

# ORIGO QUEST 1

## INFORMATION BROCHURE

01 October 2021

Please note that this Information Brochure is a summary of the corresponding official documentation available in Swedish. For additional details, please contact the fund manager, Origo Fonder AB.

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## FUND FACTS

Fund name Origo Quest 1

Legal form AIF (“special fund”) under the Swedish Alternative Investment Management Act (SFS 2013:561)

Domicile Sweden

Manager Origo Fonder AB, company registration no. 556851-7832

Supervision The Swedish Financial Supervisory Authority, [www.fi.se](http://www.fi.se)

Origo Quest 1 is an alternative investment fund (AIF) that primarily invests in Nordic small and medium-sized companies, with an emphasis on Sweden. In addition, the fund takes short positions in individual stocks and indices to optimize returns and risk. Our investment approach is based on an active, long-term, fundamental strategy focused on identifying value-creating opportunities in small and medium sized companies. The fund’s portfolio is concentrated and could therefore deviate from the general market direction. The fund has a long bias (net exposure) over time. The goal is to deliver competitive risk-adjusted return over rolling five years.

## HOW TO INVEST

To invest in Origo Quest 1 for the first time, you need to complete the “New Investor” form and send us the documentation specified therein. If you already have an account with us, you may use the simplified form called “Additional investment”. All forms and additional details on how to invest can be found on our website ([www.origofonder.se](http://www.origofonder.se)).

For your subscription to be executed at a specific subscription date, we must have received your subscription five bank days in advance. The last bank day of each calendar month is generally the subscription date. Payment must have been received in the fund’s bank account at the latest two bank days before the subscription date. If complete documentation or payment is not received by such date, the subscription will not be executed until completed.

## SHARE CLASSES

The fund has three share classes. All denominated in SEK.

### SHARE CLASS A

Target investor: institutions, corporations and qualified private investors.

Minimum initial investment: SEK 500 000.

Annual management fee: 1.25%.

Performance fee: 20% of benchmark excess return.

Dividends: No

ISIN: SE 0005 003 134.

### SHARE CLASS B

Target investor: foundations and others who value annual dividend yield.

Minimum initial investment: SEK 500 000.

Annual management fee: 1.25%.

Performance fee: 20% of benchmark excess return.

Dividends: Annual

ISIN: SE 0006 452 959.

### SHARE CLASS C

Target investor: private investors and retail and investing through distribution partners.

Minimum initial investment: SEK 1 000.

Annual management fee: 1.35%.

Performance fee: 20% of benchmark excess return.

Dividends: No

ISIN: SE 0006 452 967.

## FUND DETAILS

### LEGAL FORM AND SUPERVISION

Origo Quest 1 is an alternative investment fund (AIF) – a “special fund” under the Swedish Alternative Investment Management Act (SFS 2013:561). The fund is managed by Origo Fonder AB – an alternative investment fund manager (AIFM) under the supervision by the Swedish Financial Supervisory Authority (*Finansinspektionen*).

A Swedish “special fund” is not a legal entity with its own legal capacity. This means that the fund cannot acquire rights or obligations by itself. The manager represents the investors in all matters relating to the fund. The fund cannot bring action in court or another authority. It is formed through capital contributions from its investors and the fund’s assets are owned by the investors. The fund’s assets cannot be distrained, and the investors are not responsible for the obligations of the fund. The assets are kept in custody with the custodian bank SEB (see “Depository”, page 7).

An alternative investment fund, like Origo Quest 1, has a more flexible investment mandate than ordinary UCITS funds and other public mutual funds. The fund is granted certain exemptions from the general rules that apply for UCITS funds relating to its investment objectives, horizon and mandates.

### INVESTMENT OBJECTIVES AND STRATEGY

Origo Quest 1 is a research-driven Nordic equity hedge fund long/short. The fund primarily focuses on Nordic equities and may utilize both long (bought) and short (sold) positions in its management. Investments are made based on the manager’s fundamental analysis and with a long-term focus. The fund will aim to provide positive and competitive returns to its investors, measured as an annual average over the past five years, and that the return will be less dependent on the general development of the stock market over time.

The fund invests primarily in listed Nordic small and medium sized companies. The fund’s long-term investments are managed with an active value strategy where investments are made with a minimum investment horizon of 3–5 years, and with a clear strategy for active ownership and value creation. The management team intends to work actively with each investment to contribute to the long-term value creation in the respective companies and thus the fund. Most of the investments will be based on the following investment rationales and “value drivers”:

- Expansion / growth
- Restructuring and transformation
- Differentiation and new technology
- Special situations

The fund’s short positions in individual stocks and indices serve mainly to limit the fund's risk level, and thereby achieve a better balance between return and risk than a traditional equity portfolio. Company research, which form the basis of the fund’s long and short position taking, include forecasting and other equity-affecting factors and provide a basis for managing the team’s decision long (bought) positions in undervalued companies and short (sold) positions in overvalued companies.

The fund’s gross exposure must be between 0 and 200 percent. Gross exposure is defined as the sum of the market value of the fund’s long and short positions in equities and equity-like instruments in relation to the assets under management. The net exposure must be between 0 and 150 percent and is defined as the market value of the fund’s long minus short positions in equities and equity-like instruments in relation to the assets under management.

The fund's investment strategy means that the fund's performance over time will mainly stem from the manager's ability to identify fundamentally undervalued and overvalued stocks. The stock market's general development, as well as the fund's exposure to the stock market and allocation between different asset classes can also affect the fund's performance.

## TARGET GROUP

The fund is suitable for long-term investors who want an active, investment-driven fund. Fund investors should pay attention to assessing the investment philosophy and the fund's investment rules. The investment horizon should be at least five years. The fund could be an alternative to an investment in an investment company, a venture capital fund, an active small cap fund or discretionary management. The fund is not suitable for investors who quickly want to realize their assets, as the redemption of fund units does not take place daily. The fund is also not suitable for investors mainly looking to take advantage of the stock market's general development.

## ELIGIBLE INSTRUMENTS

The fund's assets may be invested in transferable securities, money market instruments, derivative instruments and fund units, and be placed in a bank account.

