund is generally hedged, but some currency risk can arise.

Since the Fund's investments are concentrated in one region, the Fund has a higher risk than a fund that distributes holdings across several regions. Individual investments may constitute a relatively large proportion of the net asset value of the portfolio and the Fund's returns may therefore be influenced by individual events in these companies.

The Fund invests in assets where the liquidity of the instrument is suboptimal. These holdings may be difficult to divest at a limited cost within a reasonable time. If large withdrawals are made from the Fund such holdings may need to be sold at unfavourable prices and result in losses for the Fund.

The derivatives used in the Fund are forward foreign exchange contracts intended to reduce the risk in the portfolio.

The Fund will not make use of complex investment strategies as more than a negligible part of the investment strategy. The Fund therefore uses the commitment approach to calculate the total exposure of the Fund. Total exposure due to derivatives may, when the exposure is calculated using the commitment approach, amount to a maximum of 100 percent of the net asset value of the Fund.

Current risk indicator of the Fund: Category 2 (on a scale of 1 - 7). For a more detailed explanation of the risk indicator, please see the key investor information for the Fund.

### **Level of active management**

The Fund is an actively managed fixed income fund oriented towards investments in Swedish and Nordic corporate bonds. The Fund invests only in companies that meet the Fund's criteria, such as the investment strategy and sustainability criteria. The Fund's investments are selected according to the personal assessments of fund managers. Investments are based on fundamental analysis of individual companies and traditional macroanalysis. Composition of the fund reflects Catella's outlook on the conditions for return in relation to risk in respect of credit and interest rate risk. Each investment is evaluated individually and the Fund invests only in fixed income securities issued by stable companies with good balance sheets with which the fund managers are highly familiar. The overall financial objective of the Fund is to achieve the highest possible value growth and a good spread of risk while observing due caution. Management of the Fund can be compared against the Fund's benchmark index.

The Fund's benchmark is 50 percent OMRX T-Bill/50 percent OMRX T-Bond. The index is relevant to the Fund because it reflects its investment strategy over the long term.

**Active risk (tracking error) for the past 10 years**

2019	2018	2017	2016	2015	2014	2,013	2012	2011	2010
1.21%	1.32%	1.87%	2.30%	1.62%	2.13%	2.08%	2.27%	2.08%	2.37%

The level of active management is measured using tracking error/active risk. This measure indicates how closely the Fund tracks its index. High active risk indicates that the Fund deviates sharply from its index. The measure is calculated by measuring the variation in the difference between the Fund's returns and benchmark index returns, i.e., the standard deviation of the difference based on monthly data for the past 24 months. Active risk thus indicates how much the Fund's returns can be expected to deviate from its benchmark index returns with a 68 percent probability, i.e., a fund with an active risk of 2 percent indicates that the annual return of the fund should be within  $\pm 2$  basis points of its benchmark index return (before management charges).

The Fund is actively managed and the Fund has deviated from its benchmark index, which explains the active management measure achieved, as shown in the table. The active management measure depends on how the Fund co-varies with the market and the characteristics of the Fund's investments. Fluctuations in the active management measure depend on how the Fund's investments deviate from its benchmark index in relation to interest duration or general changes in the market, for example. Fixed income securities often vary less in value over time than equities, which is why the active management measure for the Fund is generally lower than for an actively managed equity fund. Lower volatility in the fixed income market in general also affects the Fund's active risk. This is especially apparent in the Fund's active risk for the past three years, which has been somewhat lower than in previous years. Since 2019, the Fund has a target range for active risk of 1-3 percent on an annual basis, which has also been its historical active risk range.

**APPLICABLE CHARGES**

The current fees that the Fund charges on the sale and redemption of fund units and for management of the Fund (including expenses for administration, accounting and record keeping, supervision, auditors and custody) are specified below.

UNIT CLASS	A SEK retail class	B SEK including conditions applying to distribution	C SEK including conditions applying to distribution
Entry charge	None	None	None
Exit charge	None	None	None
Ongoing charges to the Management Company*	0.70 percent	0.35 percent	0.28 percent
Ongoing charges to Depository	0.01 percent	Not active	Not active

## MAXIMUM CHARGES

The maximum fees that the Management Company may, according to the fund rules, charge upon sale and redemption of fund units and for management of the Fund, see above, are specified below:

UNIT CLASS	A SEK retail class	B SEK including conditions applying to distribution	C SEK including conditions applying to distribution
Entry charge	None	None	None
Exit charge	None	None	None
Ongoing charges to the Management Company*	0.70 percent	0.35 percent	0.28 percent
Ongoing charges to Depository	0.05 percent	0.05 percent	0.05 percent

\* The management fee paid to the Management Company is calculated daily on the net asset value of the Fund. Double charges do not occur. If the Fund invests in any of the Management Company's other managed funds, the management fee, and if applicable variable fee (performance fee) is discounted and reversed in the underlying fund.

