

General Terms and Conditions for co-operation between the Swedish Pensions Agency and Fund Managers 01/10/2016

01/10/2016

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General Terms and Conditions for co-operation between the Swedish Pensions Agency and Fund Managers 01/10/2016

Background

The Swedish Social Insurance Code (2010:110) prescribes that funds corresponding to established pension rights to a premium pension shall be consolidated and that the pension savers shall have the opportunity to decide personally how the funds thus consolidated on their behalf shall be managed. Pensionsmyndigheten (hereinafter referred to as the Swedish Pensions Agency) is the public authority that administers the premium pension system.

A company that wishes to participate in the premium pension system shall enter into a co-operation agreement with the Swedish Pensions Agency.

Upon a request by a pension saver, the Swedish Pensions Agency shall transfer funds equivalent to the pension rights for management in funds which have applied for registration with the authority. The Swedish Pensions Agency owns units in the funds chosen by the pension savers. Pension rights accrue to the individual pension saver on the basis of the balance from time to time in each saver's premium pension account.

Section 1 General

The Swedish Pensions Agency's General Terms and Conditions of co-operation between the Swedish Pensions Agency and Fund Managers consist of this document and the appendices attached hereto (referred to below as Co-operation Agreement). A company becomes bound by the General Terms and Conditions upon execution of a Co-operation Agreement with the Swedish Pensions Agency. A company that has entered into such a Co-operation agreement is referred to below as a Fund Manager.

The Swedish Pensions Agency only enters into agreements with companies who have been granted permission to manage investment fund operations. The conditions for entering into agreements with the Swedish Pensions Agency are found in the Swedish Social Insurance Code (2010:110).

The General Terms and Conditions are available in Swedish and English. In the event of a conflict between the Swedish language version and the English language version, the Swedish language version shall have precedence.

In addition to the Co-operation Agreement, the Swedish Pensions Agency has also drawn up instructions regarding the Co-operation Agreement, entitled "Instructions to the co-operation agreement– Information for Fund Managers prior to conclusion of co-operation agreement and enrolment of funds."

Section 2 Engagement

The Fund Manager shall, with due care and in a professional manner, manage the capital that the Swedish Pensions Agency has transferred to the funds managed by the Fund Manager. The Fund Manager shall perform this undertaking in accordance with these General Terms and Conditions, and with consideration of applicable laws and other regulations that regulate the Fund Manager's business.

In accordance with instructions from the Swedish Pensions Agency, the Fund Manager shall sell and redeem units of funds registered for the Fund Manager with the Swedish Pensions Agency and perform other obligations in accordance with the rules set forth in Appendix A.

A Fund Manager shall notify the Swedish Pensions Agency of changes in its ownership structure, changes among senior personnel and authorised representatives as well as other important changes in the Fund Manager's business that are of significance for its co-operation with the Swedish Pensions Agency. The parties shall also in general, without delay, inform each other of circumstances which may be pertinent to their collaboration.

The Fund Manager may engage service providers only to the extent permitted by law or any other enactment. The Fund Manager shall be liable to the Swedish Pensions Agency for the proper performance of the undertaking notwithstanding engagement of a service provider. The Fund Manager shall inform the Swedish Pensions Agency in writing when a service provider is so engaged, when such engagement ceases, and of the authorisation changes that arise as a result thereof.

Section 3 Definitions

The definitions provided in Section 1 of Appendix A are to be applied to the Co-operation Agreement.

Section 4 Authorised representatives

Unless otherwise specially agreed upon by the parties, the Fund Manager shall provide an up-to-date list of the persons who are authorised to represent the Fund Manager in the performance of the engagement. The

Swedish Pensions Agency shall provide an equivalent list with respect to Trading. The lists shall be kept up-to-date by each party.

Section 5 Commencement of the parties' co-operation

The parties shall, as a general rule, hold an introductory meeting at the Swedish Pensions Agency to clarify, inter alia, the parties' organisational structures and contact persons, and the manner in which co-operation will proceed in practical terms. The meeting shall be held before the Co-operation Agreement is signed.

Section 6 Registration and de-registration of funds

6.1 Registration of funds, etc.

When the Fund Manager wishes a fund to be registered with the Swedish Pensions Agency, the Fund Manager shall submit an application thereof to the Swedish Pensions Agency. Such an application shall be worded and contain information in accordance with detailed instructions provided by the Swedish Pensions Agency.

6.2 Registration requirements

In respect of each fund, the Swedish Pensions Agency will determine whether it fulfils the legal requirements for registration and the requirements set forth for the fund and the Fund Manager in accordance with these General Terms and Conditions, including the stipulation that the fund be suitable for registration in the premium pension system and that the fund can be expected to function satisfactorily in the premium pension system.

6.3 Decision on registration

If the Swedish Pensions Agency finds the requirements to be fulfilled, the fund shall be registered and included in the premium pension system. The Swedish Pensions Agency shall notify the Fund Manager if and when the fund has been registered.

A fund must continually satisfy existing requirements for registration under Section 6.2.

The Swedish Pensions Agency is entitled to limit the number of funds that may be registered for each Fund Manager. The Swedish Pensions Agency is also entitled to charge a fee corresponding to the Swedish Pension's Agency's costs for the registration of, and provision of information about funds.

6.4 *De-registration of funds*

The Swedish Pensions Agency shall de-register a fund if the fund no longer satisfies the requirements for registration or if the Fund Manager has requested that the fund be de-registered.

The Swedish Pensions Agency may de-register a fund where

- (i) on repeated occasions, payments from the Fund Manager are delayed in respect of the Swedish Pensions Agency's sell orders regarding units in the fund,
- (ii) on repeated occasions, the Fund Manager has provided the Swedish Pensions Agency with incorrect unit prices with respect to the fund;
- (iii) on repeated occasions, the Fund Manager has failed to reinvest dividends in the fund on behalf of the Swedish Pensions Agency, as prescribed in Section 3.9 of Appendix A;
- (iv) the Fund Manager does not pay compensation to the Swedish Pensions Agency for the Swedish Pensions Agency's actual costs for information to pension savers pursuant to Section 5.3 in appendix A;
- (v) obligations in accordance with Sections 11.1 and 11.2 are not fulfilled;
- (vi) the Fund Manager does not submit detailed information on the fund's investments within the appointed time upon request of the Swedish Pensions Agency in accordance with Appendix A Section 5.1, or;
- (vii) the Swedish Pensions Agency determines that the fund is not suitable for registration in the premium pension system.