At least 90 percent of investments in transferable securities, money market instruments and fund units must be made in the Nordics (calculated as exposure in both long and short positions). At least 90 percent of the fund's long positions in equities and equity-like instruments must be made in or relate to instruments issued by small- and mid-sized companies with a market cap corresponding to at least one percent of the Swedish stock market's total market cap.

Within the mandate, the manager may freely allocate the fund's assets between different markets and types of instrument, and can thus actively distribute the investments between equity and equity-like instruments on the one hand, and money market instruments and bank account placements on the other hand.

The investment mandate for the fund is ultimately regulated by the fund rules (see appendix 1, page 10).

## BENCHMARK AND ACTIVE RISK

The fund aims to provide positive and competitive returns to its investors, measured as an annual average over the past five years, and that the return is less dependent on the general development of the stock market over time. This target deviates from how it is often articulated by traditional funds, which aim at performing better than a market or benchmark index. For this reason, Origo Quest 1 has no benchmark index. The fund's profile results in a portfolio of holdings that can vary a lot over time and it could therefore be misleading to present the fund's result or active risk in relation to a pre-determined index.

## DIVIDENDS

Share class B pays dividends, subject to decision by the manager's board of directors. Payments will be made annually in April or May.

## SUBSCRIPTION AND REDEMPTION

The fund is open for subscription and redemption monthly, per the last bank day of each calendar month. Up-to-date trading calendar is available on [www.origofonder.se](http://www.origofonder.se).

Subscription and redemption is made on a specific form made available on our website ([www.origofonder.se](http://www.origofonder.se)) and should be sent to us together with the required KYC documentation as instructed on the relevant form.

For your subscription to be executed at a specific subscription date, we must have received your subscription five bank days in advance. The last bank day of each calendar month is generally the subscription date. Payment must have been received in the fund's bank account at the latest two bank days before the subscription date. If complete documentation or payment is not received by such date, the subscription will not be executed until completed.

For your redemption to be executed at a specific redemption date, we must have received your request 20 bank days before the last bank day of the calendar month in which you wish to have your units redeemed.

The different share classes has different minimum investment regulations (see "Share classes", page 3).

## MANAGEMENT FEE

The manager, Origo Fonder AB, charges a management fee from the fund, divided into a fixed and a performance-based fee. The fees are structured to align with the absolute-return profile of the fund. The management fee is deducted when performance figures are presented.

### FIXED FEE

The maximum annual fixed management fee is 2 percent. The current applicable fees are:

- Share class A: 1.25 percent
- Share class B: 1.25 percent
- Share class C: 1.35 percent

### PERFORMANCE-BASED FEE

The performance-based fee corresponds to 20 percent of the excess return in relation to a return hurdle defined as 5 percent + 90 days SSVX (annual interest rate for treasury bills issued by the Swedish government with a 90 day maturity – often characterised as the risk-free rate).

Any prior underperformance in relation to the return hurdle must be retrieved before any performance-based fees are payable (high water mark). For investors in share class A and B, the performance fee is calculated individually for each investor. For investors in share class C, the performance fee is charged collectively from the class.

### OTHER COSTS AND CHARGES

Transaction costs, such as brokerage fees, taxes and other costs related to the fund buying and selling instruments, are paid directly by the fund. The same applies for taxation costs emanating from dividends received by the fund. The fund may also be charged with research costs to the extent permissible under law.

## AMENDMENT TO THE FUND RULES

The board of directors of the manager, Origo Fonder AB, may decide at any time to change the fund's fund rules, provided that such modification is approved by the supervisory authorities.

## CLOSURE OF THE FUND

In order to avoid that the fund's assets under management amount to a size where the fund cannot be managed in an optimal way for the existing investors, the manager is entitled to close the fund for additional subscriptions. Such decision assumes that the fund's assets under management amount to a size exceeding a fixed upper capital limit decided by the manager.

The upper capital limit is currently SEK 3 billion but can be adjusted if the manager believes the conditions for the management have changed. The decision to close the fund will be communicated no later than 30 days before the final day of subscription prior to closure. The manager's decision on opening shall likewise be

communicated at least 30 days before the day when subscription of shares is resumed. Information about the decision on closing or opening of the fund shall be announced on the manager's website ([www.origofonder.se](http://www.origofonder.se)), and be sent to the investors to its address registered with the manager.

## DEPOSITARY

The manager is obliged under law to ensure that the fund has a custodian bank. The fund's depositary is Skandinaviska Enskilda Banken AB (publ) – a Swedish domiciled bank with primary business to provide banking and other financial services.

The depositary's primary tasks are to keep the fund's assets and execute the manager's decisions relating to the fund. It shall also verify that the manager's management instructions for the fund are compliant with applicable law and the fund rules. The depositary is obliged to act honourably, fairly, independently and professionally, solely in the fund's and the investor's joint interest.

## EQUAL TREATMENT

The overall principle is that all investors invest in the fund on equal terms. Due to the establishment of share classes, investors in the different share classes will however be treated differently in accordance with the terms for each share class. In addition, it can be noted that the manager has entered into fee sharing arrangements with certain investors.

## TAXATION

The fund is not a taxable entity and is therefore not liable for tax on capital gains or wealth.

Capital gains, dividends from funds and other return and yield from investing in the fund may be subject to taxation in relation to investors. Such rules depend on the investor's domicile and other conditions. Each investor is encouraged to seek advice on his or her own taxation conditions before investing in the fund.

## FUND REPORTS

### ANNUAL AND SEMI-ANNUAL REPORTS

The manager publishes annual and semi-annual reports for the fund in Swedish. These are available at our website ([www.origofonder.se](http://www.origofonder.se)) and will be sent to investors upon request.

### MONTHLY REPORTS

The manager publishes a monthly report that summarises the performance and other metrics relating to the fund. The report is available in English and Swedish and open for anyone interested to subscribe to by visiting our website ([www.origofonder.se](http://www.origofonder.se)).

## MANAGER

Name	Origo Fonder AB
Company registration no.	556851-7832
Date of incorporation	3 May 2011
Share capital	SEK 1 700 000
Domicile	Stockholm, Sweden
Board of directors	Barbro Lilieholm (chairman) Niclas Agroth Stefan Roos
Managing director	Stefan Roos

## AUDITOR

The manager's auditor is EY, Stockholm, with authorized public accountant Carl Rudin as primary responsible. EY is a global auditing and consulting company.