## OTHER INFORMATION ABOUT CHARGES

Brokerage fees and other expenses attributable to purchases and sales of financial instruments and tax are paid directly from the Fund and are additional to the above fees. The Fund may, to the extent permitted by current legislation, also be charged expenses for analysis.

For information on the amount of charges paid by the Fund to the Management Company and Depository for last year as well as the Fund's earnings and performance, please refer to the annual report for last year.

Value-added tax may be added to the above payments.

Double charges do not occur. If the Fund invests in any of the Management Company's other funds, the management fee, and if applicable variable fee (performance fee) is discounted and reversed in the underlying fund.

# Catella Småbolagsfond

*Investment fund registered in Sweden, Norway and Finland*

## OBJECTIVE AND INVESTMENT STRATEGY

The Fund is an actively managed equity fund that invests primarily in the shares of small Swedish companies, which means companies with a market capitalisation small enough to include them, or permit them to be included, in Swedish small cap indexes. The Fund also has the ability, to a limited extent, to invest in bonds and money market instruments in order to obtain a return on its cash and cash equivalents.

The objective of the Fund is to obtain a higher return than the Fund's benchmark, Carnegie Small Cap Return, through actively trading in equities and utilising opportunities when shares are undervalued and utilising the short-term price fluctuations that occur in various industries, shares and the stock market overall. This means a higher risk while the investor has the potential of good value growth.

At least 90 percent of the Fund's assets shall be invested in financial instruments issued by or, in the case of derivatives with exposure to, companies that are i) domiciled in Sweden or, if domiciled abroad, whose shares are admitted to trading on a regulated Swedish market or another marketplace in Sweden and ii) have a market capitalisation not higher than one (1) percent of the total market capitalisation of the companies at any time included in the SIX RX index. Fund assets may also be invested, to a limited extent, in money-market instruments and derivatives in which the underlying assets comprise equities and/or equity indexes. No more than 10 percent of the Fund's assets may be invested in fund units.

Due to its composition and the management methods applied, the net asset value of the Fund may vary considerably over time.

### Sustainability

Sustainability plays a prominent role in management, in that the Fund actively screens in companies that benefit from sustainability, screens out companies involved in controversial products and sectors and the manager engages with holdings in the portfolio on behalf of the Management Company, as described above.

## DERIVATIVES AND OTHER FINANCIAL TECHNIQUES

The Fund may make use of derivatives where the underlying assets consist of, or relate to, equities and/or equity indexes. Investments in derivatives take place as part of the investment strategy.

The Fund is also able to invest in OTC derivatives.

The Fund does not intend to use short selling.

#### SECURITIES FINANCING TRANSACTIONS

The Fund is permitted to extend securities loans corresponding to a maximum of 20 percent of fund assets secured against adequate collateral and on customary industry terms. This rarely occurs at a share of the Fund exceeding 15 percent. The assets considered for securities lending are shares.

#### FUND UNIT CLASSES

The fund has five unit classes: A SEK retail class; B EUR retail class; C EUR institutional class, unit class D SEK including conditions applying to distribution and E SEK including conditions applying to distribution. The fund unit classes differ in terms of the currency used for calculation and publication of the net asset value of fund units, charges and the minimum deposit including conditions applying to distribution, as described in greater detail in this prospectus and in the fund rules.

When the unit classes were introduced on 10 September 2015 and 1 January 2018, respectively, all existing units were included in the Fund's unit class A. The other unit classes are not currently active.

#### HISTORICAL RETURNS

Please refer to the key investor information document for the Fund for information about the Fund's historical returns.

#### TARGET GROUP

The Fund is intended for investors who want exposure to the stock market and are willing to take a high risk for the potential to earn a higher expected return. The Fund may not be appropriate for investors who plan to withdraw their money within six years.

#### RISK PROFILE

The majority of the Fund's assets are invested in Swedish equities in smaller companies. The Fund will therefore be exposed to the fluctuations that affect the stock market, but this also provides potential for a higher return than investments solely in, for example, the fixed-income market.

Since the Fund's investments are concentrated in one country, the Fund has a higher risk than a fund that distributes holdings across several countries. The fact that the Fund invests in small and medium-sized companies also contributes to a higher concentration risk (since the operations of these companies are less diversified than the operations of larger companies). Generally smaller companies also have a somewhat higher risk.