The Swedish Pensions Agency shall offer the Fund Manager an opportunity to be heard before de-registration in accordance with (i)-(vii) takes place.

The Swedish Pensions Agency shall furnish information as soon as possible concerning the manner in which the unit holding is to be liquidated following the de-registration decision. The General Terms and Conditions shall also be applied during the liquidation period, unless the Swedish Pensions Agency has granted an exemption in writing. Accordingly, the Fund Manager may not cease Trading in the fund until all fund units held by the Swedish Pensions Agency therein have been redeemed.

The fund will be considered to be de-registered by the Swedish Pensions Agency when all of the Swedish Pensions Agency's units in the fund have been redeemed. The parties are nevertheless liable for the performance of any outstanding obligations pursuant to Section 14.5.

6.5 Request for de-registration of fund

In the event of circumstances resulting in the fund no longer satisfying the requirements for registration, the Fund Manager shall request that the fund be de-registered. Such a request shall be in writing and be submitted at the latest upon notification/publication of the circumstance which results in the fund no longer satisfying the requirements for being registered in the premium pension system. Circumstances according to this section refers to liquidation, merger, loss of permit to conduct fund operations and the situation that the fund no longer fulfils the requirements of the UCITS-directive. Such a message comes into force when it reaches the Swedish Pensions Agency.

Section 7 Fees

7.1 Trading fees

The Fund Manager shall not charge any fees on its own account and undertakes to ensure that no other party charges any fees in conjunction with Trading of units in a fund.

7.2 Management fees, etc.

The Fund Manager shall, in respect of the management of the fund, take out from the fund the management fee and other costs normally applied to other unit holders in the fund.

Section 8 Price reduction

The Fund Manager shall grant the Swedish Pensions Agency a price reduction as determined by the Swedish Pensions Agency in accordance with Appendix B or C. Calculation in accordance with Appendix B shall be carried out for funds which, at the close of the calendar quarter, allocate a maximum of 10 per cent of their assets under management to Sub-funds. Calculation in accordance with Appendix C shall be carried out for funds that, at the close of the calendar quarter, allocate in excess of 10 per cent of their assets under management to Sub-funds.

Section 9 Marketing activities

A party may use the other party's name in its advertising or other marketing activities only in order to inform the pension savers about the premium

pension system. The information must be objective and factual. However, a party may not use the other party's brand logo without their approval.

Section 10 Damages, liquidated damages and halt to further subscriptions

10.1 Damages

In addition to that which is applicable pursuant to Chapter 2, Section 21 of the Swedish Investment Funds Act or corresponding provisions in the Fund Manager's home country, the Swedish Pensions Agency shall be entitled to compensation for any direct loss incurred by the Swedish Pensions Agency or a pension saver because the Fund Manager has:

- (i) provided the Swedish Pensions Agency with incorrect unit prices for a fund,
- (ii) breached a provision in these general terms and conditions or breached any act, ordinance or regulation, or
- (iii) otherwise been negligent.

The Swedish Pensions Agency shall also be entitled to compensation for the loss of increase in value in the fund in question and any reasonable development, correction or information costs as a consequence of the Fund Manager having provided the Swedish Pensions Agency with incorrect unit prices for orders regarding the purchase or sale of units in a fund.

The provision of the first paragraph does not in any way limit any right to compensation that the Swedish Pensions Agency may otherwise have.

A Fund Manager shall be entitled to compensation for any loss incurred by the Fund Manager as a consequence of the Swedish Pensions Agency's negligence.

10.2 Adjustment of damages

Damages can be adjusted if the injured party has contributed to them through its own negligence.

10.3 Liquidated damages

In the event that the Fund Manager fails to perform its obligation to provide unit price information or confirmation of executed Trading orders pursuant to Sections 3.2, 3.3, 3.5 and 6 in Appendix A, the Swedish Pensions Agency shall, unless otherwise stipulated in section 3.4 of Appendix A, be entitled to liquidated damages. The liquidated damages shall amount to SEK 10,000 for each individual Business day and fund.

In the event that the Fund Manager fails to perform its obligation to provide information in the agreed manner regarding Business days, Holding statements, Dividends and information on fund type pursuant to Sections 5.4-5.6 of Appendix A and section 3.2 of Appendix B, the Swedish Pensions Agency shall be entitled to liquidated damages. The liquidated damages shall amount to SEK 20,000 per fund and shall apply for each occasion on which one or more of the above obligations are not fulfilled.

In the event the Fund Manager fails to perform its obligation to provide information on circumstances which result in de-registration in accordance with Section 6.5, the Swedish Pensions Agency is entitled to liquidated damages. The liquidated damages shall amount to SEK 50,000 per fund and occasion on which the obligation is not fulfilled.

In the event that the Fund Manager fails to report in time those costs which, pursuant to Section 5.7 of Appendix A, form the basis for the calculation of the price reduction pursuant to Appendix B, the Swedish Pensions Agency shall be entitled to liquidated damages. The liquidated damages shall consist of 0.01 per cent of the combined value of the Swedish Pensions Agency's holding in the fund in question, as per the final Business day of the current year. However, under no circumstances shall the liquidated damages be less than SEK 20,000 or more than SEK 100,000 per fund.

Should the holding of the Swedish Pensions Agency in the fund in question be quoted in a currency other than SEK, calculation of the liquidated damages shall be carried out using the currency rate at which the holding of the Swedish Pensions Agency was trading on the Business day in question.

In the event that the Fund Manager fails to perform its obligations in accordance with Section 11.1 and 11.2, the Swedish Pensions Agency shall be entitled to liquidated damages. The liquidated damages shall amount to SEK 100,000 per occasion when in violation of 11.1 and SEK 50 000 SEK per occasion when in violation of 11.2. Liquidated damages imposed do not affect the Swedish Pensions Agency's right to initiate a halt to further subscriptions in accordance with Section 10.5.

