Prospectus for Handelsbanken Asien Småbolag

2026-10-01

This prospectus includes the following parts:

1. Information about Handelsbanken Asien Småbolag
2. General information about Handelsbanken Fonder and the management of our funds
3. Appendix containing sustainability-related information according to the requirements of Regulation (EU) 2019/2088.

1. Handelsbanken Asien Småbolag

Investment orientation and asset classes

The fund is an equity fund that invests primarily in small and mid-sized companies headquartered in Asia or in small and mid-sized companies in which transferable securities are admitted to trading in a regulated market in Asia. The fund may also invest in transferable securities issued by small and mid-sized companies in another region if the company has significant business operations or markets in Asia.

The fund's base currency is SEK.

This fund is managed based on the Fund Management Company's Policy for Shareholder Engagement and Responsible Investment and the sustainability strategies applicable thereunder. For a more detailed description of the strategy, refer to the below section "Responsible investment, sustainability and governance".

The fund is a securities fund (UCITS) that may invest in the following types of assets

- in transferable securities,
- in money market instruments,
- in derivative instruments,
- in fund units (to a total maximum of 10% of fund capital) and
- in an account at a credit institution.

The fund may use derivative instruments, including OTC derivatives, as part of the fund's investment focus. The underlying assets to derivative instruments may consist of or be related to

- such assets as referred to in Chapter 5, §1, paragraph 2, first sentence of the Swedish Investment Funds Act (2004:46),
- financial indices,
- interest rates,
- exchange rates, or
- foreign currencies.

In those cases where the fund invests in transferable securities in companies that do not have headquarters in Asia or transferable securities admitted to trading on regulated markets in Asia, the company shall have a minimum of 50% of its business operations or markets within one of these markets.

The fund may invest on a limited scale in so-called A-shares in China via trading and clearing channels (Stock Connect) between Hong Kong and Shanghai as well as between Hong Kong and Shenzhen. The trading and custody of these equities are included in a market structure with regulations, routines and systems that are untested. Due to this, there are risks that could potentially have a negative impact on returns in those funds that invest in A-shares. In addition, the application and interpretation of applicable tax rules in the securities arena within China have not been clearly established and changes or clarifications could have a negative impact on returns from these equities and thus on those funds that invest in A-shares.

The fund may use such techniques and instruments to increase returns and create leverage in the fund as stated in Chapter 25, § 21 of the Swedish Financial Supervisory Authority's regulations (FFFS 2013:9) regarding UCITS.

The funds management, activity level and yield

The fund is an actively-managed fund. Actively-managed refers to a fund in which the fund manager takes active, independent investment decisions with the objective of exceeding the returns of the benchmark index over the long term. Since November 1, 2023, the fund's benchmark index is Solactive ISS ESG Asia ex Japan Small Cap Index NTR. The fund was at the same time renamed from Handelsbanken Kina Tema to Handelsbanken Asien Småbolag and the investment focus was changed.
The benchmark index is relevant as it reflects the fund's investment universe as described in the fund's current investment focus.

The fund invests primarily in companies with earnings outlooks that are undervalued by the market and that the fund manager considered to be well-managed from an economic and sustainability perspective. Well-managed refers to a company with a strong market position, good cash flow and a sound balance sheet. Companies that are in an early development phase may also be considered as holdings in the fund when deemed to have a good possibility of achieving the criteria stated above over time. The fund normally consists of 50-100 companies, which is considerably less than the fund's benchmark index. The fund invests in companies regardless of whether these are included in the benchmark index or not.

The activity level in a fund is calculated through the use of the tracking error measurement. The fund's returns and

tracking error are reported for the past ten years (or if the fund has existed for a shorter period, from the launch of the fund if the fund has existed for a minimum of two years) in the following table. Tracking error is defined as the volatility in the difference between the fund's returns and the returns of the benchmark index. Tracking error is calculated according to industry standards, is based on the monthly data and reflects the past 24 months. A higher deviation in returns from the benchmark index gives a higher tracking error. The level of the tracking error differs between different types of funds (actively-managed funds, index funds, etc.) and fund categories (e.g., equities or fixed income), given that the risk levels of the underlying markets differ from each other. The selection of the benchmark index is of importance for the level of the tracking error. I
In selection of an index the Fund Management Company's ambition has been to obtain an index that is as relevant as possible in relation to the fund's long-term investment focus, which includes clear restrictions regarding the types of investments the fund may make from a sustainability perspective. The Fund Management Company has therefore selected a benchmark index that is sustainability-oriented and thus more concentrated/"narrower" than the "broader" benchmark indexes more prevalent in the sector. A broader benchmark index often means that the tracking error in the fund will be higher relative to the more concentrated index.

Information on the comparison of the fund's returns relative to the benchmark index is available on the Fund Management Company's website. The fund's returns and tracking error are shown in the table below.

	Returns, %	Tracking Error 2 yrs, %
2025	3.57	7.76
2024	20.51	5.73
2023	-1.96	4.21
2022	-10.65	4.28
2021	-1.20	3.34
2020	16.68	2.51
2019	35.07	2.76
2018	-9.43	2.62
2017	36.36	2.25
2016	13.88	3.03

Explanation of achieved tracking error
The fund's tracking error increased significantly in 2025 compared with its historical levels. This is a direct result of the the adjustments made to the fund's objective and investment focus on 1 November 2023. In 2024, a repositioning of the portfolio was initiated to adapt it to the new strategy, and over the past year this has resulted in larger overweight positions in selected holdings in Taiwan. In addition, the fund has the option of retaining holdings that exceed the market capitalization limit of the benchmark index due to price increases. This means that companies that were previously included in the benchmark index but have grown too large can remain in the portfolio even after they have exited the index. In several cases during the year, these were positions that were already significantly overweight before exiting the index and therefore did not reflect the benchmark index's weights. When these companies later became too large to be included in the benchmark index, the deviation from the index structure increased further. This contributed to a higher tracking error, as the portfolio remains exposed to companies that are no longer represented in the index, while they have continued to be important contributors to the fund's return. This concentration resulted in a significantly higher tracking error compared to previous years, which reflects an increased deviation from the benchmark index. The fund's objective and investment focus was changed substantially on 1 November 2023. The current level of risk is a result of the fund's active fund management style and the focus that was implemented after the adjustment.

The fund changed its benchmark index in 2017, 2019 and 2023 and therefore the historical returns prior to this are compared to an index that was used previously.

Register of unit holders

The register of unit holders for each fund is maintained by Handelsbanken on behalf of the Fund Management Company.

A settlement note is provided for the subscription and redemption of fund units as well as at the closing of a fund account. A statement with all of the fund account transactions for the year is provided on an annual basis.

Valuation of fund assets

The value of a fund unit is the fund's value divided by the number of outstanding fund units. The fund's value is calculated by deducting those liabilities from the assets applicable to the fund. The fund's value is calculated each banking day.

The fund's assets consist of:

- financial instruments that are valued according to the applicable market value. Market prices from an active market are primarily used. If such prices are not available or if the prices are deemed to be misleading by the Fund Management Company, the financial instruments may be valued according to those objective principles decided by the Fund Management Company. Such objective principles may include similar transactions that occurred under market conditions during the recent period, previous market prices for the instrument, market prices from a market maker or broker, or a so-called reference valuation,
- liquid assets,

- accrued interest,
- accrued distributions,
- non-liquidated sales, and
- other receivables related to the fund.

The fund's liabilities consist of:
- remuneration to the Fund Management Company,
- non-liquidated purchases,
- tax liabilities, and
- other liabilities related to the fund.

The market value for such transferable securities and money market instruments as referenced in Chapter 5, §5 of the Swedish Investment Funds Act will be valued in accordance with a specific valuation in the event a price from the active market is not available. The specific valuation may also be based on the following: prices from a non-active market or observable prices from market makers or brokers, the acquisition value, recently completed transactions, corporate events that impact the market value, a reference valuation, discounted cash flows, and share capital from company equity.

The market value of OTC derivatives is set in accordance with a specific valuation in the event a price from the active market is not available. The specific valuation may also be based on the following: prices from a non-active market or observable prices from market makers or brokers, a reference valuation, a valuation based on the assets/components' market value, or a value based on generally-accepted valuation models, such as Black & Scholes.

Given that the fund consists of share classes, the value of a fund unit will be determined in consideration of the conditions associated with each share class. The value of a fund unit in a share class within the fund consists of the value of the share class divided by the number of outstanding units in the share class in question.

General information on fees

The Fund Management Company receives remuneration from the fund in the form of a management fee for fund management. The management fee covers the Fund Management Company's costs for management, administration, custody of securities, auditing and supervision.

Expenses for distribution and marketing are also included in the management fee for share classes in which the Fund Management Company pays the distributor a remuneration for distribution.

The remuneration consists of a fixed percentage management fee. The maximum fee permitted is stated in the fund rules and the applicable fee is provided in this prospectus.

Expenses for the fund's trading in securities, namely brokerage fees, are deducted directly from the fund and also apply to any applicable tax, settlement fees and corresponding transaction-related fees. Information about the fund's total costs is included in the fund's annual report. Information about the unit holders' portion of the total costs is provided in the annual account statement.

The term annual cost impact is used in the fund's Key Information Document (fact sheet). The annual cost impact includes the management fee and other administration or operating costs (where such costs arise) as well as transaction costs. The management fee and other administration or operating costs are an estimated, based on the actual costs from the previous year, unless stated otherwise.

Transaction costs, i.e., costs associated with the fund's trading in securities (for example, brokerage fees, spreads, taxes and interest expenses) is an estimate and may vary depending on the extent of the fund's trading in securities.

The Fund Management Company does not charge any subscription or redemption fees for trading in the Fund Management Company's funds.

The fund is not charged fees for holdings in funds managed by the Handelsbanken Group. Fees in other funds will be charged to the fund, although any discounts revert to the fund in full.

In addition, there is a limit to the types of fees that may be charged for the fund to invest any of its assets in an underlying fund. A maximum fixed annual fee of 3% may be charged for the fixed management fees of the underlying funds in which the fund invests its assets. Any performance-based management fee for the underlying funds may not exceed 30% of the excess returns relative to each fund's benchmark (index or the equivalent) during each measurement period.

There are no subscription or redemption fees charged to the fund for investments in underlying funds managed within the Handelsbanken Group.

Specific information on expenses for the purchase of analyses

The Fund Management Company requires the use of analyses within the context of the Fund Management Company's fund management process for the actively-managed funds. The analyses can relate to individual companies, geographic markets, sectors or macroeconomic conditions. The Fund Management

Company has employed analysts and portfolio managers who contribute with analyses in the fund management process. In addition to the internal analyses, the Fund Management Company also purchases external analyses from various research firms. The expenses for internal analyses as well as external analyses are included within the scope of the management fee for each fund.