The Fund may also invest a small proportion of its assets in bonds and other interest-bearing securities and therefore have a minor element of interest rate risk.

The Fund may also invest in assets where the liquidity of the instrument is suboptimal.

These holdings may be difficult to divest at a limited cost within a reasonable time. If large withdrawals are made from the Fund such holdings may need to be sold at unfavourable prices and result in losses for the Fund.

The Fund may also invest in derivatives such as forwards and options. This takes place as part of the Fund's investment strategy. Derivatives may be used to either increase or decrease the market risk in the Fund.

The Fund may invest a certain proportion in assets denominated in a currency other than SEK and this increases the risk in the Fund since the value of the Fund holdings is affected by changes in exchange rates.

The Fund will not make use of complex securities strategies as more than a negligible part of the investment strategy. The Fund therefore uses the commitment approach to calculate the total exposure of the Fund. Total exposure due to derivatives may, when the exposure is calculated using the commitment approach, amount to a maximum of 100 percent of the net asset value of the Fund.

Current risk indicator of the Fund: Category 5 (on a scale of 1 - 7). For a more detailed explanation of the risk indicator, please see the key investor information for the Fund.

#### **Level of active management**

The fund is an actively managed equity fund that invests in small and medium cap listed companies in Sweden. The Fund invests only in companies that meet the Fund's criteria, such as the investment strategy and sustainability criteria. Focus is on the individual investments in the Fund and their future potential. The Fund invests in companies in which the fund managers are able to form a reasoned opinion about the future of the company and where the valuation is attractive. The Fund normally invests in about 70 companies. The overall financial objective of the Fund is to achieve the highest possible value growth and a good spread of risk while observing due caution. Management of the Fund can be compared against the Fund's benchmark index. The Fund's benchmark is the Carnegie Small Cap Return Index. The index is relevant to the Fund because it reflects the Fund's investment strategy with regard, for example, to the size, asset classes and markets of the companies. Carnegie Small Cap Return Index is an established reinvesting, distributing index that contains small and medium cap companies listed on Nasdaq Stockholm. The index also takes into account the returns shareholders receive in the form of dividends. Prior to the change of strategy effective 11 April 2011, the Fund's benchmark index was SIXRX 75 percent/TBILL 25 percent.

#### **Active risk (tracking error) for the past 10 years**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2,013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
4.91%	5.51%	5.70%	5.85%	5.37%	6.20%	6.41%	5.07%	5.91%	4.79%



The level of active management is measured using tracking error/active risk. This measure indicates how closely the Fund tracks its index. High active risk indicates that the Fund deviates sharply from its index. The measure is calculated by measuring the variation in the difference between the Fund's returns and benchmark index returns, i.e., the standard deviation of the difference based on monthly data for the past 24 months. Active risk thus indicates how much the Fund's returns can be expected to deviate from its benchmark index returns with a 68 percent probability, i.e., a fund with an active risk of 2 percent indicates that the annual return of the fund should be within  $\pm 2$  basis points of its benchmark index return (before management charges).

The Fund is actively managed and the Fund has deviated from its benchmark index, which explains the active management measure achieved, as shown in the table. The active management measure depends on how the Fund co-varies with the market and the characteristics of the Fund's investments. Fluctuations in the active management measure depend on how the Fund's investments deviate from its benchmark index in relation to holdings of individual securities or general changes in the market, for example. Equity returns, for instance, normally vary more than returns on fixed income securities. Consequently, the active management measure is often higher for an actively managed equity fund than for an actively managed fixed income fund. Lower volatility in the equity market in general also affects the Fund's active risk. The Fund had a target range for active risk of 4-5 percent on an annual basis from 2014 to 2018. Effective 20 November 2019, the target range for active risk was set to 2-6 percent to allow lower active risk during certain volatile periods than previously. The Fund has not deviated from the target range during the measurement period.

#### APPLICABLE CHARGES

The current fees that the Fund charges on the sale and redemption of fund units and for management of the Fund (including expenses for administration, accounting and record keeping, supervision, auditors and custody) are specified below.

