

Trading in Handelsbanken's non-complex mutual funds

Trading in Handelsbanken's own non-complex mutual funds is subject to the terms and conditions stated on this and the following pages. For trading in exchange-traded funds and other mutual funds, the customer must sign AGREEMENT – Trading in financial instruments and currencies.

When orders regarding units in mutual funds under these terms and conditions are submitted by the Customer and such orders pertain to the Customer's account for individual pension savings (individuellt pensionssparande), these terms and conditions form part of such Customer's Agreement on individual pension savings (Avtal om individuellt pensionssparande).

Upon the purchase of mutual fund units a fund unit account is opened on which the purchased fund units are registered.

In addition, the Bank may directly register the customer's holdings of fund units which are managed by a fund management company within the Handelsbanken Group and which are nominee-registered, in the register of unit-holders for the respective fund.

1. Personal responsibility

The customer is obliged to keep informed of, and comply with, the terms and regulations stated on the following pages.

The customer is aware that trading in mutual funds in accordance with this agreement is at the customer's own risk, and that the responsibility regarding risk rests with the customer. The description of risk for each mutual fund can be found in the simplified prospectus for the mutual fund in question. For a general description of risks, see below.

2. Client categorisation

According to the Swedish Securities Market Act, all customers trading in financial instruments (including mutual funds) must be classified in one of the following client categories: retail client, professional client, eligible counterparty. For trading in mutual funds under this agreement, you, or your organisation, will be classified as a retail client.

Under certain circumstances, a customer which is a retail client (i.e. not a professional investor) may be moved to the 'Professional clients' group. Being moved to the 'Professional clients' group means a reduction in the level of protection and this agreement will cease to apply.

Retail clients have the strongest protection under the Securities Market Act. Among other things, this means that the Bank will provide information on charges and fees for purchasing and selling mutual fund units, as well as information regarding the Bank and its services. When the Bank provides a customer in this category with investment advisory services, the Bank will assess whether the service or mutual fund is suitable for the customer, before the Bank recommends it. This assessment is made in the light of the customer's investment objectives and financial situation, as well as the customer's experience and knowledge of the service or mutual fund. In the case of services other than investment advice, the Bank will assess whether the service is appropriate for the customer in the light of the customer's knowledge and experience. However, where the service relates to the execution of orders on the customer's initiative for non-complex mutual funds, no such assessment is made.

3. Order execution regarding fund units which are not admitted to trading on a regulated market or MTF (Multilateral Trading Facility).

When performing orders regarding units in mutual funds, the Bank's guidelines for order execution and order processing apply. Handelsbanken will regularly review and, if so required, make

changes regarding the Bank's guidelines for order execution and order processing. Such amendments will be available on our website www.handelsbanken.com or at Handelsbanken's branch offices. The amendments are effective from when they are published on the website.

4. Payment and delivery

Mutual fund units or liquid funds that the Bank has received on the customer's account for onward transmission to the customer (or the person appointed by the customer) in connection with the execution of the order, should be delivered or paid for according to the customer's instructions when the customer has fulfilled the obligation to deliver or make payment according to the order in question. The Bank has the right, however, to retain the mutual fund units or liquid funds if the Bank has past due claims owing by the customer, for example on account of another order that the Bank has executed for the customer's account. If, in error, the Bank should deliver mutual fund units or make payment of liquid funds to the customer (or the person appointed by the customer) which rightly should not have been placed at the customer's disposal, the customer must without delay ensure that the mutual fund units or the liquid funds in question are returned to the Bank.

5. Reports

Documentation is provided at the intervals specified in applicable legislation, unless otherwise agreed with the customer. When buying or selling fund units, except for purchases related to regular savings, the Bank sends a contract note. Information about purchases related to regular savings is available from the Bank.

6. Fees and taxes

For requests from the customer regarding the execution of a trade (i.e. an order), the fees and taxes set forth in the fund's simplified prospectus shall apply. The tax rates and other tax regulations depend on several factors, such as individual circumstances and the type of savings held by the customer. The regulations may also change during the period that the customer holds mutual fund units. The customer should consult a professional adviser concerning the taxation consequences of investing in a mutual fund.