Share classes and fees

The conditions for the share classes in the fund are described in the fund rules and below.
A = Accumulation (non-distribution)
B = Distribution
Currency: SEK, EUR, NOK

Subscription limits or other conditions
1 = No subscription limit or other conditions

9 = The share class is only open for
- investors who, within the scope of an agreement for investment services pursuant to Chapter 2, § 1, items 1, 2 or 5 in the Securities Market Act (2007:528) or comparable Swedish or foreign regulations, invest in the share class on the condition that, and only as long as there is a written agreement between the Fund Management Company and the provider of the investment services, or an intermediary within the distribution chain, that expressly permits distribution of the share class without the distributor being entitled to distribution compensation from the Fund Management Company, and
- insurance companies that invest in the fund within the scope of an agreement with the policy holder on the condition that, and only as long as there is a written agreement between the Fund Management Company and the insurance company or an insurance distributor that expressly permits investments in the share class without the insurance company or insurance distributor being entitled to compensation from the Fund Management Company.

10 = The share class is only open for investors who, within the scope of an agreement for portfolio management pursuant to Chapter 2, § 1 in the Securities Market Act (2007:528) or comparable Swedish or foreign regulations, invest in the share class on the condition that, and only as long as there is a written agreement between the Fund Management Company and the provider of the investment services, or an intermediary within the distribution chain, that expressly permits distribution of the share class without the distributor being entitled to compensation from the Fund Management Company.

The share class in not open to insurance companies.

17= The share class is only open for
- investors who, within the scope of an agreement for portfolio management with S-banken Abp (Company registration number 2557308-3) pursuant to Chapter 2, § 1 in the Securities Market Act (2007:528) or comparable Swedish or foreign regulations, invest in the share class on the condition that, and only as long as there is a written agreement between the Fund Management Company and the provider of the investment services, or an intermediary within the distribution chain, that expressly permits distribution of the share class without the distributor being entitled to compensation from the Fund Management Company, and
- insurance companies that invest in the fund within the scope of an agreement with the policy holder regarding insurance in which the investment risk is borne by the policy holder on the condition
    - a) that the insurance company and S-banken have entered into an agreement for asset management,
    - b) that, and only as long as there is a written agreement between the Fund Management Company and the insurance company or S-banken as the insurance distributor, expressly permits investments in the share class without the insurance company or insurance distributor being entitled to compensation from the Fund Management Company.

Dividends are distributed in the B share classes. Normally, the dividends are paid out during March. The objective is to annually distribute 3,5% of the units' value on the record date. However, distributions can be both higher and lower. The Fund Management Company takes the decisions related to distributions and the record date. Detailed information about the basis for dividend payments is contained in the fund rules.

The current management fee is the same as the highest management fee for each share class. Transaction costs such as brokerage fees, taxes, etc. for the purchase and sale of financial instruments are paid out of the fund.

Share class	Fee %
A1 SEK	1.85
A1 EUR	1.85
A1 NOK	1.85
A9 SEK	0.95
A9 EUR	0.95
A9 NOK	0.95
A10 SEK	0.60
A10 EUR	0.60
A10 NOK	0.60
A17 EUR	0.60
B1 SEK	1.85
B1 EUR	1.85
B9 SEK	0.95
B9 EUR	0.95
B10 SEK	0.60

B10 EUR	0.60
B17 EUR	0.60

Techniques and instruments (securities lending)

The fund has the right to lend securities in order to streamline management. The below section “Techniques and instruments (securities lending) and management of collateral” contains a description of: the reason for the loan; which assets are subject to lending; the scope of the loan (maximum and expected); which counterparties the fund lends to, including terms; potential conflicts of interest; risk and risk management around lending; and how revenue from lending affects the fund’s return.

Fund sustainability in brief

The fund promotes environmental or social characteristics. The Appendix to this prospectus provides the detailed disclosures required by the fund pursuant to Article 8 in the EU regulation 2019/2088, Regulation on sustainability-related disclosures in the financial services sector (SFDR). The Appendix provides information about the environmental or social characteristics promoted by the fund, the exclusion strategy applied by the fund, how Principal Adverse Impacts (PAI) on sustainability factors are taken into account, the objectives for the sustainable investments the fund intends in part to make, as well as the investment strategy and the asset allocation for the fund.

Additional sustainability-related disclosures for the fund are available at: Sustainability-related disclosure - Handelsbanken Asien Småbolag

The website at www.handelsbanken.se/sv/om-oss/svenska-dotterbolag/handelsbanken-fonder/our-work provides information about the Fund Management Company’s methodologies/tools used to assess the adverse impacts on sustainability factors, the principles for what is defined as a sustainable investment, including how the Fund Management Company determines that an economic activity “does not cause significant harm”, as well as methodologies and principles for the assessment of good practice for corporate governance. The website also provides the Fund Management Company’s Policy for shareholder engagement and responsible investment, due diligence routines for investment decisions, as well as a description of the Fund Management Company’s strategies for Inclusion, Exclusion and Engagement. A statement of how sustainability risks are integrated into the investment decisions is found under the heading “Risk profile of the fund”.

Management of collateral

Because the fund has the right to lend securities in order to streamline management and/or to utilize OTC derivatives, it is exposed to counterparty risk. To manage these counterparty risks, the Fund Management Company pledges and receives securities as collateral on behalf of the fund. For a description of the Fund Management Company’s management of collateral, which securities are accepted and how they are valued, refer to the second section below under “Techniques and instruments (securities lending) and management of collateral”.

Risk profile of fund

The fund is a equity fund which means a higher risk, but also the potential for a higher return. The investments are concentrated to securities in Asia, which means the risk in the fund can be higher than an investment in a diversified global fund that distributes its investments across several regions. The fund has a currency risk, which means that the returns and the risk are affected by changes in exchange rates. The fund has share classes in various currencies, which means that the returns and the risk can vary across different share classes. The fund invests in smaller companies that frequently have lower liquidity. In general, the variation in liquidity is considered to be higher relative to investments in larger companies. This can impact the fund's ability to manage significant outflows at a relatively low cost.

The fund may invest in derivatives as part of its investment focus to increase returns in the fund and to create leverage. The volume of trading is limited where applicable and is expected to have a marginal impact on the fund’s risk profile.

Investments in emerging markets may be subject to increased exposure for operational risks, such as the risk that political decisions, shortcomings in the financial infrastructure or weaknesses in a country’s securities regulation would negatively impact to the fund’s return.

A sustainability risk is an environmental-, social-, or corporate governance-related event or condition that, should it occur, could cause an actual or potential significant adverse impact on a company’s value. Accordingly, environmental-related, as well as social-, or governance-related events can arise from a company’s own business operations or from events that occur independently of the company. The sustainability risks in the fund are systematically measured and followed up. The risk is deemed to be moderate and the actual measurement will be reported in the annual report.

How are sustainability risks integrated into the investment decisions?
Pursuant to regulations, a sustainability risk means an environmental, social or corporate governance event or

condition that, if it occurs, could cause an actual or a potential material negative impact on a company's value.

The fund is an actively-managed equity fund, whereby the management of sustainability risks is an integral part of the company analysis that serves as the basis for the investment decisions. Data from external providers of sustainability data is used in this analysis, together with an internal sustainability analysis.

Sustainability risks are primarily managed through the inclusion of companies based on the sustainability analysis, exclusion as well as engagement in the form of dialogues and active corporate governance.

The Fund Management Company analyzes the companies based on two dimensions: What are the products and services provided by the company and how do these impact the external environment? To assess the company's operational sustainability performance and its sustainability risks, we identify and analyze the company's material sustainability risks that vary based on the company and sector. The analysis allows us to include companies whose sustainability work will either strengthen over time or companies that are already forerunners within such work. In this way, the Fund Management Company's assessment can focus on the sustainability risks with the greatest impact on the company's financial performance. Climate risks are of importance to most companies and the Fund Management Company measures the carbon footprint of companies to identify those companies that require further analysis and engagement efforts. To facilitate the analysis with regard to a company's negative impact on the climate, the Fund Management Company also takes into account a more forward-looking measurement, such as whether the company has set objectives aligned with the Paris Agreement or whether the company's development is in line with the 2°C target. The Fund Management Company conducts scenario analyses and stress tests for the fund based on climate risks at least once a year.

The integration of sustainability risks is followed up regularly by the Fund Management Company's risk control function. Monitoring includes a daily follow-up and control, as well as a more in-depth control of sustainability risks within a specific risk forum that focuses on sustainability. Representatives in this forum include senior decision-makers in the Fund Management Company. Sustainability risks in the fund are followed up by applying a measurement that measures sustainability in the fund's holdings. External sustainability ratings are primarily used in these instances.

As a result of the fund's exclusion strategy regarding fossil fuels and the integration of sustainability in the investment process, the fund has a low exposure to those companies with the highest climate-related risks, i.e., companies with exposure to coal, oil and gas. Instead, sectors such as industrials, information technology and consumer discretionary are essential for the fund based on the climate stress tests conducted by Management Company.

The Fund Management Company concludes that the management of sustainability risks through the inclusion of companies based on sustainability analyses, exclusion of investments in certain companies and sectors, as well as engagement in the form of dialogues and active corporate governance will provide higher risk-adjusted returns over time. However, in the short term such an exclusion strategy can increase the fund's concentration risk and result in weaker returns with rising oil prices, for example.

Financial leverage

Financial leverage refers to a method by which the exposure increases through the use of derivative instruments or by borrowing cash/securities, for example. The financial leverage is expressed as the relationship between the fund's exposure and its net asset value. A securities fund that invests in derivatives has the potential to legally reach a leverage effect of twice the market risk.

Target group of the fund

The fund is suitable for the investor who would like to invest in companies listed or operating in China, Hong Kong or Taiwan. The market can be periodically dominated by sharp fluctuations, i.e., there is significant potential as well as risk. The fund is most appropriate for an investor who has an investment horizon of 5 years or more.

Marketing of fund units outside of Sweden

The fund is marketed in:

Norway
Finland

Svenska Handelsbanken AB in Norway and S-Bank Plc in Finland is responsible for issuing payments to unit holders, redeeming units as well as providing information. The share classes marketed in other countries within the EEA can be found in the fund list at Handelsbanken's branch in Norway and S-Bank´s website.

2. General information about Handelsbanken Fonder and the management of our funds

v.26.07

The Management Company

Handelsbanken Fonder AB
Corporate identity number: 556418-8851
The Company's address and headquarters:
Blasieholmstorg 12
SE-106 70 Stockholm
Tel: +46(0)8 - 701 10 00

The Fund Management Company has been authorized to conduct fund operations pursuant to the Swedish Investment Funds Act since 22 June 2006. Prior to this, the Fund Management Company had the authorization to conduct fund operations according to the Mutual Funds Act (1990:1114). In addition, the Fund Management Company has authorization to act as an Alternative Investment Fund Manager (AIFM) pursuant to the Alternative Investment Fund Managers Act (2013:561).

Shareholder and Equity Capital

Svenska Handelsbanken AB (PLC) owns all of the stock in the Fund Management Company. The Fund Management Company has share capital of SEK 1,500,000.