In the event that the Fund Manager fails to perform its obligations in accordance with Section 5.1 in Appendix A, the Swedish Pensions Agency shall be entitled to liquidated damages. The liquidated damages shall amount to SEK 50,000 per occasion on which the obligation is not fulfilled. Liquidated damages imposed do not affect the Swedish Pensions Agency's right to initiate a halt to further subscriptions in accordance with Section 10.5.

10.4 Adjustment of liquidated damages

Liquidated damages can be adjusted if the Swedish Pensions Agency has contributed to the Fund Manager not performing its obligations according to Sections 3.3, 3.5 and 6 in Appendix A or Sections 5.4-5.7 in Appendix A through its own negligence.

10.5 Halt to further subscriptions

If the Swedish Pensions Agency determines that the Fund Manager is not fulfilling, or cannot be expected to fulfil, its obligations in accordance with these General Terms and Conditions, in accordance with the law or other enactments that regulate the Fund Manager's business, the Swedish Pensions Agency can stop trading for subscriptions in the Fund Manager's fund/s until such time as the Fund Manager has rectified the deficiencies in question. If a Fund Manager does not fulfil its obligations in accordance with Section 11.1 and 11.2, the Swedish Pensions Agency may stop trading for subscriptions in the Fund Manager's fund/s until such time as the Swedish Pensions Agency determines that the Fund Manager is again observing the General Terms and Conditions.

If a halt to further subscriptions is initiated, the Swedish Pensions Agency shall inform the Fund Manager of the halt to further subscriptions and of the reason for it. If the Swedish Pensions Agency is considering de-registration of the Fund Manager's fund/s, an investigation into this shall be carried out. During the investigation period, the Swedish Pensions Agency has the right to stop trading for subscriptions up until the de-registration takes place, or the investigation is terminated without action.

10.6 Limitation of responsibility

A party shall not be liable for loss caused by Swedish or foreign legislation, measures taken by Swedish or foreign public authorities, acts of war, strikes, blockades, boycotts, lockouts or other similar circumstances outside the control of the party and the consequences of which the party could not reasonably avoid or surmount. The reservation regarding strikes, blockades, boycotts and lockouts shall apply notwithstanding that the party is the subject of, or undertakes, such measures.

If a party is prevented from making payment or taking any other action due to a circumstance as set forth in the first paragraph, such action may be postponed until the impediment no longer exists.

A party shall, without delay, inform the other party of the existence of such circumstances as set forth in the first paragraph or if there is a reason to expect that such circumstances will occur.

Section 11 Requirements on the Fund manager concerning documentation and best practices

11.1 Best practices

The Fund Manager shall observe best practices in the field of premium pensions.

The Fund Manager is also responsible for all entities that the Fund Manager in any way co-operates with or engages for counselling, marketing, administration or sales of fund/s observing best practices in the field of premium pensions.

The obligations of the Fund Manager to observe best practices in the field of premium pensions do not take away the obligation of the Fund Manager to observe current legislation and other regulations that regulate the Fund Manager's business.

11.2 Documentation requirements

The Fund Manager and its collaboration partners and eventual subcontractors are obligated to document all marketing, counselling and sales measures within the field of premium pensions. Upon request from the Swedish Pensions Agency, the Fund Manager shall issue this documentation as well as any agreements between the Fund Manager and its collaboration partners and their subcontractors. Thus shall the Swedish Pensions Agency consider the obligations that the Fund Managers are required to fulfil according to current legislation and regulations.

11.3 Presumption

A Fund Manager is responsible for all measures that are taken in contravention of good practices taken to promote its fund/s in the premium pension system. If any other entity takes such measures in contravention of good practices, the Fund Manager will be assumed to have engaged the entity and is therefore responsible for all of the entity's actions, unless the Fund Manager makes likely that such dealings do not exist.

Section 12 Complaints and limitation period

A party must be able to rely on the performance by the other party of its obligations under these general terms and conditions and a party shall be under no obligation to investigate whether the obligations have been duly discharged.

In the event that a party wishes to assert that the other party's obligations pursuant to these general terms and conditions have been performed in an

erroneous manner, such party shall notify the other party thereof within a reasonable period of time after it should have or has discovered the error. The provisions of Chapter 18, Section 9 of the Swedish Commercial Code (1736:0123_2) concerning limitation periods shall not apply to the parties' rights and obligations under this Co-operation Agreement.

Section 13 Term of the agreement

The Co-operation Agreement is valid until further notice.

Section 14 Termination, etc.

14.1 Termination by the Fund Manager

The Fund Manager shall be entitled to terminate the Co-operation Agreement with effect from the date on which all of the Fund Manager's funds are de-registered by the Swedish Pensions Agency.

14.2 Termination by the Swedish Pensions Agency

The Swedish Pensions Agency shall be entitled to terminate the Co-operation Agreement where

- (i) a supervisory authority with jurisdiction over the Fund Manager revokes the Fund Manager's licence to conduct business or the Fund Manager is prohibited, either wholly or in part, from assuming new obligations,
- (ii) the Fund Manager has entered into liquidation,
- (iii) the Fund Manager has been declared bankrupt or suspended its payments,
- (iv) The Fund Manager has materially or repeatedly breached these general terms and conditions, law or other regulations that regulate the Fund Manager's or its collaboration partners' operation, or
- (v) the Fund Manager no longer has any fund registered in the premium pension system.

Furthermore, the Swedish Pensions Agency may concurrently terminate all of the Fund Manager's Co-operation Agreements in the event that such agreements are no longer compatible with the changed legal conditions for the functioning of the premium pension system.

The Co-operation Agreement shall be terminated when all of the Fund Manager's funds have been de-registered by the Swedish Pensions Agency.

14.3 De-registration in conjunction with termination

In conjunction with de-registration pursuant to Sections 13.1 and 13.2, the provisions of Section 6.2 shall apply.

14.4 Automatic termination

The Co-operation Agreement shall be terminated without notice where the Fund Manager

- (i) has not applied for registration of any fund with the Swedish Pensions Agency within six months of the signing of the Co-operation Agreement, or
- (ii) for a continuous period of six months, has not had any fund registered with the Swedish Pensions Agency and has not applied for registration of a fund during this period.