7. Affirmation

The customer confirms that the information provided on this form which is of importance for taxation, reporting, notices and application of this agreement and legal requirements concerning information obligations, etc. is correct, and undertakes to inform the Bank in writing without delay of any changes in this respect, for example, emigration, or any change of name, address, telephone number, citizenship, tax domicile, or e-mail address provided. Upon request of the Bank, it is the duty of the customer to provide the information, including written documents, which the Bank deems necessary to perform its obligations under this agreement, applicable EU Regulations, laws, other regulations and general principles of law.

8. Tax domicile

The customer him/her/itself shall determine his/her/its tax domicile. For legal entities, this is normally the country in which the legal entity is registered or in which the company/board of directors has its registered office. For physical persons, it is normally the country/state whose laws prescribe a tax liability on the basis of primary residence, legal residence, or similar circumstance.

9. Complaints and rescission

The customer must monitor that contract notes or equivalent reports are received and must examine these. The customer shall immediately notify the Bank of any possible errors or omissions that may be apparent from contract notes, or that a contract note is

missing, or in respect of any other errors or omissions in conjunction with execution of the order.

Where the customer wishes to rescind a purchase or sales order, such fact shall be expressly stated and immediately conveyed to the Bank at the same time as the error or omission was pointed out. Where a complaint or request for rescission is not submitted immediately, the customer shall forfeit the right to demand compensation, rescind the order, or demand that the Bank adopt other measures.

10. Amendments to terms and conditions

Any amendments to this agreement, or any raising of the Bank's fees (in accordance with the agreement and the price list applying at any time), shall apply to the customer two months after the customer is deemed to have received the notice as specified below under the heading "Notices." Should the customer not accept such an amendment, the customer has the right within the aforementioned period to give notice to terminate this agreement. Amendments in the categorisation of the customer may be announced in a manner and at a time specified by the Bank, and are then binding upon the customer. As regards amendments to "Order execution", that which is specified in the stated terms and conditions applies.

11. Notices

Notices from the Bank

The Bank sends a notice to the customer by registered post or normal post to the address at which the customer is officially registered (or equivalent), or, if this is not possible, to the address stated in the Agreement. The customer and the Bank may also agree for notices to be sent to a different address.

The Bank is also entitled to send notices to the customer via Handelsbanken Online Banking, or by e-mail to the e-mail address stated in the Agreement or other e-mail address that the customer has notified to the Bank, or via other electronic means of communication, where the Bank deems such means of communication to be appropriate.

Notices sent by the Bank by registered letter or normal post shall be deemed to have been received by the customer no later than five banking days after dispatch if the letter was sent to the address stated above.

Notices sent via Online Banking, e-mail or by other electronic means of communication shall be deemed to have been received by the customer at the same time as dispatch, if sent to the number or electronic address provided by the customer. If the customer receives such a notice at a time outside the Bank's normal office hours in Sweden, the customer shall be deemed to have received the notice at the start of the following banking day.

Notices to the Bank

The customer can submit notices to the Bank by visiting any of the Bank's branches or by sending a letter. Letters to the Bank shall be sent to the address set out in the agreement, unless the Bank has requested that replies be sent to another address. The customer may only send notices to the Bank by e-mail after making a special agreement with the institution.

Notices from the Customer shall be regarded as having been received by the institution on the banking day that they arrive at the address that has been provided. In other cases too, the Bank shall be deemed to have received the notice from the customer if the customer can show that the notice was sent in a fit-for-purpose manner. In such cases, the Bank shall be deemed to have received the notice on the banking day that the customer can show that the Bank should have received it.

12. Limitation of liability

The Bank shall not be held liable for any loss resulting from a Swedish or foreign legal enactment, the intervention of a Swedish or foreign public authority, an act of war, a strike, a blockade, a boycott, a lockout or any other similar circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts applies even if the Bank itself is subjected to such measures or takes such measures.

The Bank is not liable for damage which arises as a result of other causes where the Bank has acted with normal care.

The Bank is not liable for indirect damage unless such damage was caused by gross negligence on the part of the Bank. The Bank is not liable for damage caused by Swedish or foreign exchanges or execution venues, custody account institutions, central securities depositories, clearing organisations, or any other party which provides corresponding services or other parties retained by the Bank to perform services where the Bank has exercised due care in the retention of such parties or where the party was referred to the Bank by the customer. The same applies to damage caused by the above-mentioned organisations or other parties retained by the Bank becoming insolvent. Nor shall the Bank be liable for damage incurred by the customer or a third party as a result of restrictions on the right of disposal that may be imposed upon the Bank regarding mutual fund units.