## SERVICE PROVIDERS

Fund administration / back office	Wahlstedt Sageryd Financial Services AB and Wahlstedt & Partners AB
Risk management	Wahlstedt & Partners AB
Compliance	Wistrand Advokatbyrå Stockholm KB
Valuation	Wahlstedt & Partners AB
Internal audit	Moneo AB

## OTHER FUNDS

Origo Fonder AB does not manage any other fund than Origo Quest 1.

## CONFLICTS OF INTEREST AND INDUCEMENTS

Origo Fonder AB is obliged to take all reasonable steps to avoid conflicts of interest and to identify, manage and be transparent in relation to conflicts arising. For this purpose, the manager has established a conflicts of interest policy detailing the specific measures that must be taken. It is of utmost importance to us that each investor has a profound trust in the manager, its owners, its management, its employees and the business conducted. Circumstances that would impair the investors interests will put this trust to risk, which is why we always strive for to the extent possible mitigate the risk for it ever occurring conflicts of interest in the business. Should it arise anyhow, and we are unable to manage it sufficiently effective, we will be fully transparent on the matter.

In addition to rules on conflicts of interest, we must comply with rules relating to inducements. Under these rules, we have very limited possibilities to accept or pay a monetary or non-monetary compensation unless it is provided by or to the fund. For it to be permissible, it must, e.g., increase the quality of the fund management and not negatively affect our obligation to safeguard the mutual best interest of the investors.

## RESEARCH COSTS

When executing orders on behalf of the fund, Origo Fonder AB may receive research in addition to what is to be considered execution services. Depending on who bears the cost for research and execution, there might arise

incentives for the manager to purchase a certain service. There is also a risk that the manager's interest in a specific research is bigger than the benefit the investors get from the execution carried out by the same counterparty. Further, the difficulty in separating the share between the service and cost representing research and execution may contribute to establishing a conflict of interest and unsound incentives.

To manage this risk, the manager conducts a formal review semi-annually of each execution partner and research partner based on predetermined quantitative and qualitative criteria. The purpose with this exercise is to ensure that the manager chooses the counterparties for execution and research that will best meet the mutual interest of the investors. The review is performed independently in relation to execution on the one hand and research on the other hand.

To the extent that the manager decides that the fund shall be charged with research costs, the following conditions must be met:

- The relevant research partner must have been subject to an objective a documented review by the manager.
- The manager's assessment is that the benefit of the research corresponds to or exceeds its cost.
- The research service is relevant for the fund's investment objectives.
- The research cost is separated in the fund's books and records.
- The research cost is separated in the fund's annual report.

#### RETROCESSIONS

The manager may pay retrocessions to distributors of the fund, for their distribution and marketing of Origo Quest 1. The basis for these kinds of payments are agreements entered into between the manager and the distributor. The retrocessions are typically expressed as a percentage of the management fee and is generally within 30 to 50 percent thereof. This practice may result in conflicts of interest and unsound incentives for the distributors, attributable to that the distributor's income is related to its customers' investments in the fund. Should this conflict of interest arise, the distributor is generally obliged to manage this as prescribed in law, in particular the MiFID II rules. Please consult with your distributor if you have any concerns in this respect.

#### REMUNERATION POLICY

The manager's board of directors has established a remuneration policy detailing the principles for remunerations payable to the manager's employees. The policy states that fixed salary must be competitive and based on the employee's specific responsibilities and achievements. The salary shall be sufficiently high for any variable remuneration to be zero. The managing director decides on fixed remuneration to the employees and the board of directors is responsible for deciding on the managing director's salary. Variable remuneration may be payable subject to decision by the manager's board of directors. Such, if any, shall be based on the employee's achievements in relation to individual financial and non-financial goals, the manager's financial performance and the fund's performance. Payment of variable remuneration is subject to risk-adjusted payments in instalments over time.

## APPENDIX 1 FUND RULES

Please note that this is an unofficial translation of the Swedish fund rules. In case of any discrepancies, the Swedish version prevails.

Established by the board of directors of Origo Fonder AB on 13 June 2018.

### § 1 THE LEGAL STATUS OF THE INVESTMENT FUND

**§ 1.1** The fund's name is Origo Quest 1 (the "Fund"). The Fund is a specialfund under the Swedish Alternative Investment Managers Act, SFS 2013:561, ("LAIF"). The fund is open to the public. The fund's assets are jointly owned by the investors and the shares in each share class carry equal rights to the fund's assets. The investors are not responsible for the obligations of the Fund. The Fund cannot acquire rights or assume obligations. The Fund cannot bring proceedings before a court or any other authority. The Fund's assets cannot be distrained.

**§ 1.2** The Manager stated in § 2 represents the investors in all matters relating to the Fund, makes decisions over the Fund's assets and exercises the rights that come with the assets. The operations of the Manager is conducted in accordance with these fund rules, the Manager's articles of association, LAIF, the Swedish Investment Funds Act (SFS 2004:46, "LVF") and other applicable laws.

**§ 1.3** The Fund has three share classes (A, B and C) and the fund rules apply equally to the share classes unless otherwise stated. The major differences between the share classes are the following:

- (a) Share class A: minimum initial investment SEK 500 000 (see § 9.3), additional investments in multiples of at least SEK 100 000 (see § 9.3), individually calculated performance fee (see § 11.1.4) and no dividends (see § 12.3).
- (b) Share class B: minimum initial investment SEK 500 000 (see § 9.3), additional investments in multiples of at least SEK 100 000 (see § 9.3), individually calculated performance fee (see § 11.1.4) and dividends subject to the Manager's decision (see § 12.1).
- (c) Share class C: minimum initial investment SEK 1 000 (see § 9.3), additional investments in multiples of at least SEK 1 000 (see § 9.3), collectively calculated performance fee (see § 11.1.4) and no dividends (see § 12.3).

### § 2 THE MANAGER

The Fund is managed by Origo Fonder AB, company registration no. 556851-7832, (the "Manager").