14.5 Remaining obligations

Following de-registration of a fund or termination of the Co-operation Agreement, the parties shall remain liable for the fulfilment of obligations which, by their nature, are such as must be fulfilled even after de-registration of the fund or termination of the Co-operation Agreement.

Section 15 Assignment

A Fund Manager may not assign or otherwise deal with rights or obligations under these general terms and conditions without the written consent of the Swedish Pensions Agency.

Section 16 Amendments and supplements

The Swedish Pensions Agency shall be entitled to amend or supplement these general terms and conditions.

The Swedish Pensions Agency shall send proposed amendments and supplements to the Fund Managers, who shall have the opportunity to present views on the proposals within a certain period of time. The Swedish Pensions Agency may refrain from the consultation procedure where

- (i) the amendment or supplement is the result of new or amended legislation, or a decision by a court or public authority, or
- (ii) the Swedish Pensions Agency deems it to be clearly unnecessary or there are special reasons thereof.

The Swedish Pensions Agency shall inform the Fund Managers of amendments and supplements decided upon by the Swedish Pensions

Agency. Such notification shall be sent to the Fund Managers at least two months prior to the entry into force of the amendments. However, such notice of changes may be sent later where

- (i) the amendment or supplement is the result of new or amended legislation, or a decision by a court or public authority, or
- (ii) the Swedish Pensions Agency deems there to be special reasons.

Amendments and supplements shall also be published on the Swedish Pensions Agency's website.

An amendment or a supplement shall be deemed to have been received by the Fund Manager when the Swedish Pensions Agency has sent notification of the amendment or supplement to the Fund Manager by post to the postal address given by the Fund Manager and the Swedish Pensions Agency has also published the amendment or supplement on its website.

Section 17 Notices

With the exception of such information as stated in Section 6 of Appendix A, notices relating to these general terms and conditions shall be provided by courier, sent by post, fax, e-mail, the Swedish Pensions Agency's system for fund trading and fund information or any other mutually agreed-upon manner. Such a message comes into force when it reaches the recipient.

Information which the Swedish Pensions Agency has made available in its system for fund trading and fund information shall be deemed as being received by the Fund Manager.

Section 18 Governing law, etc.

The rights and obligations of the parties pursuant to the Co-operation Agreement shall be decided in their entirety by Swedish law, with the exceptions provided for by the conflict-of-law rules.

Disputes regarding the establishment, interpretation or application of this Co-operation Agreement, or any legal relations pertaining thereto, shall be resolved in Stockholm City Court, in the first instance.

Provisions regarding the rights of a pension saver to take legal action against a Fund Manager for damages payable to the Swedish Pensions Agency are contained in Chapter 64, Sections 32-36 of the Swedish Social Insurance Code (2010:110). A pension saver may commence such proceedings against a Fund Manager in the Stockholm City Court.

Appendix A to the General Terms and Conditions, 01/10/2016

Section 1 Definitions

1.1 Trading

Trading in fund units means that the Swedish Pensions Agency purchases fund units or that the fund units are redeemed on the order of the Swedish Pensions Agency.

1.2 Trading order

Purchase orders and sale orders are hereinafter collectively referred to as Trading orders.

1.3 Business day

The day on which the fund is open for trading by both the Swedish Pensions Agency and the Fund Manager is hereinafter referred to as a Business day.

1.4 Order day

The Business day on which the Swedish Pensions Agency has submitted a Trading order to the Fund Manager is hereinafter referred to as an Order day.

1.5 Trading day

The day which security prices forms the basis for the unit prices set by the Fund Manager for the applicable trade is hereinafter referred to as the Trading day.

1.6 Settlement day

The day which the Swedish Pensions Agency and the Fund Manager agree that payment for Trading order shall be received by the Swedish Pensions Agency or the Fund Manager.

1.7 Reconciliation day

Dividends are calculated based on the holdings held on this day.

1.8 Dividend day

Dividends are reinvested based on the price for this day.

1.9 SEK

The currency of Sweden, Swedish kronor, is hereinafter referred to with the currency code SEK.

1.10 Sub-fund

A fund where the Main fund wholly or partially allocates its assets in.

1.11 Main Fund

A fund which allocates at least 10 per cent of its assets in sub-funds.

1.12 Normal trading

The fund has "normal trading" if the Trading day is the same day as the Order day.

1.13 Delayed trading

The fund has "delayed trading" if the Trading day is the Business day after the Order day.

1.14 Normal reporting

The fund has "normal reporting" if the fund reports unit prices in accordance with Section 3.3, first paragraph and contract note in accordance with Section 3.5 first paragraph.

1.15 Slow reporting

The fund has "slow reporting" if the fund reports by a delay of one Business day as compared with "normal reporting."

Section 2 Swedish time

The references made to times in this Appendix shall refer to Swedish local time.

Section 3 Trading in funds

3.1 Trading orders to the Fund Manager

An order for purchase of units shall include information concerning the amount at which the Fund Manager's sale is made. An order regarding redemption of units shall contain information concerning the number of units to be redeemed.

A Trading order shall be submitted on an Order day no later than 09:30, unless otherwise stated in the fourth paragraph. The Trading day shall be the same day (referred to as "normal trading").

The Swedish Pensions Agency may approve that the Trading day of a fund shall be the Business day following the Order day. The Swedish Pensions Agency may provide such consent if such delayed trading is permitted in accordance with the fund's regulations or equivalent documents (referred to as "delayed trading").

The Swedish Pensions Agency can submit further Trading orders to the Fund Manager subsequent to the time set forth in the second paragraph.

If the Swedish Pensions Agency does not require Trading on a particular day, the Fund Manager shall be notified thereof no later than 09:30.

3.2 Acceptance of Trading orders

The Fund Manager shall accept a Trading order by confirming receipt thereof no later than 12:00 on the Order day. If a Trading order cannot be accepted within that time due to circumstances as set forth in Section 3.1, fourth paragraph, notice of acceptance shall be submitted in a manner specifically agreed upon by the parties.

3.3 Unit prices

The Fund Manager shall, for each Business day submit unit prices to the Swedish Pensions Agency between 14:30 and 21:00 on the same day, or alternatively between 08:00 and 11:00 on the next Business day (referred to as "normal reporting"). The Fund Manager shall thereupon make specific comments regarding the accuracy of major fluctuations, relative to the unit prices of the previous Business day.