Where the Bank is prevented entirely or in part from taking action in accordance with these terms and conditions as a consequence of such events as are set forth in the first paragraph above, the action shall be postponed until the cause for the delay is removed. Where the Bank as a consequence of such events is prevented from making or receiving payment, neither the Bank nor the customer shall be liable to pay penalty interest. The above shall apply unless otherwise prescribed in the Swedish Financial Instruments Accounts Act (1998:1479).

13. Disclosure of information to third parties

The Bank may, as a result of Swedish or foreign legislation, regulations or decisions of public authorities and/or the Bank's agreements with Swedish and/or foreign authorities, other entity to which the Bank transferred the customer's order or other market operator handling the customer's order or fund units and/or trading rules and/or agreements or terms and conditions for certain mutual funds, be obliged to provide information to third parties concerning the customer's circumstances with the Bank. Upon request of the Bank, it is the duty of the customer to provide the information, including written documents, which the Bank deems necessary for the Bank to perform such obligations.

14. The Bank's request for the information required to achieve adequate customer due diligence

The Bank is entitled to request that the customer provide the information and data which, in the Bank's assessment, are necessary to achieve adequate customer due diligence pursuant to the Swedish Act (2017:630) on Money Laundering and Terrorist Financing (Prevention). The information must be provided within the time frame determined by the Bank.

15. The Act on Distance Contracts and Off-Premises Contracts

According to the Act on Distance Contracts and Off-Premises Contracts, consumers have the right to withdraw from certain agreements relating to financial services with the Bank (right of withdrawal) if the agreement has been entered into without two parties meeting, or if it has been entered into outside of off the Bank's premises. The right of withdrawal from agreements entered into outside of off the Bank's premises only applies if the total price the consumer must pay according to the agreement exceeds SEK 400. A distance agreement refers to an agreement where the Bank and the

customer do not meet in person, such as when an agreement regarding a financial service is entered into online or by phone.

If the consumer exercises his/her its rights of withdrawal, the Bank shall be entitled to compensation in respect of the agreed service for the time the consumer made use of the service and for any costs incurred up to the point in time the right of withdrawal was exercised.

Anyone wishing to use their legal right of withdrawal can do so by sending a notice to the Bank within 14 days of the date the agreement was entered into with the Bank or when the exact content of the agreement was made known/became available to the consumer. Customers with access to Online and Mobile Banking services can exercise their right of withdrawal by sending a message in the Inbox in the Online and Mobile Banking service. Customers can also exercise their right of withdrawal by calling personal service by phone on number, 0771-77 88 99, or by contacting their branch office.

The right of withdrawal applies only to the initial agreement, and not to the transactions, services or equivalent performed by the Bank at the request of the consumer during the period in which the right of withdrawal applies.

No right of withdrawal applies to transactions in financial instruments. If a consumer otherwise exercises its right of withdrawal, these terms continue to apply to any transactions the consumer has carried out and to any orders regarding transactions in financial instrument it has given the Bank.

16. Termination and suspension of access to mutual fund holdings

A General

This agreement is in force until terminated.

The customers is entitled to terminate this agreement in its entirety at any time. The Bank is entitled to terminate this agreement in its entirety or regarding a particular fund upon two months written notice. The customer shall upon request from the Bank give the Bank instructions in writing where to transfer the fund units. In the event the Bank has not received such instructions within two months after the termination date at the latest or if the transfer cannot be done within that time, the Bank is entitled to sell (redeem) the fund units concerned. At the sale the second and third paragraph of section 15. C below shall apply.

Despite the customer's right to terminate this agreement at any time according to the previous paragraph an order to sell or redeem fund units that is not executed may only be withdrawn if the fund management company so permits.

What is stipulated in section 11. above regarding notices shall also apply to terminations.

Upon termination the parties shall immediately settle their obligations pursuant to these terms and conditions. However, this agreement shall be in force, where relevant, until a party has fulfilled all its obligations to the other party.