### § 3 THE DEPOSITARY AND ITS FUNCTIONS

**§ 3.1** The Fund's assets are held by Skandinaviska Enskilda Banken AB (publ.), company registration no. 502032-9081, as custodian (the "Custodian").

**§ 3.2** The Custodian shall receive and hold the Fund's assets and execute the decisions made by the Manager relating to the Fund. If foreign financial instruments are included in the Fund, the Custodian may use a suitable foreign custodian. The Custodian shall further ensure that the Manager complies with law and these fund rules as regards the management of the Fund, the calculation of the value of the shares and the execution of subscription and redemption of shares.

### § 4 FUND CHARACTERISTICS

**§ 4.1** The Fund is an equity-oriented long/short hedge fund with primary strategy to make equity investments in Nordic small and medium sized companies, which is balanced with short positions in Nordic companies and indices. Short-selling and derivative strategies are core components of the management. The Fund may also, within the limitations stated in § 5, invest in other markets and in other asset classes.

**§ 4.2** Investments are made widely in different sectors, but not within industries focused on weapons, pornography, tobacco and alcohol.

**§ 4.3** The Fund's target is to deliver competitive absolute return over a period of three to five years. To reach this target, the Manager has wide discretion to choose between different investment options and allocate the Fund's assets between different asset classes.

### § 5 INVESTMENT POLICY

#### Asset classes

**§ 5.1** The Fund's assets may be invested in transferable securities, money market instruments, derivative instruments and fund units, and be deposited in a credit institution.

**§ 5.2** When investing in derivative instruments, the underlying assets may be or related to transferable securities, money market instruments, credit institution deposits, financial indices, interest rates, currency exchange rates and foreign exchange.

#### Allocation

**§ 5.3** The Fund's assets may be freely allocated between issuers and eligible asset classes set out in § 5.1–5.2, subject to the limitations in Chapter 5 of LVF and § 5.4–5.9.

**§ 5.4** At least 90 percent of investments in transferable securities, money market instruments and fund units shall be made within the Nordics (calculated as exposure from both long and short positions). For transferable securities,

this means that the issuer is domiciled in the Nordics, that the instruments are traded on a regulated market in the Nordics, or that the instruments are traded on a regularly basis on another market in the Nordics that is regulated and open for the public. For money market instruments, this means that the issuer is a Nordic government or is domiciled in the Nordics. For fund units, this means that the fund generally invests at least 90 percent of its assets within the Nordics. This section applies *mutatis mutandis* to derivative instruments to the extent that the underlying assets is or relates to any of the assets classes mentioned in this section.

**§ 5.5** At least 90 percent of the Fund's long positions in equity and equity-like instruments shall be or related to instruments issued by small and medium sized companies with a market capitalisation of not more than one percent of the total market capitalisation of the Swedish stock market.

**§ 5.6** The limitations set out in § 5.4–4.4 applies as per the time the Fund makes the investment and shall not prevent the Fund from keeping positions that do no longer fulfil these requirements due to that the issuer has changed its domicile, that instruments are replaced, corporate actions, or other circumstances.

**§ 5.7** Not more than 10 percent of the Fund's assets may be invested such fund units referred to in Chapter 5, Section 15 of LVF. Investments in fund units may not result in that the Fund owns more than 25 percent of the shares of a fund. For funds traded on a regulated market, on an equivalent market outside of the EES, or on another market, the Fund may not own invest more than 20 percent of its assets in such funds.

**§ 5.8** The Fund's gross exposure must be at least 0 percent but not more than 200 percent. Gross exposure is defined as the sum of the market value for the Fund's long and short positions in equity and equity-like instruments in relation to the Fund's assets. The Fund's net exposure must be at least 0 percent but not more than 150 percent. Net exposure is defined as the marketvalue of the Fund's long minus short positions in equity and equity-like instruments in relation to the Fund's assets.

#### Exemptions from LVF

**§ 5.9** The fund rules deviate from what applies for UCITS funds in the following respects:

- (a) The Fund may invest up to 100 percent of its assets in transferable securities and money market instruments issued or guaranteed by the Swedish government; provided that the instruments originates from at least two different public offerings and that the holdings of such instruments originating from one public offering does not represent more than 50 percent of the total assets. Exemption from Chapter 5, Section 6, second paragraph 1, LVF.

- (b) The Fund's global exposure relating to derivative instruments must not exceed 200 percent of the Fund's value. Exemption from Chapter 5, Section 13, second paragraph, LVF.
- (c) Cash deposits in a single credit institution may not exceed 30 percent of the Fund's assets. If such credit institution is licensed as a bank in Sweden, or has an equivalent foreign license, the Fund may however have up to 40 percent of its assets deposited in an account with such institution. Exemption from Chapter 5, Section 11, 21 and 22, LVF.
- (d) Transferable securities and money market instruments from a single issuer may not, unless otherwise follows from § 5, exceed 20 percent of the Fund's value, provided that the total value of such assets that accounts for more than 10 percent, does not represent more than 50 percent of the Fund's value. Exemption from Chapter 5, Section 6, first paragraph and second paragraph 3, LVF.
- (e) The Fund may acquire shares to such extent that it is possible for the Manager to exercise a significant influence over the management of the company, however limited to 25 percent of the votes. Exemption from Chapter 5, Section 10, first paragraph, LVF.
- (f) The Fund may engage in securities lending up to an equivalent of 50 percent of the Fund's value. Exemption from Chapter 25, Section 21, third paragraph, FFFS 2013:9.
- (g) The Manager may, on behalf of the Fund, in its management of the Fund, take cash loans up to an amount corresponding to 50 percent of the Fund's value, provided that ordinary collateral is provided. Exemption from Chapter 5, Section 23, first paragraph 1, LVF.
- (h) The Manager may, on behalf of the Fund, in its management of the Fund, sell transferable securities, money market instruments and derivative instruments which the Fund does not own or possess (short selling). The Fund may also sell such securities that the Fund control, but do not own. Short selling may involve financial instruments that are first borrowed or sold but covered during the trading day. Exemption from Chapter 5, Section 23, first paragraph 3, LVF.
- (i) The Fund may invest up to 15 percent of its value in unlisted transferable securities and money market instruments. Exemption from Chapter 5, Section 5, first paragraph, LVF.