Board of Directors

The Fund Management Company's Board of Directors consists of:
Carl Cederschiöld, Chairman of the Board, Bank vice president, Svenska Handelsbanken AB (PLC)
Malin Björkmo, Consultancy specializing in corporate governance and financial regulations
Helen Fasth Gillstedt, Chief Executive Officer and owner of a management consultancy firm
Lars Seiz, Strategic advisor in asset management
Åsa Holtman Öhman, Employee representative, Finansförbundet regional association, CHK association, Svenska Handelsbanken AB (PLC).

Executive management of the Management Company

Kristin Magnusson Bernard, Chief Executive Officer
Emma Viotti, Deputy Chief Executive Officer, as well as Head of Products
Carina Roeck Hansen, Chief Operating Officer
Katarina Paschal, Head of Active Equity and Fixed Income Management
Pär Sjögemark, Head of Asset Allocation and Ruel-based Asset Management
Anna Larris, Head of Legal and Sustainability
Carl-Johan Halloff, Head of Sales
Monika Jenks, Head of Compliance
Fredrik Alheden, Head of the Risk Control
Aurora Samuelsson, Operating Head of Sustainability
Fredrik Köster, Head of Legal
Staffan Ringvall, Operating Head of Corporate Governance and Board secretary

Compliance

Monika Jenks, service provider, employed by Svenska Handelsbanken AB (PLC).

Auditors

The Fund Management Company's auditors are: Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, principal auditor, Peter Nilsson.

Assignment Contracts

Handelsbanken Fonder AB has entered into an assignment contract with Svenska Handelsbanken AB (PLC) with regard to personnel matters, internal auditing, complaint handling, money-laundering and measures against the financing of terrorism, fund management company administration, legal reporting, distribution of funds and the maintenance of the unit holders' register. The Fund Management Company has also entered into an assignment contract with J.P. Morgan Administration Services (Ireland) Limited regarding certain administration associated with the subscription and redemption of units on the primary market for the Fund Management Company's ETFs. The Fund Management Company has also entered into an assignment contract with Svenska Handelsbanken AB (PLC), branch office in Norway, primarily with regard to the management of funds with Norwegian exposure (only applicable to actively-managed funds).

In addition, there are agreements with other units within the Handelsbanken Group and with certain external fund intermediaries regarding the distribution of funds.

The Fund Management Company has an agreement for all of the XACT funds with Euroclear Sweden ("Euroclear") for the maintenance of the unit holders' register for each of the XACT funds.

Custodian Institution

The Fund Management Company has appointed J.P. Morgan SE - Stockholm bank branch, as the Custodian Institution. The Custodian Institution shall execute its obligations in accordance with applicable EU directives,

applicable Swedish laws, other statutes and fund rules relating to each fund.

The primary task of the Custodian Institution is to register and hold the assets included in the fund in a safe and secure manner, to monitor the fund's cash flow and to ensure that the fund's assets are calculated and used in a manner that is not in conflict with laws, other statutes and the fund rules of the fund. The Custodian Institution shall act independently of the Fund Management Company and solely in the common interest of the unit holders.

In accordance with the Custodian Institution's agreement, applicable EU directives, laws and other statutes, a custodian institution can, in the context of certain conditions and to comply with its obligations in an effective manner, delegate portions of its obligations to one or several external companies, including other custodian banks that have been appointed periodically by the Custodian Institution. In accordance with applicable EU directives, laws and other statutes, custody and registration are the only tasks that may be delegated. In the context of its delegation, the Custodian Institution shall exercise all due skill, care and diligence required in accordance with applicable regulations to ensure that the fund assets are only entrusted to a service provider that is able to offer adequate protection. The Custodian Institution's responsibility is not impacted in any way if the custody of certain or all of the assets is delegated to an external company.

The Custodian Institution is described in more detail below:
J.P. Morgan SE - Stockholm bank branch
Corporate identity number: 516406-1110
Address: Sveavägen 20, SE-111 57 Stockholm

J.P. Morgan Bank SE - Stockholm bank branch (Custodian Institution or J.P. Morgan) is a full-service branch with regard to the custodian institution operations that are under the supervision of the Financial Supervisory Authority. J.P. Morgan SE has its legal domicile and registered headquarters in Germany and is under the supervision of European Central Bank.

In its role as the Custodian Institution, J.P. Morgan can periodically engage the services of other customers, funds or other external companies for custody and associated services. J.P. Morgan Chase Group is an international banking group with a broad range of business activities, which means that conflicts of interest can arise periodically between the Custodian Institution and the companies to which custody services have been delegated. Such a company can be an affiliated company to J.P. Morgan that offers a product or service to a fund and at the same time has financial or business interests in these products or services. The company can also be an affiliated company to J.P. Morgan that receives payment for other products or services associated to custody, such as foreign exchange or securities loans. If conflicts of interest do arise, the Custodian Institution shall always fulfil their commitments in accordance with applicable law and other statutes and act solely in the common interest of unit holders.

In this respect, unit holders should be aware that the Custodian Institution has delegated the custody of certain securities to companies within J.P. Morgan's network of custodian banks.

Updated information regarding the identity of the Custodian Institution, a description of its work tasks and conflicts of interest that can arise, a description of the custody functions that have been delegated by the Custodian Institution, a list of service providers and any tasks that have been further delegated and any conflicts of interest that could arise as a result of such delegation may be obtained upon request.

The Custodian Institution has no decision-making authority over the Fund Management Company's investments in the fund management operations.

The Custodian Institution is the service provider and does not participate in the preparation of this document. Accordingly, the Custodian Institution has no liability for the correctness of the information in the document.

The funds and their legal status

The legal character of the funds

The UCITS funds and non-UCITS funds of Handelsbanken Fonder are regulated by the Swedish Investment Funds Act (2004:46) and the Alternative Investment Fund Managers Act (2013:561). A fund is established through capital contributions from the general public and is mutually owned by those who have provided capital to the fund. The fund consists of securities purchased by the fund for the capital provided to the fund. Fund assets are owned by the fund unit holders but are managed by the Fund Management Company. The fund may not acquire rights, assume liabilities, or lodge an appeal before a court of law or any other authority. Assets included in a fund may not be seized and unit holders are not held accountable for the liabilities of the fund. This fund is not a legal entity, rather it is solely an object of taxation. The Fund Management Company represents the unit holders in all questions regarding the fund, takes decisions regarding the assets included in the fund and exercises those rights that arise from the fund. The Fund Management Company shall trade solely in the common interest of the unit holders within the asset management of the fund.

One fund unit is a right to a proportion in a fund that is equivalent to the fund's net capital divided by the number of outstanding units. In a fund that lacks share classes, all units are equal and have the same rights to the assets included in the fund. In those cases in which the fund consists of share classes, the value of a fund unit in one share class will differ from the value of a fund unit in another share class. However, fund units within each individual share class are the same size and have the same rights to the assets included in the fund. The unit holder is never held responsible for any liabilities that rest upon the fund.

Each fund has fund rules that explain the specific conditions for subscribing to the fund and specifies what distinguishes each share class, if such is present in the fund. The fund rules have been approved by the Financial Supervisory Authority and constitute a portion of this Prospectus.

Share classes – Nomenclature, conditions, distributions, etc.

The Fund Management Company has introduced a nomenclature of share classes for the Fund Management Company's funds in order to facilitate a review by unit holders of the terms and conditions associated with the different funds and their share classes. Share classes that have identical terms and conditions will be described in the same manner, regardless of the fund. However, the nomenclature of the share classes with specific conditions differs between actively- and passively-managed funds. The nomenclature of share classes facilitates a comparison between different share classes in different funds. The Fund Management Company applies a share class nomenclature that consists of three markers: the first marker is a letter, the second is a number and the third indicates the share class's currency using the international standard for currency codes. The description of the share class is stated in the fund rules, the prospectus and the fact sheet following the name of the share class. The first marker identifies whether the fund is a distribution or a non-distribution (accumulation) share class. The second marker indicates other conditions for the share class and the third marker states the currency of the share class. In those cases where there are share classes in which the conditions for distribution have various subscription limits, the fees will normally differ in the various share classes. The fee levels in each share class are stated in the fund rules and in the prospectus. Information about the annual cost impact is available in the fact sheet for each share class.

Common conditions for the share classes

A majority of the Fund Management Company's funds have several share classes. The share classes are specified in the fund rules for each fund. The fund-specific section of the Prospectus states which share classes are applicable specifically for the referenced fund. The share classes differ with regard to currency, distribution, fees and specific conditions for distribution. The value of a fund unit in a share class will differ from the value of a fund unit in another share class. The units within each share class are of equal size and have the same rights to the assets included in the fund.

A non-distribution (accumulation) share class that does not have a subscription limit or other conditions and has the EUR as its currency class will be described as A1 EUR. This description of the share class will remain irrespective of whether the share class originated from the original fund or has been added to the fund after several other share classes have been added to the fund. Thus, the principle is that share classes with identical terms and conditions will be described in the same manner, regardless of the fund. However, the conditions for the A9/B9 share classes differ between the actively- and passively-managed funds.

The conditions for the various share classes apply to the investors, regardless of whether the holdings are registered directly or held in trust at the Fund Management Company in accordance with Chapter 4, §12 of the Swedish Investment Funds Act (2004:46). An investor refers to a unit holder and a potential investor. The entity that distributes the share class to the investor is responsible for ensuring that the investor fulfils the conditions of the share class. When insurance undertakings have invested in fund units within the scope of an agreement with policy holders, the responsibility lies with the insurance undertakings or those within the insurance undertakings and the insurance distributor that hold the agreement with the policy holder for the insurance undertakings to receive the share class for which they are entitled.

As a precondition in share classes with conditions for distribution (A9, B9, A10 and B10), no distribution remuneration will be paid from the Fund Management Company (or "remuneration" concerning the insurance distributor, see A9/B9). Distribution remuneration does not refer to remuneration to pay for a platform service based on the number of funds that the Fund Management Company has on the platform or in similar models, whereby the fund receives access to a trading platform and the fee is based on the value of those fund units (in the Fund Management Company's fund/funds) registered within the platform. Such a "platform fee" is paid by the Fund Management Company for the platform to provide access to the fund units normally through the reception of investment services and transmission of orders or the execution of orders in accordance with Chapter 2, §§1 and 2 of the Swedish Investment Funds Act or corresponding Swedish or foreign regulations.

A switch between share classes at the initiative of a unit holder normally results in a capital gains tax. The Swedish Tax Authority's legislative guidance (September 2013) with regard to the introduction and change of share classes states that a switch in unit holdings between different share classes does not result in any taxation if this is a direct consequence of the fund rules. Any tax consequences due to a switch between share classes is the responsibility of the unit holder. Refer below for further information about tax rules for unit holders.