UNIT CLASS	A SEK retail class	B NOK retail class	C EUR institutional class	D SEK including conditions applying to distribution	E SEK including conditions applying to distribution
Entry charge	None	None	None	None	None
Exit charge	None	None	None	None	None
Ongoing charges to the Management Company*	1.50 percent	1.50 percent	0.75 percent	0.75 percent	0.60 percent
Ongoing charges to Depositary	0.01 percent	Not active	Not active	Not active	Not active

## MAXIMUM CHARGES

The maximum fees that the Management Company may, according to the fund rules, charge upon sale and redemption of fund units and for management of the Fund, see above, are specified below:

UNIT CLASS	A SEK retail class	B NOK retail class	C EUR institutional class	D SEK including conditions applying to distribution	E SEK including conditions applying to distribution
Entry charge	None	None	None	None	None
Exit charge	None	None	None	None	None
Ongoing charges to the Management Company*	1.50 percent	1.50 percent	0.75 percent	0.75 percent	0.60 percent
Ongoing charges to Depositary	0.15 percent	0.15 percent	0.15 percent	0.15 percent	0.15 percent

\* The management fee paid to the Management Company is calculated daily on the net asset value of the Fund. Double charges do not occur. If the Fund invests in any of the Management Company's other managed funds, the management fee, and if applicable variable fee (performance fee) is discounted and reversed in the underlying fund.

## OTHER INFORMATION ABOUT CHARGES

Brokerage fees and other expenses connected with the purchase and sale of financial instruments and tax are paid directly from the Fund and are additional to the above fees. The Fund may, to the extent permitted by current legislation, also be charged expenses for analysis.

VAT may be due and payable on the above fees and charges.

Please refer to the preceding year's annual report for information about the amount of fees paid to the Management Company and the Depositary as well as the Fund's performance and growth.

# Catella Sverige Aktiv Hållbarhet

*Investment fund registered in Sweden, Norway and Finland*

## OBJECTIVE AND INVESTMENT STRATEGY

The Fund is an actively managed equity fund that invests primarily in Swedish equities and equity-related derivatives but may occasionally invest in other countries as well. The Fund also has the ability, to a limited extent, to invest in bonds and money market instruments in order to obtain a return on its cash and cash equivalents.

The objective of fund management is to achieve a higher return than the average on the Swedish equity market with a well-diversified spread of risk in the Fund.

The Fund's choice of investments takes place through a combination of financial analysis and sustainability analysis.

The Fund seeks to take advantage of opportunities when the expectations surrounding a company are deemed to be low, thus utilising the price movements that arise if the market re-values the company.

The Fund's choice of companies is also limited based on negative criteria, which means that the Fund does not invest in companies that violate any of the 10 principles of the UN Global Compact.

In normal cases, the Fund's assets will be at least 90 percent invested in equities or equity-related financial instruments. A maximum of 25 percent of the Fund's assets may be invested in interest-bearing transferable securities, money market instruments and other promissory notes. The Fund's assets may also be invested in fund units. No more than 10 percent of the Fund's assets may be invested in fund units.

Investments in financial indexes or fund units can be made to manage the flows and liquidity of the Fund. These indexes and fund units must comprise at least 90 percent underlying companies that comply with the 10 principles of the UN Global Compact.

Due to its composition and the management methods applied, the net asset value of the Fund may vary considerably over time.

## Sustainability

Sustainability plays a prominent role in management in that the Fund actively screens in companies that benefit from sustainability, screens out companies involved in controversial products and sectors and the manager engages with holdings in the portfolio on behalf of the Management Company, as described above.

#### DERIVATIVES AND OTHER FINANCIAL TECHNIQUES

The Fund may use derivatives where the underlying assets consist of or relate to equities and/or equity indexes. Derivatives are employed as part of the investment strategy. The focus on trading in derivatives shall be such that the Fund's capital growth and total net asset value are not at risk to any appreciable extent.

The Fund is also able to invest in OTC derivatives.

Securities lending corresponding to a maximum of 20 percent of the Fund's net asset value is permitted, secured against adequate collateral and on customary industry terms. This occurs at a share of the Fund not exceeding 15 percent. The assets considered for securities lending are shares.

The Fund does not intend to use short selling.

#### SECURITIES FINANCING TRANSACTIONS

The Fund is permitted to extend securities loans corresponding to a maximum of 20 percent of fund assets. This seldom exceeds 15 percent. The assets considered for securities loans are shares.

#### FUND UNIT CLASSES

The Fund has three unit classes, A SEK, retail class, B SEK including conditions applying to distribution and C SEK including conditions applying to distribution. The fund unit classes differ in terms of charges and conditions applying to distribution, as described in greater detail in this prospectus and in the fund rules.

When the new fund rules entered into force on 1 January 2018, all existing units were placed in the Fund's unit class A. The unit classes B and C are not currently active.

#### HISTORICAL RETURNS

Please refer to the key investor information document for the Fund for information about the Fund's historical returns.