If the Fund Manager has requested slow reporting of unit prices, the Swedish Pensions Agency can permit that the reporting times are delayed by one Business day in accordance with the time frames in paragraph 1.

The unit prices that the Fund Manager submits shall be the prices that the Fund Manager uses for unit holders in conjunction with Trading or valuation of the fund on the day that the prices are submitted. The unit prices shall be correct and, bearing in mind the circumstances, be the most exact prices that the Fund Manager can submit.

3.4 Temporarily delayed unit prices

If unit prices can be established for the Business day, but not within the time period stated in Section 3.3, the Fund Manager shall instead, within the stated time period, report the fund as having a temporarily delayed unit price. For such funds, the unit price is to be submitted no later than 11:00 on the Business day following the elapsed time period.

If the Swedish Pensions Agency demands unit prices for a day for which the price of the fund is not fixed, the Fund Manager should report the fund as closed. Reporting should take place as soon as the Fund Manager is able to do so, however at the latest on the next Business day in accordance with paragraph 1.

3.5 Confirmation of executed Trading orders (Contract note)

The Fund Manager shall confirm every executed Trading order. The confirmation shall be received by the Swedish Pensions Agency no later than 13:00 on the Business day after the Trading day. The confirmation shall be effected through a contract note and contain details of the amount, the number of units sold or redeemed, the finally established price, the transaction date and the settlement date, as well as further information which may be requested by the Swedish Pensions Agency.

If the Fund Manager has requested "slow reporting," the Swedish Pensions Agency can approve that confirmation in accordance with the first paragraph is delayed by one Business day.

3.6 Delayed trading

If Trading in a particular fund is not performed by the Fund Manager in due time, the Fund Manager shall immediately inform the Swedish Pensions Agency thereof. Unless the Swedish Pensions Agency agrees otherwise, trading shall be performed as soon as possible. The Trading order shall be executed at the unit price that would have applied if Trading had been executed in due time. The wording in the sentence above shall not prevent the Fund Manager to apply delayed trading in accordance with applicable regulations.

3.7 Alteration of unit price

If the Fund Manager subsequently discovers that an incorrect unit price has been submitted, the Swedish Pensions Agency shall be informed of this immediately. The Fund Manager shall state the unit price which should apply instead. This applies even if Trading did not take place in the fund on the Business day in question.

Information regarding the altered unit price shall be signed by an authorised representative on behalf of the Fund Manager.

3.8 Minimum trading unit

The Fund Manager may not stipulate a certain minimum amount as a condition of Trading.

3.9 *Reinvestment of dividends*

The Fund Manager shall, on the Dividend day, reinvest cash dividends from a fund in new units in the same fund without special instructions from the Swedish Pensions Agency. The Fund Manager shall confirm that reinvestment has been executed no later than the day after the Dividend day. The confirmation shall contain the following information on: the record date, the dividend date, the number of distributed units, the total dividend amount, the reinvestment rate, the holding at record date and the dividend amount per share.

The Fund Manager shall assist the Swedish Pensions Agency with an application for a refund of any withholding tax attributable to a dividend.

3.10 *Spread*

The Swedish Pensions Agency doesn't allow spread to be used (i.e. the Fund Manager applies different price per share for subscription and redemption of shares.)

3.11 *Swinging single pricing*

The Fund Manager may apply swing pricing (i.e NAV in the range of plus or minus 1%) up to 1% in a fund only following approval by the Swedish Pensions Agency.

Section 4 Payments

4.1 *Payment instructions and invoicing address*

In respect of each fund, the Fund Manager shall provide clear and complete information regarding the payment instructions applicable to the fund and the identity of the fund's custodian institution or equivalent. The instructions shall be signed by an authorised representative on behalf of the Fund Manager. Likewise, the Swedish Pensions Agency shall provide clear and complete information to the Fund Manager regarding the payment instructions that apply for the Swedish Pensions Agency.

The Fund Manager shall, on an ongoing basis, provide the correct invoicing address for price reduction to the Swedish Pensions Agency.

4.2 *Payment per Trading order*

Each Trading order shall be paid separately. The reference number of an order shall be stated in such a manner that it is clear to which Trading order the payment refers.

4.3 *Terms of payment*

The Swedish Pensions Agency and Fund Manager shall agree on which date (settlement day) which payment for the Trading order should be received by the Swedish Pensions Agency or Fund Manager.

The settlement day can, for individual orders, be moved to the nearest day which payment in accordance with the above cannot be conducted due to

- (i) that trade in the fund's quotation currency is closed, or
- (ii) the fund in accordance with the fund's regulations is entitled to delay the payment.

If payment is postponed, the Fund Manager shall inform the Swedish Pensions Agency thereof in accordance with Section 4.6.

4.4 *Currency*

The quotation currency of the fund shall be used in conjunction with Trading.

4.5 *Charges, etc.*

Each party shall bear its own charges and other costs in conjunction with payments which are transferred pursuant to instructions from the party. Each party shall thereupon bear those fees and costs charged by the bank retained in respect of the party's payment transfers in conjunction with the transfer and receipt of payment. Charged fees and costs shall not affect the amount on the payment that is transferred.

4.6 *Incorrect payment*

If a payment is not made in due time, in the correct currency, in the correct amount, into the correct account, or is incorrect in any other manner, the parties shall contact each other immediately and rectification shall be made as soon as possible. The party that has caused the error shall compensate the other party for the costs that the party has incurred as a result of the error.

4.7 *Interest compensation*

If payment is not made in due time, the payee shall be entitled to penalty interest on arrears in accordance with Section 6 of the Swedish Interest Act (1975:635).

Section 5 Provision of information

5.1 *Fund information*

The Fund Manager shall provide, free of charge, such fund information that is available to another unit holder and such information that the Swedish

Pensions Agency considers is needed for the Swedish Pensions Agency to discharge its information obligation or its reporting obligation to pension savers or public authorities. The fund information shall be updated in the manner and with the regularity decided upon by the Swedish Pensions Agency. Fund information pursuant to this paragraph shall be written in Swedish.