#### Risk profile

**§ 5.10** The following applies in relation to the Fund's target risk profile. The Manager aim at maintaining an average risk, calculated as the annual standard deviation over a rolling five year period, below the corresponding risk for Swedish small sized companies (Carnegie Small Cap Return Index Sweden (SEK)). However, the Fund's investment profile may result in that the Fund from time to time may have a relatively large share of its investments in cash and interest-bearing instruments.

## **§ 6 MARKETPLACES**

The Fund may invest in regulated markets within the EES or on other markets outside of the EES. Investments may also be made on other markets that are regulated and open for the public.

## **§ 7 CERTAIN INVESTMENT RESTRICTIONS**

### **§ 7.1 Unlisted transferable securities and money market instruments**

The Fund may invest in such transferable securities and money market instruments referred to in Chapter 5, Section 5, LVF.

### **§ 7.2 Derivative instruments**

The Fund may use derivative instruments with the aim of meeting investment goals, for the purpose of reducing risk and costs in the management and for the purpose of increasing the return of the Fund. Such instruments may also be used for creating leverage. The Fund may however not invest in OTC derivatives, as referred to in Chapter 5, Section 12, second paragraph, LVF, or commodity derivatives.

### **§ 7.3 Short selling**

The fund may use such technics and instruments referred to in Chapter 25, Section 21, FFFS 2013:9, for the purpose of reducing costs and risks in the Fund, or for the purpose of increasing the return and for creating leverage.

## **§ 8 VALUATION**

**§ 8.1** The Fund's value is calculated by deducting its liabilities (accrued fees, taxes and other liabilities) from its assets (financial instruments, cash and other assets, including accrued income). Financial instruments are to be valued at market value. To determine the value of listed instruments the last traded price is usually applied. If such a rate is missing or does not appear to be relevant, the Manager may in any other accepted and objective way determine the value based on available market information.

**§ 8.2** Such transferable securities and money market instruments referred to in Chapter 5, Section 5, LVF, are valued at the latest current market price or, if the securities are not traded on any market, last known transaction price. If such information is missing or appears to be irrelevant, the Manager may in any other objective way, in accordance with the valuation principles of the European

Private Equity & Venture Capital Association (EVCA), determine the value based on available information..

**§ 8.3** The value of a fund share (NAV) is the value of the Fund, calculated as above, divided by the number of fund units, considering the conditions associated with respective share class. The NAV value is set on the last bank day of each month and published by the Manager within five business days thereafter. This is an exception from Chapter 4, Section 10, fifth paragraph, LVF. The Manager is allowed to temporarily postpone the calculation and publication of the fund NAV as set out in § 10.

## **§ 9 SUBSCRIPTION AND REDEMPTION**

**§ 9.1** Subscription of fund units is executed by the Manager at the launch date of the Fund, and thereafter on the last bank day of each month (subscription day). Redemption is also executed on the last bank day of each month (redemption date). Exemption from Chapter 4, Section 13, LVF.

**§ 9.2** Application for subscription or redemption of units shall be made in writing using a special form provided by the Manager. The form must be sent by mail or in any other way advised by the Manager. It is the responsibility of the investor that the form is signed by an authorized person, that the correct bank details are given and that any other documents the Manager requires from time to time have been submitted to the Manager. Application for subscription or redemption may not be limited.

**§ 9.3** Application for subscription shall have been received by the Manager no later than five bank days prior to the subscription date. Payment shall be provided to the Fund's account no later than two days prior to the subscription date. If payment has not been received at the specified time, the subscription will not be executed. Requests for subscription and payment or redemption submitted to the Manager later than what is specified above, are executed the following month. The minimum subscription amount for the first investment and the minimum amount for any additional investments are:

- (a) Share class A: SEK 500 000, thereafter multiples of at least SEK 100 000
- (b) Share class B: SEK 500 000, thereafter multiples of at least SEK 100 000
- (c) Share class C: SEK 1 000, thereafter multiples of at least SEK 1 000

**§ 9.4** Notice of redemption of fund units shall be provided to the Manager no later than 20 bank days prior to the redemption date. Fund units are then redeemed on the redemption date if enough funds are available in the Fund. If this is not the case, the funds shall be obtained through the sale of the Fund's assets, and the redemption will be executed as soon as possible. If such a sale would materially disfavour the interest of other investors, the Manager may, after notifying the Swedish Financial

Supervisory Authority (*Finansinspektionen*), delay the sale. The same applies if local holidays or any exceptional trade disruption lead to missed current market prices for financial instruments equivalent to more than half of the fund's value. The Manager is entitled to postpone the sale and redemption of fund units provided that there are specific reasons for the action and it can be justified taking into account the mutual interest of the investors. The Manager shall promptly notify the Swedish Financial Supervisory Authority (*Finansinspektionen*) and affected investors of the action. The Manager must also inform the relevant authorities in other EES countries where the Fund is marketed. The Manager will, when the reasons for the delay have ended, notify the Swedish Financial Supervisory Authority (*Finansinspektionen*) thereof.

**§ 9.5** The redemption amount will be paid within ten business days after the redemption date, or at such later date as may apply if funding must be obtained through the sale of The Fund's assets.

**§ 9.6** Subscription and redemption of fund units are executed at a price equivalent to the net asset value of the Fund as set out in § 8. The NAV is not known at the time of application for subscription or redemption.

**§ 9.7** For subscription and redemption of fund units, the Manager may charge the fees set out in § 11.1–11.2 below.

**§ 9.8** The Manager may close the Fund for new subscriptions if the Fund's value according to the manager's perception exceeds an optimal level. The applicable optimal level is described in the information brochure. The Manager may only close the Fund if the intended closure is announced on the Manager's website no later than 30 days before the last day of subscription. Alternatively, the Manager may, at this date by the latest, indicate that the net subscription (subscriptions minus redemptions) in total may be made with a certain maximum amount. Allocation in the event of over-subscription will be made pro rata, based on the amount subscribed for. The decision to close the Fund and to resume subscription is to be taken by the Manager's board of directors.

