

V A L B A Y

Kapitalförvaltning AB

Valbay Nordic Fixed Income Fund, Swedish Registered Interest Fund, 2011.

Information brochure
Version 2011-03-21

This brochure, together with the Fund rules, forms the information brochure for Valbay Nordic Fixed Income Fund (hereinafter called the Fund). A fact sheet is also available and contains the basic information needed to assess the Fund and the risks associated with investing in the Fund.

Fund Management Company

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The Fund Management Company received permission to conduct fund operations by the Financial Supervisory Authority, according to the Investment Funds Act (2004:46), on 21 of March, 2011.

Assignment

The Fund Management Company has outsourced its Fund administration to A-Sec Outsourcing AB. A-Sec Outsourcing AB will keep a shareholder register as well as a register of the shareholder's holdings. They are also responsible for the monitoring of the Fund Management Company's handling of risk within the Fund, as set out in the agreement between the two companies. A-Sec is a renowned provider of such services and manages several similar assignments. The Fund Management Company has also entered an agreement with Moneo AB, who will be continuously assessing the Fund Management Company's overall risk. An agreement exists also with SET Revisionsbyrå.

Custodian

The Fund's assets are held by Skandinaviska Enskilda Banken AB (publ).

Shareholder Register

A-Sec maintains a register of shareholders and their holdings. Shareholders will receive semi-annual statements as well as an annual report. All the shares of the Fund are equal and have equal rights to the assets included in the Fund.

Fees

Detailed below are the maximum fees that the Fund Management Company, in accordance with the Fund's rules, may levy on the sale and redemption of shares of the Fund as well as the management fee: (The fee may vary within the range depending on interest rates).

- Subscription fees 0 %
- Redemption fees 0 %
- Annual management fee 0.20 % - 0.75 %
- Actual management fee 0.30 %
- Compensation to the custodian 0.05%

In case the Fund invests in other funds, shareholders are made aware that the Fund will be subject to management fees that those funds may have. These management fees may not exceed 2 per cent of a fixed annual management fee and 20 per cent of a positive return in case of performance-based compensation. Any potential monetary inducements will be paid back into the Fund.

Investment policy

Valbay Nordic Fixed Income Fund is a short interest rate fund with focus on Nordic countries. The Fund may invest in financial instruments listed on the stock exchange or other authorized market places in the Nordic or in instruments that are subject to other regular trading on regulated markets open to the public and institutions in the Nordic. The Fund has the option to invest in unlisted interest bearing financial instruments. A maximum of 20 per cent of the Fund's total net assets may be held in cash. The average maturity of the Fund will be between 1 day and 720 days. No more than 20 per cent of the Fund's assets may be invested in securities funds in accordance with the Fund's investment objective.

Risk

Common types of risks that investments in funds are exposed to are market risk, industry risk, company risk, interest rate risk, inflation risk and currency risk. The risk is generally higher for equity funds and lower in balanced and fixed income funds. The Fund can rise or fall in value and shareholders may not recoup the amount originally invested.

The Fund's risk profile

The risk associated with investing in fixed income funds is affected by the duration of the Fund's holdings. The longer the duration is, the higher the risk. Falling interest rates increase the value of the Fund's holdings, while rising interest rates reduce the value of the Fund (interest rate risk). The Fund invests in debt securities with a high credit rating (credit risk) and short maturities.

The Fund's total risk (standard deviation), measured over a rolling twelve month period is intended to lie in the range of 0-10 per cent. The overall risk shows how much the Fund's return fluctuates around its average return.

Standard deviation is a statistical measure that describes the deviation of observations within a data set. A high standard deviation implies larger fluctuations and thus a higher risk, a low standard deviation implies smaller variations and thus a lower risk.



The Fund is risk grade one on our seven grade scale. This is because the average maturity of the interest rate papers is short. It implies lower fluctuations of returns compared to fixed income funds with holdings of longer average maturity (market risk).

Limit orders

It is not possible to place buy limit orders or sell limit orders for shares of the Fund.

Termination of the Fund or transfer of the Fund

If the Fund Management Company decides that the Fund should cease or that the Fund's management, with the consent of the FSA, should be transferred into another fund company, all shareholders shall be notified. The management of the Fund shall, with immediate effect, be taken over by the custodian, in the event the FSA withdraws the Fund's permit or the Fund Company enters into liquidation or declares bankruptcy. As soon as the custodian has taken over the management of the Fund, it must be transferred into another fund company if approved by the FSA. Otherwise, the Fund must be terminated by selling its assets and distribute the net proceeds of the Fund to the shareholders.

Subscription and redemption

Shares of the Fund are issued by the Fund Company. The buyer pays the net asset value (hereinafter called NAV) established on the banking day that payment is registered on the Fund's bank account, provided this happens before 14:00. Otherwise, the following banking days NAV will be used.

Request for redemption of shares must be done in writing to the Fund Management Company. Redemption price is the NAV calculated on the same banking day the written request for redemption is received by the Fund Company, provided it is received before 14:00. Otherwise, the following banking day's NAV will be used.

Requests for subscription and redemption of shares of the Fund may be withdrawn only with the consent of the Fund Management Company.

Information about the current Fund values and information about the latest buy and sell prices of shares in the Fund are made available by the Fund Management Company on the Fund's website www.valbay.com. The information is also available on Morningstar and Bloomberg.

Tax Rules for shareholders

Fund distributions and capital gains on redemptions of shares of the Fund are taxed as capital income. The tax rate on such income is currently 30 per cent. The Fund Management Company is obliged to withhold 30 per cent of provisional tax when distributing to residents in Sweden or deceased person's estates. People residing abroad will be subject to withholding tax on distributions. Withholding tax is 30 per cent or lower depending on the double taxation agreement with each respective country.

Statements of income

Capital gains and losses are reported in the statement of income and are submitted to the Swedish Tax Agency for individuals residing in Sweden and for deceased person's estates. Shareholders will be provided with the same statements together with the annual statement.