#### TARGET GROUP

The Fund is intended for investors seeking active management with a focus on Swedish equities, and who have an investment horizon of at least five years. Investors must be willing to accept that large fluctuations in net asset value may arise. The Fund may not be appropriate for investors who plan to withdraw their money within six years.

#### RISK PROFILE

The majority of the Fund's assets is invested in Swedish equities and equity-related derivatives. The Fund will therefore be exposed to the fluctuations that affect the stock market, but also provides a potential for higher returns than investments in, for example, the fixed-income market.

Since the Fund's investments are concentrated in one region, the Fund has a higher risk than a fund that distributes holdings across several regions.

The Fund may also invest in assets where liquidity in the instrument is suboptimal. Realising these assets may take time if this occurs at the wrong time in the market. If large withdrawals are made from the Fund such holdings may need to be sold at unfavourable prices and result in losses for the Fund.

The Fund may also invest in derivatives such as futures and options. These can both increase and reduce market risk.

The Fund may invest a certain proportion of its assets in assets denominated in a currency other than SEK, and this increases the risk in the Fund since the value of the Fund's holdings is affected by changes in exchange rates.

The Fund may also invest a small proportion of its assets in bonds and other interest-bearing securities and therefore have a minor element of interest rate risk and a minor element of credit risk.

The Fund will not make use of complex investment strategies as more than a negligible part of the investment strategy. The Fund therefore uses the commitment approach to calculate the total exposure of the Fund. Total exposure due to derivatives may, when the exposure is calculated using the commitment approach, amount to a maximum of 100 percent of the net asset value of the Fund.

Current risk indicator of the Fund: Category 5 (on a scale of 1 - 7). For a more detailed explanation of the risk indicator, please see the key investor information for the Fund.

### **Level of active management**

The fund is an actively managed equity fund that invests in equities in the Swedish equity market. The Fund invests only in companies that meet the Fund's criteria, such as the investment strategy and sustainability criteria. Focus is on each individual investment in the Fund and its future potential. The Fund invests in companies with sustainable business models and sustained long-term profitability. The investment process is based on the conviction that there is a connection between a sustainable business model and sustained profitability and growth over the long term, and that this is in many cases underestimated by the market. The Fund normally invests in about 30 companies. The overall financial objective of the Fund is to achieve the highest possible value growth and a good spread of risk while observing due caution. Management of the Fund can be compared against the Fund's benchmark index. The Fund's benchmark is the SIX Return Index. The index is relevant to the Fund because it reflects the Fund's investment strategy with regard, for example, to the size, asset classes and markets of the companies. The SIX Return Index was designed to reflect the market performance of companies traded on OMX Nasdaq Stockholm. The index also takes into account the returns shareholders receive in the form of dividends.

### Active risk (tracking error) for the past 10 years

2019	2018	2017	2016	2015	2014	2,013	2012	2011	2010
3.43%	3.32%	2.36%	3.22%	3.27%	2.40%	1.88%	1.98%	2.34%	3.23%

The level of active management is measured using tracking error/active risk. This measure indicates how closely the Fund tracks its index. High active risk indicates that the Fund deviates sharply from its index. The measure is calculated by measuring the variation in the difference between the Fund's returns and benchmark index returns, i.e., the standard deviation of the difference based on monthly data for the past 24 months. Active risk thus indicates how much the Fund's returns can be expected to deviate from its benchmark index returns with a 68 percent probability, i.e., a fund with an active risk of 2 percent indicates that the annual return of the fund should be within  $\pm 2$  basis points of its benchmark index return (before management charges).

The Fund is actively managed and the Fund has deviated from its benchmark index, which explains the active management measure achieved, as shown in the table. The active management measure depends on how the Fund co-varies with the market and the characteristics of the Fund's investments. Fluctuations in the active management measure depend on how the Fund's investments deviate from its benchmark index in relation to holdings of individual securities or general changes in the market, for example. Equity returns, for instance, normally vary more than returns on fixed income securities. Consequently, the active management measure is often higher for an actively managed equity fund than for an actively managed fixed income fund. Lower volatility in the equity market in general also affects the Fund's active risk. The fund has had a target range for active risk of 2-5 percent on an annual basis since 2014. The Fund has not deviated from the target range during the measurement period.

### APPLICABLE CHARGES

The current fees that the Fund charges on the sale and redemption of fund units and for management of the Fund (including expenses for administration, accounting and record keeping, supervision, auditors and custody) are specified below.