B Suspension of access to the fund unit account

The Bank is entitled to immediately suspend the customer's ability to freely dispose of the mutual fund holding on the fund unit account, with the exception of selling the holding and depositing the cash proceeds on an account with the Bank if:

- a. the customer has materially failed to observe these terms and conditions or other instructions or agreements that may apply to the mutual fund trading or mutual fund holding,
- b. there is reasonable cause to assume that the customer will not fulfil its payment obligations towards the Bank,
- c. the customer has been dishonest towards the Bank,
- d. there is suspicion of money laundering or terrorist financing, or there is a risk that, by providing trading or safe-keeping of the mutual fund units, the Bank will in some way facilitate, support or assist in such crime,
- e. in the assessment of the Bank, there is suspicion that the fund unit account or mutual fund trading will be used for or in connection with criminal activity, or in other respects in breach of current legislation, or in a manner which may cause damage to the Bank or another party,
- f. the Bank, in its assessment, does not have adequate customer due diligence pursuant to the Swedish Act (2017:630) on Money Laundering and Terrorist Financing (Prevention).

If, in the Bank's assessment, it is practically possible and appropriate, the customer is to be informed in advance of the Bank's decision to suspend the customer's access to the fund unit account. In other cases, the customer is to be informed after the event.

C Termination of this agreement in special cases

With immediate effect, the Bank is entitled to terminate in writing this agreement and any agreement regarding custody of the mutual fund units if:

1. the customer has used the fund unit account for illegal purposes,
2. the customer provided incorrect information in connection with the opening of the fund unit account, and if correct information had been provided, the customer would not have been permitted to open a fund unit account,
3. in the Bank's assessment, if it is not sufficient to suspend the customer's ability to dispose freely of its mutual fund holding, and any of the points in section 15. B. a), c) and f) above is applicable,
4. changes concerning the customer's fiscal domicile have occurred, which result in the Bank no longer being able to perform its obligations on behalf of the customer to effect measures with respect to taxes, or where the fulfilment of such obligations has been made materially more difficult.

If the Bank terminates this agreement and closes the fund unit account pursuant to this section 15.C., the Bank is entitled to sell (redeem) the customer's mutual fund holdings on the fund unit account at a time of the Bank's choosing. If possible, the Bank will a) deposit the amount from the sale of the mutual fund holding on an account that the customer has with the Bank, or b) disburse the amount to the customer in accordance with the payment procedure applied by the Bank or in accordance with the customer's instructions, if the Bank finds this to be practically possible and appropriate.

When selling (redeeming) the mutual fund holding, the Bank shall proceed with general standards of care. However, the Bank is not liable for any value growth that the mutual fund holding may have had after the sale, or for any capital gains tax or capital taxation (or other tax consequences).

17. Jurisdiction and disputes

This agreement shall be interpreted and applied according to Swedish law.

Information for customers who trade in Handelsbanken's non-complex funds

Before starting to carry out transactions in mutual funds with Handelsbanken, you should be acquainted with the following facts:

Financial group
Svenska Handelsbanken AB (publ) Blasieholmstorg 11
SE-106 70 Stockholm, Sweden
+46 (0)8 701 1000
Corporate identity number: 502007-7862 www.handelsbanken.com

Business operations

Handelsbanken is a full-service bank which also provides all services pursuant to securities market legislation.

Licence and supervision

Svenska Handelsbanken AB has a licence granted by the Swedish Financial Supervisory Authority (Finansinspektionen) to carry on securities business pursuant to the Swedish Securities Market Act (2007:528) and is under the supervision of the Swedish Financial Supervisory Authority. The address of the Swedish Financial Supervisory Authority is Box 7821, SE-103 97 Stockholm, Sweden, and the telephone number is +46 (0)8 408 98000.

Management of conflicts of interest

Handelsbanken's Board has adopted a policy for the management of conflicts of interest which is to be applied within the Handelsbanken Group. Below is a summary of this policy. The policy is available in its entirety at handelsbanken.se/ireng.

Conflicts of interest are a natural part of a business operation, which means that these types of conflicts may arise within the Group's operations. Conflicts of interest can arise between the customers of Handelsbanken, and between Handelsbanken or Handelsbanken's customers on the one hand, and on the other hand Handelsbanken's (other) customers, shareholders, members of the Board and executive officers, as well as other personnel, important suppliers and business partners, and other closely related parties (such as companies within the Group).