A unit holder may not concurrently fulfil the conditions for two different share classes while using the same assets. This means, for example, that if a unit holder who owns units in one share class without specific conditions for distribution is eligible for a share class with specific conditions for distribution, the unit holder's units will be allocated to the share class with the lowest fee that fulfils the conditions. In the same manner, when a unit holder no longer fulfils the specific conditions for distribution in a share class, the unit holder's units will be allocated in the first hand to another share class with specific conditions for distribution for which the unit holder fulfils the conditions and, lastly, to a share class without specific conditions for distribution. All of the allocations are made without making changes to the conditions for distribution or the currency. The above applies regardless of whether the unit holder's holdings are registered directly or held in trust (in one or several stages) at the Fund Management Company.

Allocation refers to units in a share class that are allocated by investing the value of the unit holder's holdings in a share class for which the unit holder fulfils the conditions without making a change to the distribution conditions or currency. This applies regardless of whether the unit holder's holdings are registered directly or held in trust (in one or several stages) at the Fund Management Company. The entity that distributes the share class to the investor is responsible for ensuring that the investor allocates units to another share class if this investor qualifies for another share class, or alternatively does not fulfil the conditions of the existing share class.

The distributors of a fund determine which share classes are provided by the distributor. In some cases, not all of the share classes stated in the fund rules are promoted by the Fund Management Company, which means that it is not possible for an investor to purchase units in the share class.

Distributions

The Fund Management Company determines the amount of the distribution to be paid to fund unit holders in the distribution share classes on an annual basis. Pursuant to the fund rules of the funds, distributions are calculated based on the return in the distribution share classes, although, as also stated in the fund rules, it is ultimately the best interest of the unit holders that is fundamental for determining the amount of the distribution. The Fund Management Company's view is that it is in the best interest of the unit holders for the historical dividend yields of the share classes to serve as the basis for the distribution size objective. Dividend yields are a good representation of the returns on the fund's assets for a long-term investor and tend to have smaller variations than the fund's absolute returns. As a result, the distribution may be set at a higher or lower amount than the returns of the share classes. Refer to the fund rules for each fund for further information about the objectives with regard to the size and the timing of the distribution. Distributions are normally made during the month of March each year. The Fund Management Company may make the decision for an extraordinary dividend during the year if it is deemed to be in the best interest of the fund unit holders. Dividends are paid to the fund unit holders who are registered as of the record date decided by the Fund Management Company for the distribution. The distribution impacts the relationship between the value of accumulation units and the value of the distribution units, with the value of the distribution units decreasing in relation to the size of the distribution.

Subscription and redemption as well as information on the most recently calculated NAV

The subscription and redemption of fund units may occur through one of Handelsbanken's Swedish branch offices and via Handelsbanken's website, in accordance with the rules and directives that may be obtained from the Fund Management Company. The subscription and redemption of fund units may also occur at certain distributors external to the Handelsbanken Group in accordance with the rules and directives that can be obtained from the distributor.

The services offered by Handelsbanken Fonder to clients living permanently or temporarily in certain countries, such as the US, are limited. The Fund Management Company reserves the right to refrain from selling fund units to individuals living in certain countries and legal entities with legal domicile in certain countries should this be in conflict with applicable statutes in such countries. Additional information may be obtained from a local Handelsbanken branch office.

When the request for subscription or redemption of a fund unit is received, the Fund Management Company sets the fund unit price and the transaction is completed according to those cut-off times applicable to each fund. Information about the latest cut-off time for the subscription and redemption of fund units may be found on

handelsbanken.se/funds or at a local Handelsbanken branch office. Different time periods can apply at distributors external to the Handelsbanken Group. Subscriptions and redemptions always occur at an unknown price. It is therefore not possible to state a fund unit price limit for a subscription or redemption.

The most recently calculated net asset value is available on the Fund Management Company's website at www.handelsbanken.se/funds or at a local Handelsbanken branch office.

Guidelines for the closing of a fund

The funds are available for subscription and redemption each banking day, unless stated otherwise in the fund rules.

However, a fund may be closed for the subscription and redemption of fund units on such banking days or a portion of a banking day where the value of the fund's assets cannot be calculated in such a way to guarantee the equal treatment of the fund unit holders, e.g. when one or several markets in which the fund trades are totally or partly closed or in the event of exceptional circumstances. Normally, a fund is closed for subscription and redemption if approximately 30% or more of the underlying markets are closed.

Normally, a request for the subscription and redemption of fund units may be made even if a fund is closed. However, a consequence of a closed fund is that the Fund Management Company does not calculate a net asset value. If a request for the subscription or redemption is received when a fund is closed, the net asset value for the fund will be set the first banking day after the fund re-opens for trading. This means that the subscription and redemption may be delayed by the number of days the fund was closed.

Responsible investment, sustainability and governance

The Fund Management Company's view is that responsible conduct is a fundamental prerequisite for long-term value creation in a company. Responsible investment is therefore a key condition for achieving our goal of delivering strong long-term returns.

The Fund Management Company's work toward our vision is based on two sustainability objectives: achieving net-zero greenhouse gas emissions in the total investment portfolio by 2040 at the latest, and making investments that contribute to the goals of Agenda 2030.

We aim to achieve our sustainability objectives by investing in solutions, allocating capital in a sustainable direction and engaging the companies in which we are a shareholder. Our work is based on and derived from three powerful tools: the inclusion of companies, the exclusion of companies and certain sectors, as well as the pursuit of active engagement work.

Our efforts within responsible investment are ongoing and are integrated into the Fund Management Company's fund management organization and in the various investment processes for all of the Company's funds.
This means that all investments are based on the same principles, which are outlined in our Policy for shareholder engagement and responsible investment. All fund management is therefore guided by international norms and conventions that include such areas as the environment, human rights, working conditions and corruption. The Fund Management Company has also undertaken to comply with several voluntary frameworks, such as the UN's Global Compact initiative, the UN's Principles for Responsible Investment (PRI) and the Net Zero Asset Managers Initiative.

As an owner, the Fund Management Company also takes action under the principles of corporate governance in the Swedish Corporate Governance Code as well as other relevant industry standards from the Swedish Investment Fund Association, including the Swedish code of conduct for fund management companies and Guidelines for fund management companies' shareholder engagement.

The Company's Policy for shareholder engagement and responsible investment contains additional information about the Fund Management Company's work with responsible investment and is available at https://www.handelsbanken.se/sv/om-oss/svenska-dotterbolag/handelsbanken-fonder/our-work.

How we work to achieve our sustainability goals

Sustainability is integrated into investment analyses and decisions, although the approach can vary in the ongoing business activities depending on whether we are dealing with the selection of individual companies in which to invest, the selection of an index, or the selection of funds for inclusion in fund portfolios. The selection of asset classes and management focus also impact the approach taken.

The Fund Management Company strives to **select** investments that carry out their business activities to correspond with or contribute positively to a sustainable development in accordance with Agenda 2030 and the objectives of the Paris Agreement.

Investments can be included based on two dimensions of sustainability: as a result of the company's operational

sustainability performance or as a result of the company's products and services.

The ***exclusion*** strategy provides for the funds' exclusion of investments in a number of controversial sectors or branches with business models that result in markedly elevated sustainability risks. Moreover, the funds exclude companies that are considered to be violating international norms and conventions related to human rights, work conditions, corruption and the environment, for example.

A vital part of taking responsibility as an investor is to exercise the role as owner and **influence** the companies in which we invest. We can accomplish this through company dialogues and corporate governance work.

Company dialogues are conducted by the Fund Management Company itself through direct contact with companies, as well as to a great extent in collaboration with other asset owners and through joint industry initiatives.

An active and responsible corporate governance in those companies in which our funds own equities is an essential part of our assignment as an asset manager.
The Fund Management Company does this primarily through voting at shareholders' meetings and representation on nomination committees

Refer to handelsbanken.se/sv/om-oss/svenska-dotterbolag/handelsbanken-fonder/our-work for further information about the Fund Management Company's sustainability work.

Management of currencies and currency exposure

Investing in securities on different markets can involve exposure to different currencies, which in turn involves currency risk.

Equity funds generally have full currency exposure on the markets in which investments are made. The fund managers may have a different currency exposure via cash balance on an account and also via of FX forward contracts, although often to a lesser extent. A fund that invests in multiple markets therefore has a mixture of currency exposures. When investing in equities, regardless of the market, there may also be indirect currency exposure depending on factors such as the company's sales, purchasing and production in other countries. Currency exposure accounts for a substantial portion of the returns.

In fixed income funds, currency exposures are generally always hedged to the fund's base currency. Normally, a maximum of 2% of the fund may be exposed to a currency other than the base currency. What applies in this regard is stated in the fund rules and is listed in the fund-specific section of the Prospectus for the fixed income funds.

Fund of funds have exposure to the various markets and positions of the underlying funds. The actively-managed fund of funds also work actively to take currency positions in the form of FX forward contracts to obtain the desired exposure. Currency exposure accounts for a substantial portion of the returns.

Damages

The Fund Management Company is liable for damages in accordance with Chapter 2, §21 of the Swedish Investment Funds Act (2004:46) with regard to the UCITS funds managed by the Fund Management Company and in accordance with Chapter 8, §§28-31 of the Alternative Investment Fund Managers Act (2013:561) for the non-UCITS funds managed by the Fund Management Company. The Custodian Institution is liable in accordance with Chapter 2, §21 of the Swedish Investment Funds Act and in accordance with Chapter 9, §22 of the Alternative Investment Fund Managers Act. The following is stated in these regulations. If a unit holder suffers a loss as a result of the Fund Management Company's violation of current regulations or the fund rules, the Fund Management Company shall compensate for the loss. If a unit holder or a fund management company suffers a loss as a result of the Custodian Institution's violation of the Swedish Investment Funds Act or fund rules, the Custodian Institution shall compensate for the loss. While respecting the provisions of these regulations, the following is also further applicable where appropriate within the meaning of the fund rules for each individual fund.

With regard to all of the incoming measures taken by the Custodian Institution and the Fund Management Company, the Custodian Institution and the Fund Management Company will not be liable for damages due to an external event outside the control of the Fund Management Company or the Custodian Institution as well as Swedish or foreign statutes, measures taken by Swedish or foreign authorities, event of war, strike, blockade, boycott, lockout or other similar circumstances. The reservation concerning strike, blockade, boycott, and lockout even applies if the Custodian Institution and/or the Fund Management Company themselves are subject to or take such conflict measures.

The Custodian Institution and/or the Fund Management Company will not compensate damages that arise in other instances if the Custodian Institution/Management Company has been normally prudent and unless otherwise required by mandatory legislation. The Custodian Institution/Management Company is in no case

liable for indirect damages, unless the damage is a result of the gross negligence of the Fund Management Company or Custodian Institution.
If obstacles exist that prevent the Custodian Institution and/or Management Company from effecting payments or taking other measures due to the circumstances mentioned in the first paragraph, the measures may be postponed until the obstacles have ceased. In the event of deferred payments, the Custodian Institution or Management Company will pay interest, if interest is promised, based on the rate of interest that applied on the due date. If interest is not promised, the Custodian Institution or Management Company is not obliged to pay interest at a higher rate of interest than that which is equivalent to the interest rate set by the Riksbank, with the applicable discount according to §9 of the Interest Act (1975:635), supplemented by two percentage points for each occurrence.