UNIT CLASS	A SEK retail class	B SEK including conditions applying to distribution	C SEK including conditions applying to distribution
Entry charge	None	None	None
Exit charge	None	None	None
Ongoing charges to the Management Company*	1.50 percent	0.75 percent	0.60 percent
Ongoing charges to Depositary	0.01 percent	Not active	Not active

#### MAXIMUM CHARGES

The maximum fees that the Management Company may, according to the fund rules, charge upon sale and redemption of fund units and for management of the Fund, see above, are specified below:

UNIT CLASS	A SEK retail class	B SEK including conditions applying to distribution	C SEK including conditions applying to distribution
Entry charge	None	None	None
Exit charge	None	None	None
Ongoing charges to the Management Company*	1.50 percent	0.75 percent	0.60 percent
Ongoing charges to Depository	0.15 percent	0.15 percent	0.15 percent

\* The management fee is calculated daily on the net asset value of the Fund. Double charges do not occur. If the Fund invests in any of the Management Company's other managed funds, the management fee, and if applicable variable fee (performance fee) is discounted and reversed in the underlying fund.

#### OTHER INFORMATION ABOUT CHARGES

Brokerage fees and other expenses connected with the purchase and sale of financial instruments and tax are paid directly from the Fund and are additional to the above fees. The Fund may, to the extent permitted by current legislation, also be charged expenses for analysis.

VAT may be due and payable on the above fees and charges.

Please refer to the preceding year's annual report for information about the amount of fees paid to the Management Company and the Depository as well as the Fund's performance and growth.

# Catella Sverige Hållbart Beta

*Investment fund registered in Sweden*

## OBJECTIVE AND INVESTMENT STRATEGY

The Fund is an index tracker fund and aims to track the average performance on the Stockholm Stock Exchange, SIX RX index.

SIX RX reflects the market performance of companies listed on the Stockholm Stock Exchange, and takes into account the returns that shareholders in these companies receive in the form of dividends. Fund assets are invested according to the weights of the various companies in this index while taking into account the 10 principles of the UN Global Compact.

Fund assets may not be invested in companies that violate any of the 10 principles of the UN Global Compact

The fund's investments are primarily in Swedish equities and equity-related transferable securities but the Fund may also invest in derivatives as part of its investment strategy.

Due to its composition and the management methods applied, the net asset value of the Fund may vary considerably over time.

### Sustainability

Sustainability plays a prominent role in management in that the Fund actively screens out companies involved in controversial products and sectors and through that the manager engages with holdings in the portfolio on behalf of the Management Company, as described above.

## DERIVATIVES AND OTHER FINANCIAL TECHNIQUES

The Fund may use derivatives where the underlying assets consist of or relate to equities and/or equity indexes. Investments in derivatives take place as part of the investment strategy. Investments may be made in financial indexes to manage flows and liquidity in the Fund. These indexes must be at least 90 percent comprised of underlying companies that comply with the 10 principles of the UN Global Compact.

The focus on trading in derivatives shall be such that the Fund's capital growth and total net asset value are not at risk to any appreciable extent.

The Fund is not able to invest in OTC derivatives.

Securities lending corresponding to a maximum of 20 percent of the Fund's net asset value is permitted, secured against adequate collateral and on customary industry terms.

The Fund does not intend to use short selling.



## SECURITIES FINANCING TRANSACTIONS

The Fund is permitted to extend securities loans corresponding to a maximum of 20 percent of fund assets. This occurs only in exceptional cases and rarely at a share of the Fund exceeding 15 percent. The assets considered for securities loans are shares.

## FUND UNIT CLASSES

The Fund has four unit classes: A retail class; B institutional class, C SEK including conditions applying to distribution and D SEK including conditions applying to distribution. The fund unit classes differ in terms of charges, the minimum deposit and conditions applying to distribution, as described in greater detail in this prospectus and in the fund rules. Unit class D is not currently active.

When the new fund rules entered into force on 8 January 2013 all existing units were placed in the Fund's unit class A. When the new fund rules entered into force on 1 January 2018 all existing units in unit classes A and B remained in their unit classes, respectively.

## HISTORICAL RETURNS

Please refer to the key investor information document for the Fund for information about the Fund's historical returns.

## TARGET GROUP

The Fund is intended for investors who want exposure to the Stockholm Stock Exchange and who seek a return that corresponds to the average performance of the Stockholm Stock Exchange since the Fund is an index tracker fund based on the SIX RX index. The Fund may not be appropriate for investors who plan to withdraw their money within six years.

## RISK PROFILE

The Fund invests in companies listed on the Swedish stock market. The Fund will therefore be exposed to the fluctuations that affect the stock market, but also provides a potential for higher returns than investments in, for example, the fixed-income market.

