

# PROSPECTUS PARETO SMÅBOLAGSFOND

## § 1 The Fund's name and legal status

The name of the fund is Pareto Småbolagsfond (hereinafter referred to as “the Fund”).

The Fund is a UCITS Fund, as defined by the Swedish Investment Funds Act (2004:46), below called LVF.

The net asset value (NAV) is owned by the Fund unitholders jointly. Each unit entitles the unitholder to an equal share in the assets of the Fund.

The Fund is not a legal entity and cannot acquire rights or assume obligations. The assets of the Fund cannot be distrained and unitholders are not responsible for any obligations regarding the Fund. Pareto Asset Management AB (see § 2) represents the unitholders in all matters concerning to the Fund. The Fund is intended for the public.

The management of the Fund is conducted in accordance with this Prospectus, the Articles of Association of Pareto Asset Management AB, LVF and applicable regulations.

The Fund has the following share classes:

Share class A – accumulative, SEK

Share class B – accumulative, SEK

Share class C – distributes dividend, SEK

Share class D – accumulative, NOK

Share class E – accumulative, EUR

The accumulative share classes continuously reinvest the Fund's return, while the distributing share class pays a dividend according to § 12.

For share classes denominated in a certain currency, the fund unit value is calculated in the currency in question. The share classes differ in terms of management fee.

The Fund's benchmark index is the Carnegie Small Cap Sweden Return Index (CSRX). The Fund applies the high watermark principle.

The content of the fund regulations is common to all share classes, unless otherwise stated below.

## § 2 Management Company

The Fund is managed by Pareto Asset Management AB, with corporate company registration number: 556573-5114 (hereinafter referred to as “the Management Company”).

## § 3 Depositary and its duties

The depositary, Skandinaviska Enskilda Banken (Publ.) (hereinafter referred to as “the Depositary”), with corporate company registration number 502032-9081 holds the assets of the Fund.

Fund Prospectus Pareto Småbolagsfond May 2025

*This is a translation of the Swedish version of the Fund prospectus. In case of any inconsistency between the English and Swedish version, the Swedish version shall prevail.*

The Depositary shall keep the Fund's assets and manage payments for the Fund.

The Depositary shall receive and store the property included in the Fund and execute the Management Company's instructions in respect of the Fund unless they conflict with the regulations in LVF or any applicable legislation or the fund rules and ensure that:

- sale, redemption and cancellation of units in the Fund is conducted according to applicable law and fund rules,
- the value of the units in the Fund is calculated according to applicable law and fund rules,
- reimbursement for transactions involving the Fund's assets is paid into the Fund without delay
- the Fund's income is used according to regulations in applicable law and fund rules.

The Depositary shall act independently of the Management Company and exclusively in the common interest of the unitholders.

#### **§ 4 The nature of the Fund**

The Fund is an equity fund that invests in small and medium-sized companies whose shares and share-related transferable securities are traded primarily on the Swedish but also on other Nordic stock markets, regulated markets or equivalent markets outside the EES, as well as other markets according to § 6.

#### **§ 5 The Fund's investment objectives**

The Fund may invest the assets in transferable securities such as shares, money market instruments, derivative instruments and units in collective investment undertakings and deposits at credit institutions.

##### ***1. Equity-related securities***

The assets of the Fund that are invested in shares and share-related transferable securities must be issued by companies that have their registered office in the Nordic region.

At least 90 percent of these investments must be made in companies whose market value at the time of investment is no more than 1.25 percent (1.25%) of the Swedish stock market's total market value. More information is reported in the Fund's Information Brochure.

No more than 10 percent of the assets of the Fund may be invested in transferable securities admitted for trading within one year on a regulated market (i.e. EES) or the equivalent outside of Sweden, but within EFTA or in Australia, Hong Kong, Japan, Canada, Singapore or USA.

##### ***2. Money market instrument***

The Fund may invest a maximum of 10 percent of the asset of the Fund in Swedish government bills.

### **3. Fund units**

The Fund shall not invest an amount greater than 10 percent of the NAV of the Fund in accordance with Chapter 5, Article 15 LVF.

### **4. Derivative instruments**

The Fund may invest in derivative instruments under the condition that the underlying assets consist of, or are related to, the following:

- transferable securities and money market instruments,
- financial index,
- interest rates,
- foreign exchange rates, or
- foreign currencies.