The Fund Manager shall, at the request of a pension saver and at no cost to the latter, provide such information documents as are referred to in Chapter 4, sections 15, 16a, 17 and 18 of the Swedish Investment Funds Act (2004:46) or other regulations that replace such provisions. A non-Swedish Fund Manager that is not subject to such rules shall instead, free of charge, provide the information documents which the Fund Manager is obliged to provide to unit holders under the rules of its home country. The documents shall be written in Swedish to the extent prescribed by Finansinspektionen (the Swedish Financial Supervisory Authority).

The Fund Manager shall report the basis for the fund information which the Swedish Pensions Agency provides to the pension savers. Reporting shall take place in the system provided by the Swedish Pensions Agency. The information shall be reported in the manner and with the regularity decided upon by the Swedish Pensions Agency.

The Swedish Pensions Agency has the right to be furnished, upon request, detailed current information on a fund's holdings of securities by the Fund Manager. The information shall relate to the holdings as of the day the Swedish Pensions Agency indicates. The Fund Manager's obligations, regarding secrecy and equal treatment, according to current law and regulations shall be considered when applying this section.

5.2 Information concerning changes regarding funds

The Fund Manager shall inform the Swedish Pensions Agency of all changes regarding funds. The Swedish Pensions Agency shall inform the pension savers concerned in writing about changes that the Swedish Pensions Agency considers to be of significance to the investments of the pension savers in the fund in question.

Information concerning changes shall be provided to the Swedish Pensions Agency immediately when such a change has been adopted by the Fund Manager or, where applicable, the supervisory authority, however, no later than the public announcement of the change. The information shall be confirmed in the form of a document signed by an authorised representative on behalf of the Fund Manager.

5.3 *Compensation for information costs*

When the Swedish Pensions Agency, pursuant to Section 5.2, has decided that each pension saver shall be informed individually about changes regarding funds, the Swedish Pensions Agency shall be entitled to compensation from the Fund Manager for the actual costs incurred by the Swedish Pensions Agency in communicating the information to the pension savers. The Swedish Pensions Agency may also be entitled to compensation from the Fund Manager for the actual costs incurred by the Swedish Pensions Agency in the provision of information to, and correspondence with, the pension savers in conjunction with the de-registration of a fund pursuant to section 6.2 of the general terms and conditions.

The Swedish Pensions Agency shall upon request verify its costs.

Where the management of a fund is transferred to another Fund Manager, the cost of providing information individually to the pension savers shall be compensated by the Fund Manager who takes over the fund.

5.4 *Information concerning Business days*

The Fund Manager shall, no later than 1 December every year, inform the Swedish Pensions Agency of the days known to the Fund Manager on which the fund will be closed for Trading during the coming year. Where, after 1 December, the Fund Manager becomes aware of additional occasions on which the fund will be closed for Trading, the Swedish Pensions Agency shall be informed thereof no later than five Business days prior to the day in question.

Likewise, the Swedish Pensions Agency shall inform the Fund Manager of the days on which the Swedish Pensions Agency will not carry out Trading.

5.5 *Holding statements*

The Fund Manager shall provide the Swedish Pensions Agency with a statement of the Swedish Pensions Agency's holding of fund units as of the close of the last Business day in each calendar month. The statement shall be furnished no later than three Business days following the close of each month and shall contain information regarding the number of units held by the Swedish Pensions Agency. Reporting shall take place in the system provided by the Swedish Pensions Agency.

The Fund Manager shall, without delay after the Swedish Pensions Agency's request, provide a specification of executed Trading orders from the Swedish Pensions Agency in a particular fund.

5.6 *Dividends*

The Fund Manager shall, no later than the Reconciliation day, inform the Swedish Pensions Agency of dividends from a fund.

The Fund Manager shall report the conditions that apply to the dividend, as well as any tax on such a dividend, no later than the Business day immediately following the Dividend day. Reporting shall take place in the system provided by the Swedish Pensions Agency.

5.7 *Costs reporting*

The Fund Manager shall annually report to the Swedish Pensions Agency all costs that have been paid from a fund, broken down according to the type of cost. Reporting shall take place no later than 28 February. In respect of funds with performance-based management fees and fund of funds, the Fund Manager shall report those costs quarterly, no later than the 20th of the month after the end of the preceding quarter. Following special consent from the Swedish Pensions Agency, the Fund Manager may report those performance-based portions annually. Reporting and breakdown shall take place pursuant to the instructions given by the Swedish Pensions Agency from time to time.

The costs reporting forms the basis of the Swedish Pensions Agency's information regarding fund charges, cost statements to the pension savers, as well as invoicing of a price reduction pursuant to Appendix B.

The costs reporting shall be signed by an authorised representative on behalf of the Fund Manager.

When a Fund Manager transfers a fund to another Fund Manager, the takeover Fund Manager is responsible for the costs for price reduction as of the quarter in which Finansinspektionen has decided that the transfer shall take place.

5.8 *Merger of funds*

The Fund Manager shall notify the Swedish Pensions Agency immediately, in the event that funds are merged. Notification shall be in the manner and contain the information decided upon by the Swedish Pensions Agency.

Contract note of the merger must be received by the Swedish Pensions Agency no later than the day following merger. Notification shall be in the manner and contain the information decided upon by the Swedish Pensions Agency. Contract note of the merger may be provided later, if this is approved by the Swedish Pensions Agency.

At the request of the Swedish Pensions Agency, the notification of the merger of funds and the terms that shall apply to the merger shall be signed by an authorised representative on the behalf of the Fund Manager.

5.9 Incorrect information

If incorrect information is furnished, the party that discovered the error shall inform the other party immediately thereof.

Section 6 Communications

6.1 Transmission of information

Unless otherwise stated by the Swedish Pensions Agency, information referred to in this Appendix A shall be sent as soon as possible by e-mail in accordance with the instructions provided by the Swedish Pensions Agency from time to time. However, information such as that referred to in Sections 3.1–3.6, 3.9 first paragraph, 5.6 and 5.7, shall be transmitted electronically in the system provided by the Swedish Pensions Agency. Information of the kind referred to in section 5.1 last paragraph, shall be transmitted via e-mail and must be submitted to the Swedish Pensions Agency no later than ten working days after the request for information has been sent from the Swedish Pensions Agency.