## **§ 10 EXTRAORDINARY CIRCUMSTANCES**

If trading in financial instruments, where the Fund's assets are invested, is stopped due to extreme market conditions or extraordinary events, leading to that the Manager cannot determine the net asset value of the Fund, the Manager may, after having notified the Swedish Financial Supervisory Authority (*Finansinspektionen*), defer the date of calculation and publication of the net asset value (§ 8) as well as the subscription or redemption date (§ 9) until trading is resumed, if the total value of the investment in such financial instruments represents 5 percent or more of the Fund's total financial exposure.

## **§ 11 FEES AND COSTS**

### **§ 11.1 Förvaltningsavgift**

**§ 11.1.1** Compensation shall be paid by the Fund to the Manager for the management of the Fund as well as any additional costs, including the supervisory costs payable to the regulator and the fees payable to the Fund's auditor. The Manager's remuneration also includes compensation for fees paid to the Custodian for their services as depositary bank. The Manager's remuneration consists of a fixed fee and a performance fee.

#### Fixed fee

**§ 11.1.2** Fixed remuneration is paid from the Fund to the Manager with a maximum of 2 percent of the Fund's value per year. The compensation is calculated monthly, based on the Fund's value on the last bank day of the month. The current applicable fee is set out in the information brochure.

#### Performance-based fee

**§ 11.1.3** The Manager may also receive performance-based compensation, paid by the Fund. This is based on 20 percent of the portion of the total return of the Fund that exceeds the performance threshold. The performance threshold is defined as the prevailing annual interest rate of 90-day treasury bills issued by the Swedish government with the addition of 5 percent (90 d SSVX + 5 percent). The Fund applies the High Water Mark principle, which means that any underperformance relative to the performance threshold must be compensated before the performance fee is paid. The fee is calculated and charged to the Fund on a monthly basis on the date for monthly subscription and redemption, in accordance with § 9.

**§ 11.1.4** For investors in share classes A and B, the performance fee is calculated individually for each investor. Individual allocation of the performance fee takes place through the issue of compensation fund units to investors whose individual performance-based fee is lower than the investor's part of the total performance fee charged to the Fund's share class. In share class C, any performance fee is paid out collectively from the entire share class.

### **§ 11.2 Other costs**

Brokerage fees and other costs relating to the buying and selling of financial instruments are charged to the Fund. The Fund may also be charged with research costs to the extent permissible under law.

### **§ 11.3 Value added tax**

VAT is charged for all payments above where applicable.

### **§ 11.4 Rounding**

The number of fund units is rounded to six decimals. The fees are rounded to two decimals. The threshold relevant for the performance-based fee is rounded to two decimals.

## § 12 DIVIDENDS

§ 12.1 Share class B is distributing. The board of directors of the Manager annually decides on the dividends to be paid to the investors. The amount is to be decided based on the Fund's return and any remaining residual distribution amount from previous years. The total amount is expressed as a percentage of the total value of the distribution fund units as per the year's last bank day. The distribution per fund unit may be rounded down to the nearest lower 1/10 of one SEK.

§ 12.2 Payment of dividends are made in April or May in the year following the relevant financial year. Dividends are paid to investors who are registered for the distributing share class on the dividend date set by the Manager. The dividend is paid to the bank account the investor stated in connection with the subscription of units. The dividend will not affect the value of the non-distributing share classes. However, the dividend alters the ratio between the value of the distributing share classes and the non-distributing share classes. The ratio changes annually in connection with each dividend.

§ 12.3 Share classes A and C are not distributing dividends.

## § 13 FISCAL YEAR

The Fund's fiscal year is the calendar year.

## § 14 ANNUAL REPORTS, SEMI-ANNUAL REPORTS AND AMENDMENT TO THE FUND RULES

§ 14.1 The Manager shall publish annual and semi-annual reports. These shall, as soon as possible, be made available at the Manager and the Custodian, but no later than four months after the fiscal year, for the annual report, and two months after the mid-year, for the semi-annual report. Annual and semi-annual reports shall be sent free of charge to investors upon request.

§ 14.2 Amendments to the fund rules shall be approved by the Swedish Financial Supervisory Authority (*Finansinspektionen*), and where appropriate, made public in the manner prescribed by the regulator. The Manager should always have the fund rules available.

## § 15 PLEDGING AND TRANSFERING FUND UNITS

§ 15.1 Fund units may be pledged. Pledging of fund units shall be notified in writing to the Manager. The notification shall specify: (a) the pledgee; (b) the number of fund units covered by the pledge; (c) the owner of the fund units; and (d) any limitations of the pledge. The Manager registers the pledge in the investor register. The investor will be informed in writing of the registration of the pledge. When the pledge has ceased to exist the pledgee shall notify this in writing to the Manager.

§ 15.2 Transfer of fund units shall be notified in writing to the Manager. Investors are responsible that the notification is duly signed. Notification of transfer shall state: (a)

the transferor; (b) to whom the fund units are transferred to; and (c) the purpose of the transfer. Transfer of fund units requires that the Manager permits the transfer and the transfer is only approved if the transferee assumes the transferor's acquisition value.

## § 16 ELIGIBLE INVESTORS

§ 16.1 Although the Fund is open for investments from the public, investors are not eligible if such investment would be in violation of law or require the Fund or the Manager to take measures that would otherwise not be taken. The Manager may refuse an investment from such an investor.

§ 16.2 The Manager may redeem fund units if it turns out that the investment was made in violation of law or that the Manager is required to take measures that would otherwise not be taken.

§ 16.3 Redemption under § 16.2 shall be executed in connection with a calendar month end. § 9 shall then apply *mutatis mutandis*.

## § 17 LIMITATION OF LIABILITY

§ 17.1 If the Custodian has lost financial instruments held in custody by the Custodian or its depository bank, the Custodian shall without undue delay return financial instruments of the same type, or an amount equivalent to the value of the Fund. The Custodian is however not responsible if the loss of the financial instruments or other damage is caused by an external event beyond the Custodian's control, such as losses due to Swedish or foreign legal decrees, measures taken by Swedish or foreign authorities, acts of war, strikes, blockades, boycotts, lockouts or other similar circumstances. The Manager is not liable for damage caused by such external events beyond the Manager's control. The reservation in respect of strikes, blockades, boycotts and lockouts applies even if the Custodian or the Manager are the subject of, or executes, such measures. The Custodian or the Manager is not liable for damage caused by – Swedish or foreign – stock exchanges or other marketplaces, the central securities depository or clearing house.