The Fund's investments are concentrated in one country and therefore have a higher risk than a fund that distributes holdings across several countries. Investments are made, however, in several different industries which reduces the risk of the Fund. The Fund may also invest in derivatives such as futures and options. These can both increase and reduce the risk.

The Fund will not make use of complex investment strategies as more than a negligible part of the investment strategy. The Fund therefore uses the commitment approach to calculate the total exposure of the Fund. Total exposure due to derivatives may, when the exposure is calculated using the commitment approach, amount to a maximum of 100 percent of the net asset value of the Fund.

Current risk indicator of the Fund: Category 5 (on a scale of 1 - 7). For a more detailed explanation of the risk indicator, please see the key investor information for the Fund.

### Level of active management

The Fund is a passively managed equity fund that invests in shares in listed companies in Sweden, aimed at providing wide exposure to OMX Nasdaq Stockholm. The Fund invests widely in the Swedish SIX RX equity index, but screens out a number of sectors and companies that are not considered sustainable. Management of the Fund can be compared against the Fund's benchmark index. The Fund's benchmark is the SIX Return Index. The index is relevant to the Fund because it reflects the Fund's investment strategy. The SIX Return Index was designed to reflect the market performance of all companies traded on OMX Nasdaq Stockholm. The index also takes into account the returns shareholders receive in the form of dividends.

### Active risk (tracking error) for the past 10 years

2019	2018	2017	2016	2015	2014	2,013	2012	2011	2010
0.58%	0.41%	0.07%	0.08%	0.09%	0.05%	0.06%	0.05%	0.17%	0.24%

The level of active management is measured using tracking error/active risk. This measure indicates how closely the Fund tracks its index. High active risk indicates that the Fund deviates sharply from its index. The measure is calculated by measuring the variation in the difference between the Fund's returns and benchmark index returns, i.e., the standard deviation of the difference based on monthly data for the past 24 months. Active risk thus indicates how much the Fund's returns can be expected to deviate from its benchmark index returns with a 68 percent probability, i.e., a fund with an active risk of 2 percent indicates that the annual return of the fund should be within  $\pm 2$  basis points of its benchmark index return (before management charges).

The Fund is passively managed against the benchmark index, which explains the active management measure achieved, as shown in the table. The active management measure depends on how the Fund co-varies with the market and the characteristics of the Fund's investments. The Fund had a target for active risk of less than 0.2 percent on an annual basis from 2014 to 2018. Effective 26 September 2018, the active risk target was set to 1 percent because certain sustainability criteria were introduced by which the Fund was changed from an index fund to a tracker fund. The Fund has not deviated from the active risk target during the measurement period.

## APPLICABLE CHARGES

The current fees that the Fund charges on the sale and redemption of fund units and for management of the Fund (including expenses for administration, accounting and record keeping, supervision, auditors and custody) are specified below.

UNIT CLASS	A Retail	B Institutional	C SEK including conditions applying to distribution	D SEK including conditions applying to distribution
Entry charge	None	Currently none	None	None
Exit charge (for holdings less than 60 banking days)	None	None	None	None
Ongoing charges to Management Company*	0.60 percent	0.40 percent	0.30 percent	0.24 percent
Ongoing charges to Depository	0.01 percent	0.01 percent	0.01 percent	Not active

## MAXIMUM CHARGES

The maximum fees that the Management Company may, according to the fund rules, charge upon sale and redemption of fund units and for management of the Fund, see above, are specified below:

FUND UNIT CLASS	A Retail	B Institutional	C SEK including conditions applying to distribution	D SEK including conditions applying to distribution
Entry charge	None	5 percent	None	None
Exit charge (for holdings less than 60 banking days)	None	5 percent	None	None
Ongoing charges to Management Company *	0.60 percent	0.40 percent	0.30 percent	0.24 percent
Ongoing charges to Depository	0.05 percent	0.05 percent	0.05 percent	0.05 percent

\* Management fees paid to the Management Company are calculated daily on the net asset value of the Fund.

## OTHER INFORMATION ABOUT CHARGES

Brokerage fees and other expenses connected with the purchase and sale of financial instruments and tax are paid directly from the Fund and are additional to the above fees.

VAT may be due and payable on the above fees and charges.

Please refer to the preceding year's annual report for information about the amount of fees paid to the Management Company and the Depository as well as the Fund's performance and growth.