Purchases and sales in derivative instruments refer partly to standardized index and interest futures, partly to the purchase of standardized put options.

Derivative instruments may be used to reduce equity exposure as an alternative to selling individual holdings.

Up to 10 percent of the Fund's assets may be invested in transferable securities that are, or within one year from the issue are intended to be, admitted to trading on a regulated market or an equivalent market outside Sweden within the EU, EFTA or in Australia, Hong Kong, Japan, Canada, Singapore or the United States.

The selection of shares and the distribution between different industries and regions is not predetermined, which means that the Fund's holdings may from time to time be concentrated in a few industries and regions.

## **§ 6 Market places**

The Fund's assets may be invested in a regulated market or equivalent outside the EES, as stated in § 5.

## **§ 7 Specific investment objectives**

The Fund's assets may be invested in such transferable securities as mentioned in Chapter 5, Article 5 LVF.

The Fund's assets may not be invested in money market instruments as mentioned in Chapter 5, Article 5 LVF.

The Fund may invest in derivative instruments (including OTC derivatives in accordance with Chapter 5, Article 12, section 2 LVF) as part of the investment objective.

## **§ 8 Valuation**

The Fund's value for each unit is determined considering the conditions associated with each share class. The NAV, calculated on a daily basis, is the assets of the Fund minus its liabilities. All amounts are quoted in Swedish Krona. Assets and liabilities quoted in foreign currency are to be converted to Swedish Krona in accordance with the current exchange rate.

## Assets

1. Transferable securities, financial instruments, derivatives and funds units are valued at market price. The market price shall be defined as either the latest quoted selling price at the time of valuation or, if the price is not quoted at the time of valuation, the market price shall be the latest buying price.

If such prices cannot be obtained or are misleading according to the Management Company's assessment, valuation shall take place at the price determined by the Management Company on an objective basis. In the case of valuation on an objective basis, a market value is established based on a price obtained, for example, from a market maker if one has been appointed for the issuer.

For such transferable securities as referred to in Chapter 5, Article 5 LVF, a market value in accordance with a special valuation is established. The special valuation can for example be market prices from a not approved regulated market or from a market maker, other financial instrument admitted to trading on a regulated market or index adjusted for differences, for instance credit risk and liquidity, discounted cash flows or share of own equity.

2. Liquid assets, including deposits in bank accounts
3. Prepaid expenses and accrued income
4. Other receivables

## **Total assets**

## Liabilities

1. Derivatives with negative market value (evaluation made according to section 1 above)
2. Tax liabilities
3. Accrued costs and prepaid revenues, for example:  
Management Company's fees
4. Other liabilities

## **Total liabilities**

The NAV per unit shall be calculated by dividing the NAV of the Fund with the number of outstanding units at the time of valuation.

The Management Company calculates the NAV per unit every business day and publishes it no later than the following business day.

### *Valuation of OTC derivatives*

The market value of OTC derivatives is based on generally recognized valuation models, such as Black & Scholes and Black 76. The value may not be based on value-reports made by a counterpart.

## **§ 9 Sales and redemption of fund units**

The Fund is open for trading every business day. Sale and redemption of units take place at the Management Company, at a price that is unknown to the unitholder at the time of the unitholder's submission of request for subscription or redemption.

The NAV of the unit, when sold (unitholder's purchase) or redeemed (unitholder's sale) by the Management Company, is the calculated NAV of the unit, as quoted by the Management Company, for the business day of the transaction.

Requests for subscription or redemption may only be revoked with the permission of the Management Company. Requests for subscription or redemption must be received by the Management Company no later than 15:30 on ordinary business days, and no later than 11:00 on a business day before public holiday, in order for the transaction to be made at the price set on the day of the request. In addition, payment for subscription of units must be recorded on the Fund's bank account before 15:30 on ordinary business days and no later than 11:00 on a business day before a public holiday.

If a request for subscription or redemption reaches the Management Company later than 15:30 on ordinary business days or later than 11:00 on a business day before public holiday, the applicable NAV per unit shall be the NAV per unit set on the following business day. Information about the most recent calculated NAV per unit shall be published in daily newspapers and upon request be provided by the Management Company.