If the Custodian Institution and/or the Fund Management Company, as a result of the circumstances mentioned in the second paragraph, is prevented from accepting payment, the Custodian Institution and/or the Fund Management Company has the right to interest according to those conditions that applied on the due date for that period during which the obstacle existed.

In accordance with the Alternative Investment Fund Managers Act, the Fund Management Company shall comply with certain capital requirements and hold their own funds to cover any claims for damages as a result of an error or omission in the business operations. According to the Fund Management Company, the company-held funds cover all of the capital requirements that can be imposed on the Company with regard to the risks associated with the business under which it is authorized to operate.

The Fund Management Company follows the Swedish Investment Fund Association's guidance with regard to the management of compensation in the event of an incorrect calculation of the net asset value.

The guidance document is available in Swedish at: www.fondbolagen.se/globalassets/regelverk/foreningens-vagledningar/vagledning-for-hantering-av-kompensation-vid-felaktigt-fondandelsvarde-230202.pdf

General risk information

The specific risk to which an individual fund is exposed is stated in the description in part 1 of the Prospectus. Below is a description of the various types of risks that can typically impact a fund's value.

Market risk

Market risk is defined as the risk for a loss that can be attributed to changes in the market value of positions in the fund as a result of changes in market variables, such as interest rates, exchange rates, share prices or commodities.

An equity fund is primarily affected by changes in the value of the equities. Over time, the changes in value can vary significantly as a result of company specific events, macroeconomic changes or due to other events that impact or are expected to impact the economic growth for an individual company, a sector or a region.

A fixed income fund is exposed to interest rate risk. As a result, when the general interest rate rises, the value of the existing fixed income investments declines, which has a negative impact on the fund. A fund that invests in interest-bearing instruments with a long residual fixed interest duration has a higher interest rate risk than a fund that invests in interest-bearing instruments with a short residual fixed interest duration.

A mixed fund that is permitted to allocate investments across equities and fixed income securities is therefore exposed to both equity and interest rate risks depending on its allocation at a given point in time. Market risk for funds that have another investment focus is defined as the changes in value in the underlying assets, e.g., value changes in commodities or real estate.

Concentration risk: Concentration risk refers to the risk for loss as a result of major individual exposure or a high concentration of the fund's investments in individual markets, countries, regions or sectors. Concentration risks are normally found in such funds that, pursuant to their investment focus, invest in specific countries, regions or sectors, but can also arise in some companies' other funds as a result of a broad investment mandate or thematic investment strategies. Securities funds have rules for the distribution of risk to decrease the impact of such risks.

Currency risk: Currency risk refers to the risk that the market value of the assets, measured in the fund's base currency, declines when the fund's base currency strengthens against those currencies in which the assets are invested. As a result, those funds that invest in financial instruments that are denominated in a currency other than the fund's base currency will be exposed to currency risk. Thus, the market value for a fund with SEK as the base currency that invests in equities listed in USD will be affected by how the value between SEK and USD changes over time.

Sustainability risk: According to the regulations, a sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual

or a potential material negative impact on the value of the investment.

Credit risk

Credit risk is defined as the counterparty or issuer risk. Credit risk refers to the risk for a loss due to the inability of the counterparty or issuer to meet its financial commitments. Credit risks arise primarily in investments of liquid assets at a credit institution or in funds that invest in interest-bearing securities.

Counterparty risk: Counterparty risk arises if a counterparty does not meet its obligations, such as by not paying a specified amount or not delivering securities as agreed. If the fund conducts so-called "Over the Counter" (OTC) transactions, it can be subject to risks related to the creditworthiness of the counterparty. A fund's OTC transactions that include futures, options and swap agreements or use other derivative techniques can result in the fund being exposed to the risk that a counterparty does not fulfil its commitments. Counterparty risk can also arise in conjunction with the lending of securities. The concept also includes settlement risk, which is the risk that an agreement in a transmission system cannot be carried out as expected. All of the funds are exposed to counterparty risks.

Issuer risk: Issuer risk refers to the risk for changes in value in the individual instruments as a result of factors related to the issuer of the instrument or, with regard to derivative instruments, the party that issued the underlying instrument.

Risks with derivative instruments

Derivative instruments refer to instruments that receive returns from underlying assets. Underlying assets can refer to individual equities or financial indexes, for example. Options and futures are commonly used as derivative instruments. The instrument is an agreement to purchase or sell the underlying asset on a pre-determined date and at a pre-determined price. Value changes are largely determined by the changes in value in the underlying assets. As an example, the risk in option transactions is that the market price declines below the agreed price, which results in the agreement having no value or that it becomes a liability.

Liquidity risk

Liquidity risk refers to the risk that a financial instrument cannot be settled, can only be settled at a substantially reduced price or that the transaction results in significant costs. Liquidity risk can also be the risk that during extreme conditions in the financial markets, units cannot be redeemed within the time limits. Liquidity risk is affected by the type of instrument, the existence of market and clearing functions, the size of the flow in the fund, the traded volume, the number of actors in the market as well as the size of the fund relative to the size and the turnover of the market or the companies in which the fund invests.

Operative risk

Operative risk refers to the risk for loss due partly to deficiencies in internal routines with regard to personnel and systems in the company that carries out the fund operations or other external factors, partly due to judicial and documentation-related risks, and partly due to risks as a result of trading, settlement and valuation routines. Operative risks are managed by the clear development and documentation of the routines, job descriptions and follow-up systems of the internal organization. All of the funds are exposed to operative risks. The operative risk can be higher in funds that invest in developing regions or in complex financial instruments.

Management of liquidity risks

Liquidity in all the funds is classified for each holding. The classification is updated regularly. The Fund Management Company invests only in funds that offer liquidity on a daily basis. The funds are able to borrow assets on a short-term basis or postpone payment of significant amounts if the fund holds a limited amount of cash. There is also the possibility of delaying subscriptions and/or redemptions in the fund in accordance with the regulations. A reasonable balance should be made between the different interests of unit holders in the selection of an action to be taken.

Quantitative risk limits have been established while taking into consideration the fund's investment focus, redemption policy, concentration of customers and use of derivatives. These limits are followed-up on a regular basis.

Stress tests are conducted regularly as well as when they are necessary. Measures are taken if the stress tests indicate risks for the unit holders.

Risk assessment methodology

A fund's total exposure may be calculated either by the so-called commitment approach or by a Value-at-Risk model. A Value-at-Risk model that has been approved by the Financial Supervisory Authority is used in Handelsbanken for the Handelsbanken Räntestrategi and Handelsbanken Räntestrategi Plus. All of the other funds managed by the Fund Management Company use the commitment approach to calculate the total exposure of each fund pursuant to Chapter 25, §§5 and 6 in the Financial Supervisory Authority's directives on securities funds, FFFS 2013:9.

The fund's risk indicator

The calculation of the risk indicator (SRI) is standardized pursuant to the PRIIPs regulation 1286/2014 (EU). All of the Fund Management Company's funds are graded according to a seven-grade scale, with 1 for the lowest risk and 7 for the highest risk. The classification is based on market risk for the fund and is a measure of the variation in returns over time. Category 1 does not mean that the fund is risk free. The Fund Management Company classifies funds that invest within category 1-3 as low risk, funds within category 4-5 as moderate risk and funds that invest within category 6-7 as high risk.

The market risk is calculated as the VaR-equivalent volatility and is based on the fund's historical returns. Based on this volatility, the market risk (MRM) for the fund is classified as follows:

The basis for the risk classification is the standard deviation for the price fluctuations in the fund as shown below:

MRM-class (Risk class)	VaR-equivalent Volatility (VEV)
1	< 0.5
2	≥ 0.5 and < 5.0
3	≥ 5.0 and < 12
4	≥ 12 and < 20
5	≥ 20 and < 30
6	≥ 30 and < 80
7	≥ 80

A credit risk assessment (CRM) may also be completed in addition to market risk. CRM=1 applies to all of the Fund Management Company's funds and results in the risk indicator SRI=MRM.

Techniques and instruments (securities lending, etc.) and management of collateral

Securities lending

The Fund Management Company uses securities lending as a technique/instrument for effective portfolio management. The following is a description of how securities loans are managed for all of the Fund Management Company's funds to the extent that a fund lends securities. For a more detailed indication of a fund's actual use of securities lending, please refer to the annual report and semi-annual review for each fund.

Each fund may lend transferable securities up to the equivalent of a maximum of 20% of fund capital.

The Fund Management Company's funds may lend equities as well as interest-bearing instruments, although it is essentially equities that are subject to lending. Normally, the fund is expected to lend less than 10% of fund capital in those cases in which it is stated that the fund lends securities, although the volume may fluctuate significantly from time to time. In the case of securities lending, the fund may lend securities for the purpose of deriving income from lending. The borrower pledges collateral to the fund in the event the borrower is unable to return the securities (refer below to the section *Management of collateral*). The Fund Management Company's funds retain JP Morgan SE – Luxembourg Branch as the intermediary of the securities loans. JP Morgan SE – Luxembourg Branch will receive remuneration for the intermediary services. JP Morgan SE, is the custodian institution for the Fund Management Company's funds, but the business operations are completely separate from one another.

In securities lending, the fund is exposed to the risk that the counterparty will not return the borrowed securities, in conjunction with that JP Morgan SE – Luxembourg Branch is unable to meet its fulfilment guarantee, that JP Morgan SE. - Stockholm bank branch (in its capacity as custodian) is unable to keep the collateral separated, that the value of the collateral declines, and that issues of interpretation arise regarding the securities lending agreement.

Securities lending can expose the lending fund to risks related to the creditworthiness of the counterparties. The Fund Management Company's funds lend securities to:

Barclays Bank Plc.
Barclays Capital Securities Ltd
BNP Paribas Arbitrage Snc
BNP Paribas Prime Brokerage International Ltd
Citigroup Global Markets Ltd
Goldman Sachs International
HSBC Bank Plc
J.P. Morgan Securities Plc
Merrill Lynch International
Morgan Stanley & Co. International Plc
Morgan Stanley Europe SE
Natixis SA
Skandinaviska Enskilda Banken AB (Publ)
Société Generale Paris Branch
Svenska Handelsbanken AB (Publ)
UBS AG London Branch

The Fund Management Company's selection of permitted counterparties is always conducted to obtain the best conditions possible. The Fund Management Company takes into consideration the country in which the counterparty operates in the selection of the permitted counterparty, given that the country's financial and political

stability are critical factors in the selection of the counterparty. Only countries within OECD are applicable. In addition, the risk for financial pressures and the financial resilience of the respective counterparties are assessed. The Fund Management Company evaluates available borrowers as potential counterparties and those that are deemed to be most suitable from a credit perspective are selected as counterparties. Only credit institutions with a minimum rating of BBB from Standard & Poor's or its equivalent is will be accepted.

When the fund lends securities, the fund will receive 82% of the revenues derived from the securities loan and the remaining 18% of the revenues will revert to JP Morgan SE – Luxembourg Branch as the agent of the securities loan. The remuneration paid to the securities lending agent during the revenue allocation agreement is included in the management fees and other administrative or operating costs in the fact sheet.