## Distributors

April 2020

Alpcot AB, company number 556963-4180  
 Avanza Bank AB, company number 556573-5669  
 Coeli AB, 556608-7648  
 Consortum Capital Investments AB, company number 556113-4643  
 Erik Penser Bankaktiebolag, company number 556031-2570  
 Folksam Fondförsäkringsaktiebolag, company number 516401-8607  
 Folksam LO Fondförsäkring AB, company number 516401-6619  
 Folksam Ömsesidig Livförsäkring AB, company number 502006-1585  
 Fossar Markets hf, company number 660907-0250  
 Försäkringsaktiebolaget Skandia, company number 502017-3083  
 Garantum Fondkommission, company number 556668-1531  
 Humle Kapitalförvaltning AB, company number 556544-8015  
 ICA Banken AB, company number 516401-0190  
 Länsförsäkringar Fondliv Försäkringsaktiebolag, company number 516401-8219  
 MFEX Mutual Funds Exchange AB, company number 556559-0634  
 Allfunds Sweden AB (former Nasdaq Broker Services AB), company number 556405-0127  
 Nord Fondkommission AB, company number 556832-1342  
 Nordnet Bank AB, company number 516406-0021  
 Pensionsmyndigheten, company number 202100-5034  
 SkandiaBanken AB, company number 516401-9738  
 Skandinaviska Enskilda Banken AB (publ), company number 502032-9081  
 Sparbanken Syd, company number 548000-7425  
 SPP Liv Fondförsäkring AB, company number 516401-8599  
 Storebrand Livsforsikring AS – Filial Sverige, company number 516403-6997  
 Storebrand Livsforsikring AS, company number NO 958995369  
 Swedbank AB, company number 502017-7753  
 Söderberg & Partners Securities AB, company number 556674-7456  
 UBS AG Zurich  
 Von Euler & Partners AB, company number 556630-5487  
 Ålandsbanken Abp (Finland) Swedish branch, company number 516406-0781

# Sustainability information, Investment funds

	INVESTMENT FUNDS			
	Catella Avkastningsfond	Catella Småbolagsfond	Catella Sverige Aktiv Hållbarhet	Catella Sverige Hållbart Beta
<b>SUSTAINABILITY INFORMATION:</b>				
Sustainability aspects considered in the management of the fund	X	X	X	X
Sustainability aspects not considered in the management of the fund	–	–	–	–
<b>SUSTAINABILITY ASPECTS CONSIDERED IN THE MANAGEMENT OF THE FUND</b>				
Environmental aspects	X	X	X	X
Social aspects	X	X	X	X
Corporate governance aspects	X	X	X	X
Other sustainability aspects	–	–	–	–
<b>METHODS APPLIED IN SUSTAINABILITY EFFORTS</b>				
<b>The fund chooses:</b>				
Sustainability aspects crucial to the manager's choice of companies.	–	X*	X*	–
The fund manager considers sustainability issues.	X	–	–	–
<b>Other</b>				
– Other method applied by the fund to choose.	–	–	–	–
<b>The fund excludes:</b>				
<b>Products and services</b>				
Cluster bombs, anti-personnel mines	X	X	X	X
Chemical and biological weapons	X	X	X	X
Nuclear weapons	X	X	X	X
Weapons and/or defence materiel	X	X	X	X
Alcohol	X	X	X	X
Tobacco	X	X	X	X
Commercial gambling activities	X	X	X	X
Pornography	X	X	X	X
Fossil fuels (oil, gas, coal)	X	X	X	X
Coal	X	X	X	X
Uranium	–	–	–	–
Genetically modified organisms (GMOs)	–	–	–	–
Other	–	–	–	–
<b>International norms</b>				
The fund avoids investing in all identified companies that do not comply with international norms.	X	X	X	X
Companies in which the fund does not identify a willingness to change or which the fund judges will not deal with problems within an acceptable timeframe are rejected for investment.	–	–	–	–
<b>Countries</b>				
For sustainability reasons the fund does not invest in companies involved with certain countries/ fixed income securities issued by certain nations.	–	–	–	–
<b>Other</b>				
–	–	–	–	–
<b>THE FUND MANAGEMENT COMPANY INFLUENCES</b>				
<b>The fund management company exercises its rights to influence companies on sustainability issues.</b>				
The fund management company maintains contact with companies in order to influence them in a more sustainable direction.				
Influences companies independently	X	X	X	X
Influences companies in cooperation with other investors	–	X	X	X
Votes at general meetings	–	X	X	X
Participates in nomination committees to influence the composition of the board	–	X	X	X
Other company influences	X	–	–	–

\* The method for decisive selection of companies is either thematic or best in class. Read more in the section "We select in the section "About shareholder engagement and sustainability at Catella Fonder" above.