The Swedish Pensions Agency and the Fund Manager shall inform each other as soon as possible of any impediment to the sending of the information. If information cannot be sent in the manner prescribed, it shall instead be furnished to the Swedish Pensions Agency through e-mail in the first instance and through fax in the second instance in accordance with instructions of the Swedish Pensions Agency.

6.2 Security

The Fund Manager undertakes to use the communications security solutions provided by the Swedish Pensions Agency in the manner determined by the Swedish Pensions Agency.

In those cases where the Swedish Pensions Agency provides special software for, inter alia, encryption, signature, and access control of information sent electronically, the Fund Manager shall, at its own expense, take measures that may be required to ensure that the software functions for the Fund Manager and that secure transfer can take place. The Fund Manager may not copy or use the software provided by the Swedish Pensions Agency for any other purpose.

The Fund Manager shall handle received certificates and passwords in a secure manner and shall inform the Swedish Pensions Agency immediately upon suspicion of unauthorised access to the certificate or password.

The Fund Manager shall ensure that its personnel have been informed of and comply with the aforementioned security provisions.

Appendix B to the General Terms and Conditions, 01/10/2016

§ 1 General price reduction

1.1 Quarterly calculation and invoicing

At the end of each quarter the Swedish Pensions Agency calculates the total price reduction for the last quarter.

1.2 Calculation of price reduction

The price reduction is calculated based on the fund's cost withdrawal quotient (TK), which emanates from the fund's latest reported ongoing charges.

1.3 Price reduction for Fund of funds

Funds which during the latest quarter have invested at least 10 percent of its fund capital in other funds (UCITS, AIF) are titled Fund of funds and shall for its underlying funds add their fees to the fund's cost withdrawal quotient (TK).

1.4 Price reduction for funds with performance-based fees

Funds with performance-based fees shall include the fee in fund's cost withdrawal quotient (TK).

1.5 Funds with changed ongoing charges

For a fund that has changed its ongoing charges during the last year shall fund's cost withdrawal quotient (TK) change equivalent to next calculation of price reduction according to section 3.1.

1.6 Other

For funds that have been founded the same year that they were registered at the Swedish Pensions Agency estimated ongoing charges shall be deemed TK that particular year. If a factual ongoing charges is calculated during the year, then the Swedish Pensions Agency may decide to use the factual ongoing charges instead.

§ 2 Cost withdrawal quotient

The fund's cost withdrawal quotient (TK) is calculated according to the following formula.

$$\text{TK (cost withdrawal quotient)} = \text{"Ongoing charges"} + \text{"Performance-based"}$$

management fee”

where

”Ongoing charges” =

The fund’s ongoing charges according to CESR:s recommendations (CESR/10-674).

Underlying funds to Fund of funds shall be included, Eventual subscription and redemption charges, ongoing charges and performance –based fees that underlying charges are included in the Fund’s calculation of its own ongoing charges.

Underlying funds that lacks ongoing charges shall use management fee instead.

Ongoing charges shall be indicated in percent with 6 decimals

”Performance-based management fee” =

If the fund has charged performance.based fee during the quarter shall this fee be indicated in percent with 6 decimals.

2.1 *Reporting of fees*

Reported fees shall be calculated on a yearly basis.

All funds shall report above mentioned fees for previous year after the end of the year, see Appendix A section 5.7

Fund of funds and funds with performance based fees shall also report above mentioned fees after the end of each quarter.

§ 3 Calculation and invoicing regarding price reduction

3.1 General

Price reduction will be calculated for each day the Swedish Pensions Agency has holdings in the fund. At the end of each quarter the Swedish Pensions Agency will calculate the total price reduction during the previous quarter. The Swedish Pensions Agency shall upon request submit the basis of its calculation of the price reduction. The amount will be charged in SEK to the Fund manager and the invoice has to be paid net 30 days.

3.2 Type of fund

Funds which continuously invest their entire assets in fixed income securities or liquid funds, are referred to below as Fixed income funds.

Funds which continuously invest at a minimum 90 percent of their holdings in equities or equity-related instruments are referred to below as Equity funds.

Funds which do not invest their holdings in accordance with the above are referred to below as Other funds.

During extraordinary circumstances the Swedish Pensions Agency may allow deviations from these limitations without affecting the type of fund.

Upon request the Fund Manager shall provide the Swedish Pensions Agency with the relevant information that the Swedish Pensions Agency deems necessary to establish type of fund.

3.3 Total prisreduction (PR_{TOT})

The price reduction is calculated daily in two stages. In stage 1 the discount for the cost withdrawal quotient above ceiling level, referred to as PR_{TAK} is calculated. In stage 2 the discount for the cost withdrawal quotient below ceiling level, referred to as PR_{GRUND} is calculated. These discounts are added to a total price reduction PR_{TOT} .

$$\text{Price reduction a certain day } (PR_{TOT}) = PR_{TAK} + PR_{GRUND}$$

§ 4 Price reduction above ceiling level (PR_{TAK})

The total cost withdrawal quotient (SK) is limited to the following set maximum levels.

Type of fund	Ceiling level
Fixed income funds	1,00%
Equity funds	2,25%
Other funds	1,50%

The share of SK which exceeds the maximum level is discounted at 100% and referred to as PR_{TAK} here

TK > Ceiling level	$\text{PR}_{\text{TAK}} = \frac{\text{Fund holdings} * (\text{TK} - \text{Ceiling level})}{365 \text{ (366 in a leap year)}}$
TK ≤ Ceiling level	PR _{TAK} = 0 SEK

Fund holdings = The value in SEK of the Swedish Pensions Agency's holding on a certain day.

§ 5 Price reduction below ceiling level (PR_{GRUND})

For the share of SK which is below the ceiling level, the price reduction is calculated based on the discount level which applies to the Fund Manager. This share of the price reduction is referred to as PR_{GRUND}.

$$\text{PR}_{\text{GRUND}} = \sum_{i=1}^4 \left(\frac{\text{Fund holdings} * \text{SK}_{\text{JUST}} * R_i * \text{EXP}_i}{\text{Fund Manager value} * 365 \text{ (366 in a leap year)}} \right)$$

Fund holdings = The value in SEK of the Swedish Pensions Agency's holding in the fund on a certain day.