All of the income derived from the use of techniques and instruments to streamline the investment process is allocated to the fund, after the deduction of costs charged by JP Morgan SE – Luxembourg Branch as the securities lending agent. The fund's custodian institution manages the collateral.

Management of collateral

If the fund uses OTC derivatives and other techniques and instruments designed to streamline management and thus receives collateral, the fund must follow the Fund Management Company's guidelines for collateral management. These guidelines are prepared in accordance with the Commission Delegated Regulation (EU) No. 2016/2251 supplementing the European Parliament and Council Regulation (EC) No. 648/2012 on OTC derivatives, central counterparties and trade repositories with regard to technical standards for risk mitigation techniques for OTC derivative contracts that are not cleared by a Central Counterparty Clearing (CCP) (RMT regulation) and ESMA's guidelines on exchange-traded funds and other issues relating to collective investment schemes (ESMA 2014/937) as well as other applicable regulations.

The general requirements for collateral are provided in the Fund Management Company's guidelines for collateral management. Collateral should be distinguished by the high creditworthiness of the issuer, high liquidity, be valued on a daily basis or consist of liquid assets. The cover pool should also be diversified.

In the case of securities loans, government bonds and treasury bills that are issued by the US government, the British government, states within the eurozone (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain) as well as Australia, Canada, Denmark, Japan, New Zealand, Norway, Sweden and Switzerland, are accepted as collateral. Equities included in major and well-established indexes, as well as ETFs with equivalent exposure, are also accepted as collateral. Liquid assets and securities issued by counterparties are currently not permitted as collateral. Collateral received by the fund is valued daily, based on applicable market prices. Collateral shall total the value of the securities lent on a daily basis with an appropriate safety margin.

In the case of OTC derivatives, the Fund Management Company has entered into an ISDA/CSA agreement with each counterparty which states the approved collateral in relation to the counterparty. Liquid assets are currently the only collateral permitted for these transactions.

The Fund Management Company has a haircut strategy that includes all of the share classes and guarantees the management of any problems with a decline in value of the collateral, among others.

The haircut strategy is stated in the Fund Management Company's guidelines for collateral management and in agreements with the counterparties. Collateral not consisting of cash may not be sold, reinvested or pledged. The market value of the collateral shall amount to a minimum of 100% of the exposure to the counterparty, in accordance with the haircut strategy. The fund has the potential to realise the collateral received at any point in time without reference to or approval from the counterparty.

Collateral is kept in custody in an account in the name of the custodian institution, JP Morgan SE - Stockholm bank branch, on behalf of the borrowed fund.

In accordance with the agreement, JP Morgan SE – Luxembourg Branch, as the securities loan agent, and JP Morgan SE - Stockholm bank branch, as the custodian institution, may not reuse the collateral. The Fund Management Company does not reuse the collateral. With regard to collateral in the form of cash, its reuse must meet the requirements of ESMA 2014/937.

Fund termination or transfer of fund operations

A fund can be terminated if the Board of Directors of the Fund Management Company makes such a decision or if the Custodian Institution, after it has taken over the fund's management, makes such a decision. The Custodian Institution will assume the management of a fund if the Board of Directors of the Fund Management Company makes the decision to terminate its management duties, if the Financial Supervisory Authority revokes the Fund

anagement Company's authorization, if the Fund Management Company goes into liquidation, or if the Company has gone into bankruptcy. If the Financial Supervisory Authority revokes the Fund Management Company's authorization or if the Fund Management Company has gone into liquidation or gone into bankruptcy, the Custodian Institution shall immediately undertake the management of the fund.

In addition, the Fund Management Company may transfer the management of a fund to another fund management company. The transfer requires the approval of the Financial Supervisory Authority.

If a fund is terminated or transferred, information regarding this shall be published in the Post and Domestic Times, unless the Financial Supervisory Authority has made notification of an exception. A transfer to the Custodian Institution or another fund management company may occur three months after the publication of the change has been made, at the earliest, unless the Financial Supervisory Authority has granted approval for an earlier transfer.

If the Fund Management Company terminates the management of a fund, the Custodian Institution shall assume the management of the fund when the operations have been terminated. The Fund Management Company may transfer the management to another fund management company, although approval must first be obtained from the Financial Supervisory Authority. The transfer may occur three months after the publication of the change has been made, at the earliest, unless the Financial Supervisory Authority has granted approval for an earlier transfer. Information about the changes shall be made available at the Fund Management Company as well as at the Custodian Institution.

In those cases where the Fund Management Company will cease offering a certain share class, the Fund Management Company will take the decision to amend the fund rules and remove the share class in question (further information is provided below under the section *Changes to fund rules*).

Changes to fund rules

The fund rules for a fund can be changed after the Fund Management Company's Board of Directors makes such a decision and the Financial Supervisory Authority has approved the change. A change to the fund rules can affect the fund's character, e.g., its investment focus, fees, risk profile and share classes. All unit holders are to be informed prior to such changes and, if the Financial Supervisory Authority deems this to be a substantial change, the unit holders will be provided the opportunity to sell fund units without being charged a fee in the event the unit holder no longer wishes to retain ownership subsequent to the changes.

Annual reports and semi-annual reviews

At the request of the unit holder, the funds' annual reports and semi-annual reviews will be sent free of charge. The request may be made verbally or in written form at a local Handelsbanken branch office. Annual reports and semi-annual reviews may also be downloaded from the Fund Management Company's website at www.handelsbanken.se/sv/om-oss/svenska-dotterbolag/handelsbanken-fonder/our-work. The documents for the XACT funds are also available at www.xact.se.

Fees, returns and performance

Information on the size of the fees paid to the Fund Management Company and the Custodian Institution, as well as the funds' returns and performance, may be found in the funds' annual reports and semi-annual reviews. Information about historical performance may also be found in the fact sheet for each fund. The fact sheets constitute a portion of this Prospectus.

Regular information on risk and liquidity management as well as financial leverage

The Fund Management Company provides regular information on risk and liquidity management as well as financial leverage as follows. Information about the current risk profile, the applicable risk management system and the proportion of any non-liquid assets is provided in the annual report and semi-annual review of the fund. Information for those funds applying financial leverage is provided in the annual report and semi-annual review for each fund. Information on the total financial leverage amount as calculated according to the gross method and commitment approach is also provided in the aforementioned reports.

Information about changes in the maximum financial leverage permitted on behalf of the fund and the right to gain access to collateral or other guarantees submitted pursuant to the scheme for financial leverage is provided on the Fund Management Company's website. This also applies to changes in the fund's risk management of liquidity that are of vital importance. The Fund Management Company does not currently permit the right to reuse collateral held and does not provide any guarantees within the framework for financial leverage arrangements.

Benchmark index and tracking error

All of the actively-managed funds managed by the Fund Management Company have a benchmark index. This

information is stated in the fact sheet and is provided to investors in order to assess the fund's performance relative to the performance on the market(s) in which the fund invests. The management of the fund is active, whereby the fund manager takes autonomous decisions independent of the benchmark index's composition. Actively-managed funds deviate more or less from their benchmark index depending on the fund manager's analysis and assessment, the market(s) in which the fund invests as well as the liquidity of the assets in which the fund invests.

The activity level in a fund is calculated by using a measurement known as tracking error. Tracking error is defined as the volatility in the difference between the fund's returns and the returns of the benchmark index. The tracking error is calculated in accordance with industry standards, is based on monthly data and refers to the most recent 24 months. A higher deviation in returns from the benchmark index in general gives a higher tracking error. The level of the tracking error differs between different types of funds (actively-managed funds, index funds, rules-based leverage funds and rules-based generation funds) and fund categories (equities, fixed income), given that the risk levels of the underlying markets differ from each other. The table in part 1 of the Prospectus reports the fund's returns and tracking error for the past ten years or if the fund has been in existence for a shorter period, from the time the fund was launched (if the fund has existed for more than two years). It should be noted that for active fund management, the returns will deviate over time from the benchmark index and the tracking error will differ year to year. Rules-based fund management aims to limit deviations from the benchmark index and therefore the returns will deviate significantly less over time from the index than is the case for non-rules based management (active fund management).

Tax rules for the funds

As of 1 January 2012, funds are not taxable in Sweden for income of assets included in the fund. The fund is subject to a tax at source in each country for distributions from foreign equities. The tax at source varies between different countries, although it is frequently 30% of the distribution received. However, the tax at source is normally reduced in accordance with the double taxation convention concluded between Sweden and other countries. Taking into consideration that Swedish funds were exempted from income tax in 2012, some uncertainty has arisen regarding the application of the double taxation convention and the tax concessions applicable to these conventions. Distributions are reported in the amount actually received, although it cannot be excluded that the taxes at source may be revised, which would result in the fund being charged with additional taxes at source on distributions previously received. Restitutions (repayment of paid taxes at source) will be reported when received.

There is also uncertainty about how the taxation of distributions from equities within the EU will be imposed, given the background of tax developments within the EU. This could result in both higher earnings and increased costs with regard to taxes at source in funds with foreign holdings. Revenues or expenses will be reported when received or paid, respectively. With regard to restitutions for certain funds and from certain countries such as Denmark and Finland, the principle of reporting restitutions when received may be waived if there are tax and accounting grounds related thereto.

Tax rules for unit holders

Tax residency in Sweden

A Swedish fund is not taxable; rather, unit holders are taxed for their holdings through a standard earnings that is treated as capital income. The standard earnings are calculated as 0.4% of the fund's net asset value as of 1 January (taxation year). The standard earnings are taxed at 30% for private investors, which is an actual tax of 0.12% of the fund value. The tax also applies to the fund unit holdings of legal entities and amounts to 22% of standard earnings. However, the new tax does not apply to fund units held by a legal entity as inventory.

For investors who have a distribution share class and thereby receive dividends, a withholding tax of 30% will be deducted from the amount distributed. This applies to natural persons who are taxable in Sweden. The Fund Management Company will deduct a dividend tax on distributions for unit holders whose tax domicile is located in another country.

When fund units are sold, a profit or loss is calculated as the difference between the sales price and the tax basis. Normally, the actual acquisition fee for the sold units is the tax basis. If a unit holder has received a distribution on the fund units and reinvests a portion of the distribution in the fund or if units have been purchased on several occasions, an acquisition fee shall be included in the tax basis. If only a portion of the holdings in the fund are sold, the average cost method shall be used for the calculation of the tax basis. With the average cost method, the average tax basis is calculated for all of the units in the same fund and the acquisition fees at each occasion are aggregated and divided by the number of units. Capital gains are taxable in their entirety and are subject to a 30% tax rate. Capital losses are deductible to 70%, although these may be deductible in their entirety in certain cases, e.g., offset. Reference the information stated under the section *Share classes – Nomenclature, conditions, distributions, etc*. for questions regarding taxation when switching share

classes. Further information is also available on the Swedish Tax Authority's website.