§ 17.2 The Custodian or the Manager is not liable for damage arising as a result of restriction of disposal that may be applied against the Manager or the Custodian in respect of financial instruments. The Custodian is not responsible for loss of financial instruments held by the depository bank or other providers of similar services, which the Custodian with due care has chosen for the custody of financial instruments, and to which the Custodian has agreed to the transfer of responsibility with the right of the Manager to make claims directly against the depository bank. Such transfer of responsibility from the Custodian to the depository bank is a result of the instruction by the Custodian to the depository bank to store foreign financial instruments in a local market, as stated in the

existing depositary bank agreement between the Custodian and the Manager.

**§ 17.3** Losses incurred in other cases shall not be compensated by the Manager or the Custodian, if the Manager or the Custodian has exercised normal care and unless otherwise provided by applicable mandatory law. The Manager or the Custodian is not in any case liable for indirect damages.

**§ 17.4** Should the Manager or the Custodian be prevented to fully or partially enforce measures due to circumstances specified in § 17.2, the action may be postponed until the impediment has ceased. In the event of deferred payment, the Manager or the Custodian does not pay interest. If interest is promised, the Manager or Custodian shall pay interest at the rate in force on the due date. If the Custodian, due to circumstances stated in §

17.2, is prevented from receiving payment for the Fund, the Custodian is entitled to receive interest under the conditions prevailing at maturity for the time during which the obstacle existed. The Manager is not liable for damage incurred by the Custodian or its depositary bank. Neither is the Manager responsible for damage caused by investors of the Fund or others who breach the law, other regulations or these fund rules. The investors are hereby informed of their responsibility to provide the Manager with documents that are correct and duly signed, and to keep the Manager informed of any changes to the provided information. The Manager is liable under Chapter 8, Section 28–31, LAIF. The Custodian is liable under Chapter 9. Section 22, LAIF.

## APPENDIX 2 PERFORMANCE FEE CALCULATIONS

### SHARE CLASS A OCH B

The example in this appendix describes how the performance-based remuneration to Origo Fonder AB is calculated. The performance-based fee equals to 20% of the return exceeding the fund's return threshold. The calculation is made individually for each investor. The hurdle is calculated as 90 days T-bill issued by the Swedish government plus five percent. In this example, 90 days treasury bills (T-bills 90d) yield 1.6% on an annualized basis. A reading of 90d SSVX is done on the first business day of each month and is used for the calculation of the month.

Payment of the performance fee to the Manager is made monthly in arrears.

In the example it is assumed that the fixed management fee and expenses for the Fund's current management have already been deducted, and that each month has the same number of days. In the real calculation, the model is based on the actual number of days of the month.

In the example, it is assumed that investor A subscribes in Origo Quest 1 for SEK 1 000 000 as of 31 December. The calculation is somewhat simplified and is used only to illustrate the effects of the return threshold and the High Water Mark.

#### MONTH 1

During the first month, the Fund's value increases by 2%. Return threshold for this month is 6.6% on an annualized basis. Investor A's share value of the Fund now exceeds the return threshold, which means that the performance fee payable for the first month is SEK 2 900. Investor A's High Water Mark is SEK 1 017 100 at the end of the period.

A's value before performance fees	$1\,000\,000 \times (1 + 2\%) =$	1 020 000
A's return threshold	$1\,000\,000 \times (1 + (6.6\% \times 1 / 12)) =$	1 005 500
Basis for charging of performance fee	$1\,020\,000 - 1\,005\,500 =$	14 500
Performance fee	$20\% \times 14\,500 =$	2 900
A's value after deduction of performance fee	$1\,020\,000 - 2\,900 =$	1 017 100

#### MONTH 2

During the second month, the Fund's value falls by 2%. Return threshold for this month is 6.6% on an annualized basis. As the Fund applies the High Water Mark principle, the hurdle rate is calculated on the fund value for the last occasion when performance fee was paid. For month 2, no performance fee is charged. A's High Water Mark is SEK 1 022 694 at the end of the period.

A's value before performance fees	$1\,017\,100 \times (1 - 2\%) =$	996 758
A's return threshold	$1\,017\,100 (1 + (6.6\% \times 1 / 12)) =$	1 022 694
Basis for charging of performance fee	$996\,758 - 1\,022\,694 =$	-25 936
Performance fee	$20\% \times 0 =$	0
A's value after deduction of performance fee	$996\,758 - 0 =$	996 758

#### MONTH 3

During the third month, the fund's value increases by 2%. Return threshold for this month is 6.6% on an annualized basis. As the Fund applies the High Water Mark principle, the hurdle rate is calculated on the fund

value for the last occasion when performance fee was paid. For month 3, no performance fee is charged. A's High Water Mark is SEK 1 028 319 at the end of the period.

A's value before performance fees	$996\,758 \times (1 + 2\%) =$	1 016 693
A's return threshold	$1\,022\,694 \times (1 + (6.6\% \times 1 / 12)) =$	1 028 319
Basis for charging of performance fee	$1\,016\,693 - 1\,028\,319 =$	-11 626
Performance fee	$20\% \times 0 =$	0
A's value after deduction of performance fee	$1\,016\,693 - 0 =$	1 016 693

#### MONTH 4

During the fourth month, the Fund increases its value by 3%. Return threshold for this month is 6.6% on an annualized basis. A's share value of the fund now exceeds the return threshold, which means that the performance fee payable for month 4 is SEK 2 644. A's High Water Mark is 1 044 550 at the end of the period.

A's value before performance fees	$1\,016\,693 \times (1 + 3\%) =$	1 047 194
A's return threshold	$1\,028\,319 \times (1 + (6.6\% \times 1 / 12)) =$	1 033 975
Basis for charging of performance fee	$1\,047\,194 - 1\,033\,975 =$	13 129
Performance fee	$20\% \times 13\,129 =$	2 644
A's value after deduction of performance fee	$1\,047\,194 - 2\,644 =$	1 044 550

#### ADJUSTMENT OF THE NUMBER OF FUND UNITS AND THE FUND SHARE VALUE

Payment to the Manager of the performance fees are made monthly in arrears. The payment is made by the fund but charged to the individual investor's fund value. At the end of the month, all remaining investors are assigned the same fund share value and the number of fund units are adjusted. The following example illustrates this adjustment.