TK_{JUST} = Total cost withdrawal quotient SK in %, adjusted against the *Ceiling level* and after the free cost withdrawal *FRI*, see Section 5.2

R_i = Discount level in % for interval *I*, see Section 5.3

EXP_i = Exposure in SEK in discount interval *I*, see Section 5.3

Fund Manager value = The value in SEK of the Swedish Pensions Agency's holdings in the Fund manager group on a certain day, see Section 5.4

5.1 Free cost withdrawal (FRI)

Each fund is entitled to a free cost withdrawal which is not discounted. The withdrawal is referred to as FRI and is determined in accordance with the following:

Type of fund	Ceiling level
Fixed income funds	0,10%
Equity funds	0,15%
Other funds	0,15%

5.2 Adjusted total cost withdrawal quotient (SK_{JUST})

In order to calculate PR_{GRUND} the Total cost withdrawal quotient (SK), calculated in Section 2, is adjusted against the *Ceiling level* in Section 4 and with the free cost withdrawal FRI. The adjusted SK is referred to as SK_{JUST} and is determined in accordance with the following:

	$TK_{JUST} =$
$TK \leq FRI$	0 %
$FRI < TK \leq \text{Ceiling level}$	$TK - FRI$
$TK > \text{Ceiling level}$	$\text{Ceiling level} - FRI$

5.3 Discount levels (R_i) and exposure (EXP_i)

For PR_{GRUND} a discount is paid in accordance with the following interval:

Intervall (i)	Fund Manager value in mSEK		Discount level (R_i)
	Lower limit (UG)	Upper limit (ÖG)	
1	0	1 000	65 %
2	1 000	5 000	75 %
3	5 000	10 000	85 %
4	10 000	∞	90 %

The discount level only applies for the part of the Fund Manager value which falls within the limits of the interval. If a Fund Manager value exceeds the upper limit in an interval it is only the excess amount that is calculated with the higher discount level.

	Exposure in interval i (EXP_i)
Fund Manager value $< UG_i$	0 SEK
$UG_i < \text{Fund Manager value} < \ddot{O}G_i$	Fund Manager value - UG_i
Fund Manager value $> \ddot{O}G_i$	$\ddot{O}G_i - UG_i$

UG_i = The lower limit of interval i . For example $UG_2 = 1000$ MSEK

$\ddot{O}G_i$ = The upper limit of interval i . For example $\ddot{O}G_2 = 5000$ MSEK

5.4 Fund Manager value

Fund Manager value refers to the value of the Swedish Pensions Agency's holding in the Fund Manager's (as defined in Section 1 of the General Terms and Conditions) funds on the date in question, unless otherwise stated in (i) or (ii) below.

(i) Where there are several Fund Managers in the same corporate group or group of undertakings, the Fund Manager value shall be the aggregate value of the Swedish Pensions Agency's holdings in the Fund Managers' funds on the date in question.

(ii) The Fund Manager value shall not include the value of a fund the assets of which are managed by a company which is not a Fund Manager and where the fund is marketed under the company's designation or trade mark. Upon calculation of the Fund Manager value for such a fund, the fund shall, instead, be attributed to the company, or the corporate group or group of undertakings to which the company belongs.

5.5 Calculation example of PR_{GRUND}

Assume that: *Fund X is an equity fund*

$$TK = 1,5\%$$

$$\text{Fund holdings} = 500 \text{ mSEK}$$

$$\text{Fund Manager value} = 1500 \text{ mSEK.}$$

$$\begin{aligned} \text{Then } PR_{GRUND} &= \sum_{i=1}^4 \left(\frac{\text{Fund holdings} * TK_{JUST} * R_i * EXP_i}{\text{Fund Manager value} * 365 \text{ (366 in a leap year)}} \right) = \\ &= \left(\frac{500 * 1,35\% * 65\% * 1000}{1500 * 365} \right) + \left(\frac{500 * 1,35\% * 75\% * 500}{1500 * 365} \right) + \left(\frac{500 * 1,35\% * 85\% * 0}{1500 * 365} \right) + \\ &\left(\frac{500 * 1,35\% * 90\% * 0}{1500 * 365} \right) = 0,008014 + 0,004623 + 0 + 0 = \\ &0,01264 \text{ mSEK} = 12634 \text{ SEK} \end{aligned}$$

§ 6 Verification

The Swedish Pensions Agency may with the help of independent information sources verify that the information on the total cost withdrawal quotient (SK) provided by the Fund Manager is correct.

The Fund Manager, shall, at the request of the Swedish Pensions Agency, provide the authority with a current audit certificate free of charge, in respect of the total cost withdrawal (SK).

If the information regarding the total cost withdrawal quotient (SK) proves to be incorrect, the Swedish Pensions Agency may correct the incorrect invoicing either by issuing a supplemental invoice or by crediting the Fund Manager for the overpaid amount. The Swedish Pensions Agency shall offer the Fund Manager an opportunity to comment before such a correction is carried out.

§ 7 Changed definition of Ongoing charges

If industry standard is amended, the Swedish Pensions Agency may choose to change the calculation of TK.

The starting point will then be as follows:

$$\text{TK (cost withdrawal quotient)} = \frac{K + UVK - R}{Fv} \text{ rounded to six decimals}$$

Where

K (costs) = Sum of costs (fixed and variable) according to the fund's profit and loss statement. The amount shall not include transaction costs, interest costs and withholding tax. The amount shall be expressed in the currency of the fund.

UVK (Weighted cost withdrawal quotient of the sub-funds) = $UVK = \sum_j w_j \cdot UTK_j$,där

j = Current sub-fund

w_j = The main fund's average percentage holding in the sub-fund in question, for the preceding quarter

UTK_j = The TK of the current sub-fund, calculated in the same manner as the TK of the main fund

The basis for calculation shall be reported to the Swedish Pensions Agency

R (discounts) = Sub-fund related discounts obtained from the Fund Manager, if these are not included in K or UVK.

Fv (fund value) = The average value of the fund expressed in the currency of the fund. The average value of the fund shall belong to the same period as the costs. The average value shall be calculated using all the days of the period.