Foreign resident taxation

Taxation rules apply in the country of residence for unit holders domiciled abroad for tax purposes.

Remuneration to employees

The principles for the Fund Management Company's remuneration system are established in a remuneration policy that has been approved by the Board of Directors of the Fund Management Company. The remuneration policy of the Fund Management Company is based on the policy applicable to the Group but is adjusted to the specific activities carried out within the Fund Management Company. The Fund Management Company's Board of Directors has appointed a Remuneration Committee that is responsible for preparing information to make decisions regarding remuneration. The Remuneration Committee consists of the Board members Lars Seiz (Committee Chair) and Helen Fasth Gillstedt. The Remuneration Committee meets a minimum of three times each year. The Fund Management Company's remuneration policy is reviewed annually or as needed.

The Fund Management Company's low risk tolerance has dominated the work in developing the policy for remuneration. The Chief Executive Officer and affected senior managers within the Fund Management Company are responsible for identifying, evaluating and limiting remuneration risks, as well as proposing the structure of the remuneration system to be consistent with the Fund Management Company's view on risks and sustainability. The Risk control and Compliance functions are responsible for identifying, monitoring, analyzing and reporting significant risks with the remuneration system.

Variable remuneration

Below is an explanation of the potential variable remuneration available to active equity and fixed income fund managers. The potential variable remuneration available to all employees within the Fund Management Company is described in the section *Oktogonen*.

Variable remuneration is paid within the Fund Management Company only when such remuneration is an established market practice and is necessary to attain the objectives of the Fund Management Company's business activities. Variable remuneration shall not be paid to anyone within the Fund Management Company's executive management. The Heads and employees within the Risk control and Compliance functions shall only be paid fixed remuneration. This also applies to employees working within the staff and fund administration functions. The only personnel categories eligible for variable remuneration are portfolio managers.

The variable remuneration principles adopted by the Fund Management Company are set for the purpose of reflecting the Fund Management Company's risk tolerance, shall counteract excessive risk-taking and be consistent with the current risk profiles of the funds, the fund rules, the discretionary mandate, as well as the internal and external rules.

Variable remuneration within the Fund Management Company is based on the Group's model for wage setting and the salary-based factors. In addition to the salary-based factors, there are also business-specific factors, and particular emphasis is placed on sound risk-taking, observing good order and compliance. The evaluation of the allocation of variable remuneration shall be based on the results and performance of the Fund Management Company and the individual employee during the evaluation period.

All employees covered by variable remuneration are classified as Risk-takers and are covered by the rules for deferment of remuneration.
Variable remuneration consists only of fund units. Employees entitled to remuneration receive one-half of the variable remuneration in fund units in the funds in which the employee manages (weighted equally if the employee manages several funds) and one-half in fund units in a number of funds that represent the total fund management in the Fund Management Company.

The parameters that are the basis for the decision on the size of the deferred portion of the variable remuneration are based on the risks in the business operations and the size of the variable remuneration. The Fund Management Company defers up to 40–60% over a minimum of three years. In accordance with the Fund Management Company's policy, an employee's variable remuneration may not exceed 100% of the fixed remuneration. The established rules for the deferral of variable remuneration apply to all employees and managers. An assessment is conducted annually during the deferral period to determine whether the remuneration shall be adjusted downward or discontinued in its entirety. The discontinuation or downward adjustment of deferred variable remuneration will occur in the event that losses, increased risks or costs arise during the deferral period. This includes, for example, the employee's compliance with external and internal rules and regulations. The discontinuation or downward adjustment shall also occur in the event that a payment is deemed to be unjustifiable given the Fund Management Company's financial situation or in the event the Central Board has made a recommendation for a discontinuation or downward adjustment of the deferred variable remuneration.

The deferred variable remuneration and the portion of the non-deferred variable remuneration are subject to a retention period of one year. No assessments for a downward adjustment or discontinuation are made during the retention period. The ownership rights to the fund units are transferred to the employee entitled to remuneration after the completion of the retention period.

Oktogonen

The Handelsbanken Group has a profit-sharing plan called Oktogonen, which can result in an allocation in the form of cash remuneration when Handelsbanken's profitability exceeds the average of comparable competitors in the bank's home markets and after an overall assessment of the bank's performance by the Central Board. The Fund Management Company is subject to specific rules for remuneration established in the Financial Supervisory Authority's regulations. The following is applicable for the employees of the Fund Management Company. All employees not included in the category of specially regulated staff (specially regulated staff consists of senior managers, risk-takers and employees with particularly high remuneration) receive allocation in accordance with the Group rules, i.e., cash paid directly at the time of allocation. Specially regulated staff who have the right to other variable remuneration are also subject to the rules for such remuneration in the relevant provisions (deferred, retention in the form of fund units) in the Oktogonen allocation. Other specially regulated staff receive the Oktogonen allocation in the form of fund units in a mixed fund and the remuneration is subject to a four-year deferral.

Additional information about remuneration to employees at Handelsbanken Fonder and the applicable remuneration policy is available on the Fund Management Company's website. A hard copy of this information can be obtained upon request.

Managed funds

Below is a list of the funds managed by the Fund Management Company. Part 1 of this Prospectus (the fund-specific portion) provides a description of the current/specific fund's investment focus, the types of assets in which the fund may invest, the use of derivatives and the associated risks, fees paid, the fund's risk profile and the fund's target group. Where applicable, there is also a description of the fund's share classes, information on the use of techniques and instruments in fund management and collateral management. A fund's historical fund performance is presented in the fact sheet for each fund and is provided as an attachment to this Prospectus.

Actively managed funds

AstraZeneca Allemansfond
Handelsbanken Aktiv 100
Handelsbanken Aktiv 30
Handelsbanken Aktiv 50
Handelsbanken Aktiv 70
Handelsbanken Amerika
Handelsbanken Amerika Småbolag
Handelsbanken Asien
Handelsbanken Asien Småbolag
Handelsbanken EMEA
Handelsbanken Europa
Handelsbanken Europa Småbolag
Handelsbanken Flexibel Ränta
Handelsbanken Fokus 100
Handelsbanken Fokus 25
Handelsbanken Fokus 50
Handelsbanken Fokus 75
Handelsbanken Företagsobligation
Handelsbanken Företagsobligation Investment Grade
Handelsbanken Företagsobligation Investment Grade (NOK)
Handelsbanken Global
Handelsbanken Global Digital
Handelsbanken Global Selektiv
Handelsbanken Hållbar Energi
Handelsbanken Hållbar Global
Handelsbanken Hållbar Global High Yield
Handelsbanken Hållbar Global Obligation
Handelsbanken Hälsovård
Handelsbanken Høyrente
Handelsbanken Institutionell Kortränta
Handelsbanken Japan
Handelsbanken Kort Rente Norge
Handelsbanken Kortränta
Handelsbanken Kortränta Defensiv
Handelsbanken Kreditt
Handelsbanken Långränta
Handelsbanken Microcap Norden
Handelsbanken Microcap Sverige
Handelsbanken Multi Asset 100
Handelsbanken Multi Asset 25
Handelsbanken Multi Asset 50
Handelsbanken Multi Asset 75
Handelsbanken Nanocap Sverige
Handelsbanken Norden
Handelsbanken Norden Selektiv
Handelsbanken Nordiska Småbolag
Handelsbanken Norge
Handelsbanken Obligasjon
Handelsbanken Pension 50 Aktiv
Handelsbanken Pension 60 Aktiv
Handelsbanken Pension 70 Aktiv
Handelsbanken Pension 80 Aktiv
Handelsbanken Pension 90 Aktiv
Handelsbanken Prime Balanced

Handelsbanken Prime Defensive
Handelsbanken Prime Moderate
Handelsbanken Prime Opportunity
Handelsbanken Prime Potential
Handelsbanken Ränteavkastning
Handelsbanken Räntestrategi
Handelsbanken Räntestrategi Plus
Handelsbanken Selection Fixed Income
Handelsbanken Selection Fixed Income Criteria
Handelsbanken Selection Global Equities
Handelsbanken Selection Global Equities Criteria
Handelsbanken Selection Swedish Equities
Handelsbanken Selection Swedish Equities Criteria
Handelsbanken Stiftelsefond
Handelsbanken Svenska Småbolag
Handelsbanken Sverige
Handelsbanken Sverige Selektiv
Handelsbanken Tillväxtmarknad

Passively managed funds

Handelsbanken Auto 100 Criteria
Handelsbanken Auto 25 Criteria
Handelsbanken Auto 50 Criteria
Handelsbanken Auto 75 Criteria
Handelsbanken Developed Markets Index Criteria
Handelsbanken Emerging Markets Index
Handelsbanken Europa Index Criteria
Handelsbanken Global Dynamisk Strategi
Handelsbanken Global High Dividend Low Volatility Criteria
Handelsbanken Global Index Core
Handelsbanken Global Index Criteria
Handelsbanken Global Momentum
Handelsbanken Global Småbolag Index Criteria
Handelsbanken Infrastruktur och Beredskap
Handelsbanken Norden Index Criteria
Handelsbanken Pension 40
Handelsbanken Pension 50
Handelsbanken Pension 60
Handelsbanken Pension 70
Handelsbanken Pension 80
Handelsbanken Pension 90
Handelsbanken Sverige 100 Index Criteria
Handelsbanken Sverige Index Criteria
Handelsbanken Sverige LM Index
Handelsbanken USA Index Criteria
XACT BEAR (ETF)
XACT BEAR 2 (ETF)
XACT BULL (ETF)
XACT BULL 2 (ETF)
XACT Norden (UCITS ETF)
XACT Nordic High Dividend Low Volatility (UCITS ETF)
XACT Obligation (UCITS ETF)
XACT OMXC25 ESG (UCITS ETF)
XACT OMXS30 ESG (UCITS ETF)
XACT Svenska Småbolag (UCITS ETF)
XACT Sverige (UCITS ETF)

ANNEX II

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Handelsbanken Asien Småbolag **Legal entity identifier:** 549300OI4TVK9TIFJ835

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 1% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ with a social objective
	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes environmental and/or social characteristics partly through sustainable investments and partly through the application of exclusion criteria. The fund's sustainable investments contribute to one or more of the Global Goals of Agenda 2030 and/or the EU Taxonomy and may vary over time. The environmental and social objectives promoted through sustainable investments in a given year are disclosed in the fund's annual report.

Environmental characteristics

Through the application of exclusion criteria, the fund promotes climate change mitigation.

Social characteristics

Through the application of exclusion criteria, the fund promotes social characteristics such as good health and well-being, poverty reduction, gender equality, and decent work and economic growth.

The fund's benchmark index has not been selected with the aim of achieving the environmental or social characteristics that the fund promotes.

- *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*

    - Sustainable investments: The proportion of the fund's investments that is invested in companies assessed as contributing to an environmental or social objective in accordance with the Global Goals of Agenda 2030 and/or the EU Taxonomy, while not causing significant harm to any other environmental or social objective, and where the companies adhere to good corporate governance practices.
    - Proportion of investments in investment objects that breach the fund's exclusion criteria: The proportion of the fund's investments that is invested in investment objects assessed as being caught by the fund's product- and activity-based exclusions as well as exclusions based on norms and conventions.