A conflict of interest that can give rise to one or more customers' interests being adversely affected may arise, for example, in situations where Handelsbanken, its employees, contractors or associated companies

- are likely to make a financial gain, or avoid a financial loss, at the expense of the customer, e.g. by trading on own account in securities, utilising information regarding customers' forthcoming trade flows,
- may have an interest in the outcome of a service provided to the customer or of a transaction carried out on behalf of the customer, which is distinct from the customer's interest in that outcome, e.g. selling a certain investment product to the customer may result in a higher internal payment than a different product, which would suit the customer better,
- may have a financial or other incentive to favour the interests of a different customer or customer group rather than the interests of the customer in question, for example by giving a certain customer more preferential rates in exchange for future or continued business links, services or investments, to the detriment of another customer or customer group.
- pursues the same type of business as the customer, or
- receives or will receive from a person other than the customer an inducement in relation to a service provided to the customer, in the form of monies, goods or services, other than the standard fee or commission or for that service or activity.

General information on management of conflicts of interest

The responsible unit head handles conflicts of interest primarily by making sure that procedures are applied and measures taken that prevent the customers' interests being negatively affected. It is the responsibility of every head of unit within the Group to continuously identify potential conflicts of interest in the unit's operations and to draw attention to and manage conflicts of interest that may give rise to one or more customers' interests being adversely affected as a result of the Group's operations. If a conflict of interest is identified, the head of the unit responsible must first ensure that the customer's interests are not adversely affected. If this is not possible, the customer must be informed of the conflict of interest in such a manner that enables the customer to understand and save the information and thereby take a decision regarding Handelsbanken's service or product in the light of the identified conflict of interest. If an identified conflict of interest cannot be avoided, the responsible unit head must also follow up the conflict of interest regularly, with the aim of bringing it to an end.

Inducements

In conjunction with services relating to financial instruments, the Bank may, under certain circumstances, pay or receive inducements, i.e. fees and commission from parties other than the customer.

Inducements may be both monetary and non-monetary benefits. If inducements are paid to or received from a third party, it is required that the payment must aim to improve the quality of the service, and the payment must not prevent the Bank from safeguarding the customer's interests. The customer must be informed about such remuneration that the Bank receives.

When the Bank provides portfolio management services, the Bank may only receive or keep compensation or benefits in conjunction with such services from anyone other than the customer provided that minor non-monetary benefits are involved and that the customer is informed to this effect.

Minor non-monetary benefits may consist of any of the following:

- Information or documentation about a financial instrument or an investment service that is general in character.
- Written material produced by a third party that is an issuer to market a new issue.
- Participation at conferences and seminars regarding a specific instrument or investment service
- Corporate hospitality up to a reasonable amount.

Management of complaints

Handelsbanken's instructions for managing complaints are based on the general guidelines issued by the Swedish Financial Supervisory Authority, (FFFS 2002:23). All verbal and written complaints must in the first place be processed and documented by the branch responsible for the customer. More information about how the Bank manages customer complaints, etc. is available on the Bank's website www.handelsbanken.com.

Languages

The language used in documentation and in contacts between the Bank and customers is Swedish and, where necessary, English.

Audio recording

The Bank records and saves telephone calls and other electronic communications that may be assumed to lead to a transaction, for example, when the customer submits an order to the Bank for trading or instructions regarding the customer's custody account and

related accounts. Copies of recorded calls and saved electronic communications with the customer will be available upon request for a period of five years. Upon request, the customer is also entitled to be informed of recorded calls and saved electronic communications. The Bank is entitled to make a reasonable charge for this.

Processing of personal data

Controller, etc.

The Bank is - with the exception of the processing Handelsbanken Fonder AB is responsible for, see the following paragraph - responsible (a controller) for the processing of the personal data that you provide in connection with this service, or that is otherwise registered in connection with this service.

Handelsbanken Fonder AB is responsible (a controller) for the processing of the personal data listed in the fund unit ownership register for a fund that is managed by Handelsbanken Fonder AB.