In the example it is assumed that the fund has three investors – A, B and C – each owning units of the fund to a value of 100. The shares have been acquired at different times and at different prices. The three investors therefore have different input values for the calculation of the performance fee to the Manager. In this example, it is assumed that investor A should pay 10 in performance fee, investor B shall pay 5 in performance fee and investor C shall pay 0 in performance fee.

At the end of the month, the fund's NAV is adjusted so all investors are assigned the NAV applicable to the investor who has paid the highest performance fee per fund unit – in this case: investor A. The calculation shows that the total assets of the fund are reduced by the paid performance-based fee:  $10 + 5 = 15$ . After the Manager has received the performance-based fee, the fund's NAV amounts to 285. Meanwhile, 16.6667 new fund units have been credited to investors B and C while the fund share value for these investors has been adjusted down to 0.90.

The fund value for investors A, B and C after adjusting the fund share value and number of fund units is equal to the value of the fund after payment of the performance-based fee, i.e. 90 for investor A, 95 for investor B and 100 for investor C.

	INVESTOR A	INVESTOR B	INVESTOR C	FUND
Fund value before performance fee	100	100	100	300
Accrued performance fee	10	5	0	15
Number of fund units	100	100	100	300

	INVESTOR A	INVESTOR B	INVESTOR C	FUND
NAV before performance fee	1	1	1	1
Fund value after payment of performance fee	90 (100 - 10)	95 (100 - 5)	100 (100 - 0)	285 (300 - 15)
Number of fund units before adjustment	100	100	100	300
Fund value after payment of performance fee	0.90	0.90	0.90	0.90
Adjustment of fund units	0	+ 5.5556 (5 / 0,90)	+ 11.1111 (10 / 0,90)	+ 16.6667
Number of fund units after the adjustment	100	105.5556	111.1111	316.6667
Fund value after adjustment	90 (0.90 × 100)	95 (0.90 × 105.5556)	100 (0.90 × 111.1111)	285

## SHARE CLASS C

Share class C is primarily targeted to clients investing in the fund through Origo Fonder AB's partners. The performance fee is therefore calculated on a collective basis (not individually per investor). Any performance fee is taken out of the entire share class, and all investors have the same monthly net asset value when calculating the monthly return. Otherwise, the model is similar to the fee model used for share classes A and B.

The performance-based fee is equal to 20% of the return exceeding the fund's return threshold. This hurdle is calculated as 90 days T-bill issued by the Swedish government plus five percent. In this example, 90 days' treasury bills (T-bills 90d) yield 1.6% on an annualized basis. A reading of 90d SSVX is done on the first business day of each month and is used for the calculation of the month.

Payment of the performance fee to the manager is made monthly in arrears.

In this example it is assumed that the fixed management fee and expenses for the fund's current management have already been deducted.

### MONTH 1

During the first month, the fund increases its value by 2%. Return threshold for this month is 6.6% on an annualized basis. The fund's (share class C) new fund share value and thereby investor A's share value, now exceeds the return threshold, which means that the performance fee payable for the first month is SEK 2 900. The share class and Investor A's High Water Mark is SEK 1 017 100 at the end of the period.

Value before performance fee	$1\,000\,000 \times (1 + 2\%) =$	1 020 000
Return threshold	$1\,000\,000 \times (1 + (6.6\% \times 1 / 12)) =$	1 005 500
Basis for charge of performance fee	$1\,020\,000 - 1\,005\,500 =$	14 500
Performance fee	$20\% \times 14\,500 =$	2 900
Value after deduction of performance fee	$1\,020\,000 - 2\,900 =$	1 017 100

### MONTH 2

During the second month, the share class and A's value decreases by 2%. Return threshold for this month is 6.6% on an annualized basis. As the fund applies the High Water Mark principle, the hurdle rate is calculated on

the fund value for the last occasion when performance fee was paid. For month 2, no performance fee is therefore charged. Share class C and investor A's High Water Mark is SEK 1 022 694 at the end of the period.

Value before performance fee	$1\,017\,100 \times (1 - 2\%) =$	996 758
Return threshold	$1\,017\,100 \times (1 + (6.6\% \times 1 / 12)) =$	1 022 694
Basis for charge of performance fee	$996\,758 - 1\,022\,694 =$	-25 936
Performance fee	$20\% \times 0 =$	0
Value after deduction of performance fee	$996\,758 - 0 =$	996 758

### MONTH 3

During the third month, the fund (share class C) increases by 2%. Return threshold for this month is 6.6% on an annualized basis. As the fund applies the High Water Mark principle, the hurdle rate is calculated on the fund value for the last occasion when performance fee was paid. For month 3, no performance fee is charged. The new High Water Mark for share class C is SEK 1 028 319 at the end of the period.

Value before performance fee	$996\,758 \times (1 + 2\%) =$	1 016 693
Return threshold	$1\,022\,694 \times (1 + (6.6\% \times 1 / 12)) =$	1 028 319
Basis for charge of performance fee	$1\,016\,693 - 1\,028\,319 =$	-11 626
Performance fee	$20\% \times 0 =$	0
Value after deduction of performance fee	$1\,016\,693 - 0 =$	1 016 693

### MONTH 4

During month 4, the fund increases its value by 3%. Return threshold for this month is 6.6% on an annualized basis. The fund class and thus investor A's share value of the fund now exceeds the return threshold, which means that the performance fee payable for month 4 is SEK 2 644. Share class C's (and investor A's) new High Water Mark is SEK 1 044 550 at the end of the period.

Value before performance fee	$1\,016\,693 \times (1 + 3\%) =$	1 047 194
Return threshold	$1\,028\,319 \times (1 + (6.6\% \times 1 / 12)) =$	1 033 975
Basis for charge of performance fee	$1\,047\,194 - 1\,033\,975 =$	13 219
Performance fee	$20\% \times 13\,219 =$	2 644
Value after deduction of performance fee	$1\,047\,194 - 2\,644 =$	1 044 550