Sales and redemptions are carried out by registering, or deregistering, the units in the Fund's unitholders register. Registration as unitholders is conditional for obtaining any rights as a unitholder.

In the necessity to sell the Fund assets in order to execute redemptions, such sales should be carried out promptly. If such a sale would significantly disfavour the interests of other unitholders, the Management Company may, in full or partially, delay the redemption, after due notification to The Swedish Financial Supervisory Authority. Redemption shall be executed as soon as possible after completion of such sales.

The minimum amount for the unitholder's initial subscription is:

Share class A - C	100 SEK
Share class D	100 NOK
Share class E	10 EUR

## **§ 10 Extraordinary circumstances**

The Fund may be closed for subscription and redemption under such extraordinary circumstances that would make it impossible to calculate the NAV of the Fund in a manner guaranteeing the equal treatment of the unitholders.

## **§ 11 Fees and remuneration**

Below find the maximum fees for all share classes as well as performance fees for share class B and C.

### ***Share class A and D***

The fee may not be higher than 1.60 percent (1.60%) for share class A and D per year on the NAV of the Fund. It includes fee to the Management Company for its management and administration of the Fund as well as for other expenses such as depository fees, fees to the regulatory authority for supervision and fees to auditor. The compensation to the Management Company is charged daily to the Fund's NAV. The cost for depository fees, fees to the regulatory authority for supervision and fees to auditor is reported on a continuing basis and may not exceed 0.10 percent (0.10%) of the NAV of the Fund.

### ***Share class B and C***

The fee may not be higher than 0.85 percent (0.85%) for share class B and 1.10 percent (1.10%) for share class C per year on the NAV of the Fund. It includes fee to the Management Company for its management and administration of the Fund as well as for other expenses such as depository fees, fees to the regulatory authority for supervision and fees to auditor. The compensation to the Management Company is charged daily to the Fund's NAV. The cost for depository fees, fees to the regulatory authority for supervision and fees to auditor is reported on a continuing basis and may not exceed 0.10 percent (0.10%) of the NAV of the Fund.

### ***Performance-based fee***

Performance based fee to the Management Company that may be issued will be calculated daily.

The performance-based fee of 20 percent (20%) of the part of the total return from the share classes B and C that exceeding the Fund's benchmark, Carnegie Small Cap Sweden Return Index (CSRX) will be charged to the Fund by the end of each month (Return Threshold). The performance-based fee will be calculated after a deduction in respect of the fixed fee. The Fund's return is calculated after deduction of fixed and performance-based fees to the Management Company.

Performance based fee can only be paid when the following criteria are met:

1. The Fund's return exceeded the return for the Fund's index, Carnegie Small Cap Sweden Return Index (CSRX), and
2. the Fund's possible underperformance compared to the Return Threshold from previous periods has been recovered (the high watermark principle).

The performance-based fee is calculated from the time the Fund last met the above-mentioned criteria until the current calculation date.

The performance-based fee is calculated at fund level (collectively) for share class B and C. No individual calculation for each individual unitholder takes place. This may mean that some unitholders who request redemption may have paid a performance-based fee without having received a return exceeding the Return Threshold. If a unitholder in such cases requests the redemption of units, the unitholder cannot, after redemption, take advantage of the accumulated underperformance or the paid performance-based fee. Correspondingly, a unitholder may have paid a lower performance-based fee than 20 percent of the excess return if the purchase takes place after a period when the Fund had a lower return than the Fund's benchmark index. Performance based compensation can be paid even if the Fund's return is negative but exceeds the return for the comparison index (Return Threshold).

In the Information Brochure you will find an example of the calculation in different cases.

The performance-based fee is rounded to Swedish Krona.

### ***Share class E***

The fee may not be higher than 1.90 percent (1.90%) for share class E per year on the NAV of the Fund. It includes fee to the Management Company for its management and administration of the Fund as well as for other expenses such as depository fees, fees to the regulatory authority for supervision and fees to auditor. The compensation to the Management Company is charged daily to the Fund's NAV. The cost for depository fees, fees to the regulatory authority for supervision and fees to auditor is reported on a continuing basis and may not exceed 0.10 percent (0.10%) of the NAV of the Fund.

For all share classes, transaction costs (such as brokerage) are charged to the Fund.

The fund units are reported with four decimals, the NAV with two decimals. The amounts are rounded.