- *What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives*

  The fund's sustainable investments are made directly or, where applicable, indirectly through other funds. They consist of investments in economic activities or financial securities that make a material contribution to the fulfilment of one or more environmental or social objectives. The objectives are, in addition to the EU Taxonomy, defined on the basis of the Global Goals of Agenda 2030.

  According to the criteria established by the Fund Management Company, an investment object must, in order to meet the requirement of contributing to an environmental or social objective, satisfy at least one of the following criteria:

    - The company has at least 25% of its turnover (revenue) directed towards an environmental or social objective that contributes to achieving the Global Goals of Agenda 2030.
    - The company has at least 20% of its turnover aligned with the EU Taxonomy.
    - The investment is a sustainable bond or a sustainability-linked bond where the financial and/or structural characteristics of the debt instrument are tied to predefined sustainability objectives.
    - The company has been assessed as an "impact investment" within one of the Fund Management Company's impact categories.
    - Funds that have as their objective the reduction of carbon emissions and other greenhouse gases and that are classified under Article 9.3 of SFDR shall, in order to be regarded as funds with sustainable investment as their objective, be managed in accordance with an index that is a registered EU Paris-aligned Benchmark, a so-called PAB index.

  The fund may make sustainable investments assessed as contributing to both environmental and social objectives, but there is no relative ranking between the different environmental or social objectives. The fund's sustainable investments collectively contribute to several of the environmental or social objectives set out below, although not necessarily to all objectives within the same current year.

The environmental objectives covered include, for example: sustainable agriculture and forestry, sustainable use of water, sustainable energy, promotion of sustainable buildings, optimisation of the use of materials (sustainable production and consumption), climate change mitigation, protection of marine ecosystems, and the protection, restoration and promotion of the sustainable use of terrestrial ecosystems.

Under the EU Taxonomy for environmentally sustainable activities, the following environmental objectives are also covered: climate change mitigation and adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

The social objectives covered include, for example: poverty reduction, zero hunger and malnutrition, good health and well-being, access to basic services, quality education, gender equality, and peaceful and inclusive societies.

The fund's sustainable investments primarily contribute to the objectives set out above through a minimum level of portfolio companies' turnover relating to activities that are in line with the Global Goals or the EU Taxonomy, or a combination thereof.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

To ensure that sustainable investments do not cause significant harm to environmental or social objectives, the following is applied:

- Exclusion criteria for companies with activities linked to controversial sectors, as well as for specific PAI indicators such as fossil fuels and violations of international norms and conventions, and prohibited weapons.
- Assessment that the investment is not considered to cause significant harm on certain sustainability factors (PAI).
- Assessment of the products and services in which the company is otherwise involved, and whether these can be considered to significantly counteract sustainable development.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Several of the indicators for adverse impacts on sustainability factors are taken into account through the fund's exclusion of controversial sectors and companies confirmed to be acting in breach of international norms and conventions. For certain indicators, such as biodiversity and high-emission sectors, threshold values have been established. If the threshold is exceeded, the investment is not to be regarded as a sustainable investment. Where an investment is itself assessed as a sustainable investment (use of proceeds or PAB fund), adverse impacts are taken into account on the basis that what is financed/invested in should not cause significant harm to environmental or social objectives.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Fund Management Company excludes companies that have been confirmed to be acting in breach of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**, The fund takes into account principal adverse impacts on sustainability factors (PAI). The approach differs depending on which adverse impacts are concerned. The fund applies exclusion criteria, and the Fund Management Company has also developed its own PAI tool through which other potential principal adverse impacts are identified, analysed and prioritised for engagement. Disclosures on how the fund has taken into account principal adverse impacts on sustainability factors are set out in the fund's annual report, which is published on the Fund Management Company's website.

☐ No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The fund is actively managed and its investment policy is described in further detail in the fund's prospectus. The fund's sustainability strategies consist of sustainability analysis, engagement and active ownership, as well as exclusions.

Sustainability analysis: Sustainability analysis is an integrated part of the portfolio managers' investment analysis, where each investment is carefully analysed in terms of sustainability risks and opportunities.

Engagement and active ownership: Active engagement is an important strategy for influencing companies in a more sustainable direction. The Fund Management Company does this through company dialogues, active ownership, and participation in investor networks.

Exclusion criteria: The fund applies sustainability requirements in the form of exclusion criteria. The criteria cover investments in controversial activities as well as companies confirmed to be acting in breach of international norms and conventions related to human rights, the environment, labour law, or the combating of corruption and bribery.

To support the assessment of whether a company is caught by the exclusion criteria, the Fund Management Company obtains information from data and sustainability analysis providers. The Fund Management Company may also carry out an independent review of an external assessment. Such an assessment can in some cases be complex and time-consuming, which may mean that the fund may, during a transition period, hold companies that, following analysis, need to be excluded. This may, for example, be the case in connection with corporate events (such as IPOs,

mergers, spin-offs), in situations where sustainability data has been updated, where the analysis from the Fund Management Company's engaged sustainability analysis providers is deficient, or where the Fund Management Company does not share the provider's assessment. The Fund Management Company also has processes in place to handle situations where sufficient data/analysis from an external provider is unavailable at the time of investment.

Enhanced Exclusions

Exclusion based on norms and conventions	
Prohibited weapons	Companies that are involved in the production or distribution of anti-personnel mines, biological weapons, chemical weapons and cluster weapons.
Nuclear weapons	Companies that are involved in the production or distribution of nuclear weapons.
International norms and conventions	Companies violating international norms and conventions.

Product and activity-based exclusion for turnover exceeding thresholds

Area	Production	Distribution	Services
Alcohol	5%	5%	50%
Cannabis (non-pharmaceutical)	5%	5%	50%
Commercial gambling	5%	5%	50%
Pornography	0%	5%	-
Tobacco	0%	5%	50%
Weapons and military equipment	5%	5%	50%
Depleted uranium	0%	0%	0%
Fossil fuels *)	5%	5%	50%
Power from fossil fuels *)	5%	5%	50%
Tar sands	0%	-	50%

**) Exempted companies that meet the fund company's criteria for so-called transition companies.*

The fund has the option to select so-called transition companies involved in the generation, transmission and distribution of electricity and with some exposure to fossil fuels. By transition companies is meant companies that the Fund Management Company assesses to be in the process of transitioning their operations in a manner expected to contribute to, rather than counteract, the achievement of one or more of the Global Goals and/or the EU Taxonomy's objective of climate change mitigation. The limits regarding fossil exposure in the table above therefore do not apply to so-called transition companies.

- *What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*

  Exclusion criteria: The fund applies sustainability requirements in the form of exclusion criteria. The criteria are binding on the Fund Management Company in the management of the fund.

Minimum proportion of sustainable investments: The stated minimum proportion of sustainable investments, according to the assessment methodology applied by the Fund Management Company, is binding on the Fund Management Company in the management of the fund.

- *What is the policy to assess good governance practices of the investee companies?*

By excluding companies confirmed to be acting in breach of international norms and conventions linked to, for example, tax, labour rights, and corruption and bribery, it is ensured that the companies in which the fund invests meet prevailing standards with respect to good governance practices. In addition to the norm-based exclusion, the Fund Management Company has developed an internal analysis tool to assess good governance practices in investment objects with respect to issues related to companies' governance, such as relations with employees, remuneration, management, and administrative structures, as well as compliance with tax legislation. Where deficiencies are identified, the outcome of the analysis may result in, for example, engagement and active ownership on the part of the Fund Management Company.

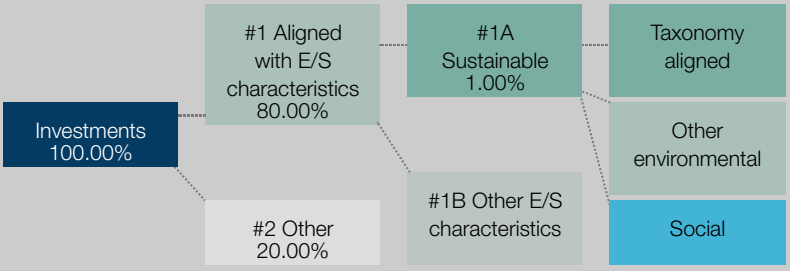
What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The schematic description of the asset allocation shows the planned minimum proportion of the fund's investments that meet the environmental or social characteristics promoted by the fund, and the planned minimum proportion of sustainable investments in the fund, respectively. The result of the actual allocation is disclosed in the fund's annual report.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to

There are currently significant variations in companies' reporting on the alignment of their activities with the EU Taxonomy. In light of this, the Fund Management Company

renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

considers it is not possible to state a minimum level of taxonomy alignment, and the fund therefore has no such commitment.

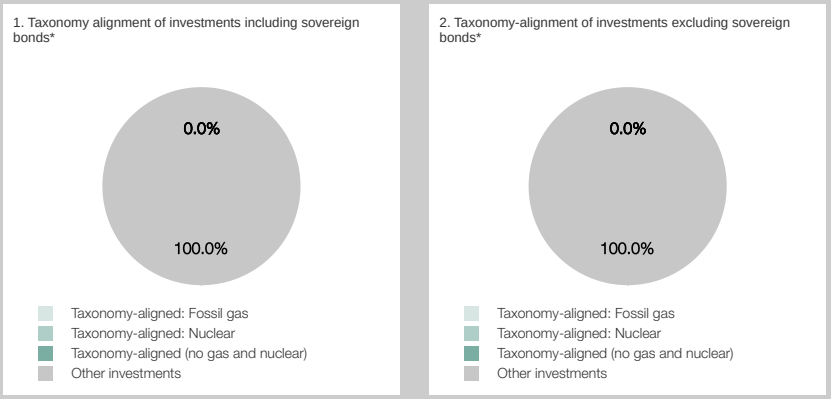
- *Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[1]

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- *What is the minimum share of investments in transitional and enabling activities?*

The fund has no commitment regarding a specific minimum proportion of investments in transitional activities or enabling activities.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The fund may make sustainable investments assessed as contributing to both environmental and social objectives. The fund has no relative ranking between different environmental or social objectives and has therefore also not specified any minimum proportion for each objective. However, as stated, the fund has a commitment regarding the minimum proportion of sustainable investments.

What is the minimum share of socially sustainable investments?

[1] *Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective — see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214*

The fund may make sustainable investments that contribute to both environmental and social objectives. There is no relative ranking between different environmental or social objectives and therefore also no minimum proportion in respect of socially sustainable investments.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

For its liquidity management and risk management, the fund may hold liquid assets. The fund may also invest in index-based financial instruments and use such instruments for the fund's liquidity management and risk management. This category may also include instruments for which relevant data is unavailable. These assets are generally not covered by environmental or social minimum safeguards.

Where can I find more product specific information online?

- *More product-specific information can be found on the website:* Sustainability-related disclosure - Handelsbanken Asien Småbolag