The stipulations presented in this section Processing of personal data regarding the Bank's processing of your personal data also apply to Handelsbanken Fonder AB's processing of your personal data (with the exception of the text under the heading "Basis for research and marketing, etc"). In the context of this section Processing of personal data, "the Bank" is therefore understood to also refer to Handelsbanken Fonder AB.

The information below that relates to you also applies to your guarantor, pledger, representative, trustee, or guardian.

Purpose and legal basis

Performance of contract

The basic purpose of the Bank's processing of personal data in conjunction with this service, and the legal basis for it, is to collect and check the personal data prior to making a decision on providing a service for you, and to fulfil the terms and conditions of our agreement.

Legal obligations

The data is also processed so that the Bank can fulfil its legal obligations or decisions by authorities. An example of such processing is the Bank's processing of personal data to be compliant with the Swedish Accounting Act and the Anti-Money Laundering Act, as well as the reporting requirements of authorities such as the Swedish Tax Agency, the Swedish Police and the Swedish Enforcement Authority.

Basis for analysis and marketing, etc.

The personal data is processed for marketing and customer research, which comprises background material for marketing, methods and business development, and risk management. Risk management also involves processing information about the borrower and credits to assess the quality of credits for capital adequacy purposes. Personal data may also be processed for use as background material for financial advisory services.

Personal data may be used for direct marketing, unless you have requested that this should be blocked.

Insofar as the Bank's actions are not conducted with the aim of fulfilling contractual terms and conditions, or required by law or the authorities, the legal basis for processing is generally that it is a legitimate interest for the Bank pursuant to the prevailing legislation.

How long do we save personal data?

We save personal data as long as it is necessary in order to fulfil our contractual terms and conditions for the service, and otherwise as required by law or decisions by authorities.

Your rights

You are entitled to receive information about the personal data about yourself that is being processed by the Bank, and to request the correction of erroneous or incomplete information.

More information

Comprehensive information about the Bank's processing of personal data and your rights in conjunction with this processing is available at www.handelsbanken.se.

If you have any questions

If you have any questions or comments on how the Bank processes your personal data, you are welcome to contact your branch office, or the Bank's Data Protection Officer at dpo@handelsbanken.se, or write to the following address:

Handelsbanken
Data Protection Officer
SE-106 70 Stockholm, Sweden

You are also always entitled to contact the Bank's Complaints Manager or the Swedish Data Protection Authority with any complaints concerning the processing of personal data.

General description of non-complex mutual funds

How does a mutual fund work?

A mutual fund can be compared to a portfolio consisting of different types of securities. These may be Swedish or foreign equities, options, futures, long- or short-term fixed income securities – both government instruments (government bonds and treasury bills) and fixed income instruments issued by private companies (e.g. mortgage bonds or commercial paper) – mutual fund units or investments in accounts with a credit institution.

A fund's unit-holders jointly own all the fund's assets, but they assign to the fund management company to manage and trade the assets on behalf of the fund in accordance with the fund's regulations. The mutual fund's investment strategy is set out in its regulations and its simplified prospectus.

How great a risk do I take?

To a large extent, the return is linked to the risk level. Greater risk-taking will mean greater opportunities for a high return, but at the same time the risk of losing money also increases. If you need help in finding the risk level that suits you, the Bank's advisors will be pleased to assist.

The risk in a mutual fund is more diversified, and therefore lower, than if an individual stock is bought, for example. There are mutual funds and special funds. A mutual fund invests entirely according to the risk diversification principles and other regulations specified in the mutual fund legislation. The fund regulations of special funds have one or more exceptions to the fund legislation, for example regarding risk diversification. The regulations for a special fund must clearly state its exemptions from the regulations. Hedge funds are one type of special fund. Funds are managed by professional fund managers.

What factors affect the return?

The price trend of a mutual fund depends upon the performance of the underlying financial instruments. For example, the price trend of an equity fund depends upon the price performance of its underlying shares, while the trend for a fixed income fund depends upon the fixed income market environment. For more about factors which affect returns, see the information sheets for each underlying instrument group.

Different funds have different risk levels and factors which affect returns.

What different types of funds are there?

Equity funds

Equity funds mainly invest in equities (i.e. shares) and equity-related securities. They are best suited to long-term investments. In the short term, the return of equity funds may fluctuate substantially, but for savings over a longer time period, the stock market has historically yielded better returns than traditional fixed income savings.

Fixed income funds

Fixed income funds invest in interest-bearing securities with differing maturities, such as bonds or money market instruments. Fixed income funds are suitable for both short- and long-term investments.

Mixed funds

Mixed funds invest in both shares and fixed income securities. Most mixed funds have specific guidelines indicating the proportion to be invested in shares and fixed income securities.

Fund of Funds

Fund of Funds invest primarily in other funds such as equity or fixed income funds.

Index funds

Index funds invest their assets in financial instruments that reflect the composition of a set index. The index can be based on either shares or fixed income instruments. Index funds are also available in the form of exchange-traded funds.

Exchange-traded funds

Exchange-traded funds are normally index funds that track the performance of a set index. Exchange-traded funds are traded in the same way as equities on an execution venue.

Hedge funds

The objective of a hedge fund is to provide a positive return, regardless of whether the market is increasing or declining in value. Hedge funds have considerably more flexible investment options than traditional funds. Although 'hedging' is intended to protect against unexpected changes in the market, a hedge fund can be a high-risk fund, as such funds may be highly leveraged.

Risks inherent in mutual funds

General information regarding risk

Mutual funds can provide a return in the form of a dividend. The value of the fund may also rise or fall in relation to the value when the transaction was performed. This description also includes any negative holdings. The total return is the total amount received when adding the price change of the mutual fund to the dividend.

'Risk' here means the probability of the total return on a mutual fund being negative, i.e. that there is a loss of assets. The risk of loss varies among different types of mutual funds.

Greater risk-taking normally means greater opportunities for a high return, but at the same time also increases the risk of losing assets.

- The higher the risk, the greater the fluctuations in price to be expected
- The lower the risk, the more even the price performance to be expected

There are various ways of reducing the risk of losing assets. Normally it is considered better to diversify the risks on different markets and in different types of financial instrument. For transactions in financial instruments in currencies other than that of your home country, there is also a currency risk.

Customers must be aware:

- that transactions in mutual funds involve a financial risk
- that you as a customer are personally responsible for the risks you take
- that you yourself must obtain knowledge about the applicable agreements, terms and conditions, simplified prospectuses, etc. for trading in mutual funds
- of the characteristics and risks of the mutual fund in question
- that you must check the reports concerning your transactions and immediately report any errors found
- that you must continuously monitor your outstanding transactions
- that you yourself must initiate and rapidly take action if necessary, for example by winding down transactions which are performing poorly for you

Your personal responsibility as stated above applies even if you have received personal advice before or in connection with the transaction.

Various risk concepts, etc.

There are many different risk-related concepts and other factors to take into account and weigh up in the risk assessment that should be carried out when you make an investment in mutual funds, as well as regularly during the period of the holding. Brief descriptions of some of the most common concepts of risk are presented below.

Market risk – the risk that the market as a whole, or the part of it where you have your investment, e.g. the Swedish stock market, will decline.

Credit risk – the risk of lack of payment capacity by an issuer, counterparty, etc.

Price volatility risk – the risk that large fluctuations in the rate/price of a financial instrument will have an adverse effect on the investment.

Price risk – the risk that the price/rate of a financial instrument will go down.

Tax risk – the risk that tax regulations and/or tax rates are ambiguous or may be changed.

Currency risk – the risk that a foreign currency to which a holding is linked (e.g. units in a mutual fund which invests in US securities listed in USD) will depreciate.

Leverage risk – the design of derivatives which means that there is a risk that the price trend for the underlying asset will have a greater negative impact on the price/rate of the derivative.

Legal risk – the risk that relevant laws and regulations are ambiguous, or may be changed.

Company-specific risk – the risk that a certain company will perform less well than expected, or be affected by a negative event, with the financial instruments linked to the company falling in value.

Sector-specific risk – the risk that a certain sector will perform less well than expected, or be affected by a negative event, with the financial instruments linked to the sector falling in value.

Liquidity risk – The risk that you will not be able to sell or buy a financial instrument when you wish, due to low liquidity in the instrument.

Interest rate risk – the risk that the financial instrument in which you have invested will decrease in value because of changes in interest rates.