## **§ 12 Dividends**

Share class C distributes dividends. No other share classes distribute dividends.

The Management Company's board of directors decides annually on the dividend to be distributed to unitholders in share class C. The calculation shall be based on the yield in the Fund from the previous financial year. The board may, however, set the dividend at a higher or lower amount if it is deemed to be in the interests of the unitholders. Objectives regarding the size of the dividend are stated in the Information Brochure.

Dividends will be distributed to unitholders in share class C who are registered unitholders on the distribution day determined by the Management Company. Dividends must, where applicable, take place during the month of April after the end of the financial year.

The dividend is reinvested in the Fund after deduction of tax that must be withheld by law on dividends to the unitholder. Unitholders can, however, after written notification to the Management Company no later than ten days before the fixed dividend date, have the dividend paid in cash to a notified bank account after deduction of tax.

## **§ 13 The Fund's financial year**

The Fund's financial year is the calendar year.

#### **§ 14 Half-yearly and annual reports, amendments to fund rules**

The half- yearly and annual reports for the Fund shall be made available by the Management Company within two months and four months, respectively, from the end of the reporting period. The half-yearly and annual reports will be sent to the unitholders, unless otherwise requested.

After approval of amendments to the fund rules by The Swedish Financial Supervisory Authority, the amended fund rules shall be made available at the Management Company and at the Depository. Furthermore, they shall be made public in a manner stipulated by The Swedish Financial Supervisory Authority.

#### **§ 15 Pledging and assignment**

Pledging of fund units shall be reported in writing to the Management Company. The notification shall state who is the unitholder, the name of the pledgee, which units are being pledged and any restrictions in the scope of the pledge.

The Management Company shall notify the unitholder in writing that the pledge has been registered in the unitholder's register. The pledgee shall notify the Management Company in writing when the pledge has expired.

#### **§ 16 Limitation of liability**

In the event that the Depository or a custodian bank has lost financial instruments held in custody by the Depository during the agreement entered into between the Management Company and the Depository, the Depository shall without undue delay return financial instruments of the same type or issue in an amount corresponding to the value of such financial instrument to the Fund Company on behalf of the Fund. However, the Depository is not responsible if the loss of the financial instruments is caused by an external event beyond the Depository's reasonable control and the consequences of which were impossible to avoid despite all reasonable efforts being made. Furthermore, the depository is not responsible for damage caused by Swedish or foreign legislation, Swedish or foreign authority action, war event, strike, blockade, boycott, lockout or other similar circumstance. The provision regarding strikes, blockades, boycotts and lockouts applies even if the Depository is subject to or itself takes such conflict measures.

The Depository is not liable for damages other than such damage as specified in the first section, unless the Depository intentionally or negligently caused such damages. The Depository institution is also not responsible for such damages if the circumstances stated in the first section exist.

The Depository is not responsible for damage caused by - a Swedish or foreign - stock exchange or other execution venue, registrar, clearing organization or others that provide similar services, and - as far as damages other than loss of custodial financial instruments - nor for damage caused by custodian bank or other contractor that the Depository has engaged with due skill, diligence and care and regularly supervises, or that has been appointed by the Management Company. The Depository is not responsible for damage caused by the aforementioned organizations or contractors becoming insolvent. However, an assignment agreement regarding the safekeeping of assets and control of ownership does not absolve the Depository of its responsibility for losses and other damage according to the fund legislation. The Depository is not responsible for damage that occurs to the Management Company, unitholders in the Fund, the Fund or others due to restrictions on disposal that may be applied against the Depository regarding financial instruments.



In no case is the Depositary responsible for indirect cost, damage or loss.

If there is an obstacle for the Depositary to fully or partially implement a measure due to a circumstance specified in the first section, the measure may be postponed until the obstacle has ceased. In the event of deferred payment, the Depositary shall not pay late payment interest. If interest is confirmed, the Depositary must pay interest according to the interest rate that applied on the due date.

If, as a result of a circumstance specified in the first section, the Depositary is prevented from receiving payment for the Fund, the Depositary is entitled to interest for the time during which the obstacle existed only according to the conditions that applied on the due date.

If, as a result of such a circumstance above, the Management Company is prevented from executing or receiving payment, the Management Company and the unitholder shall not be obliged to pay late payment interest. Corresponding exemption from the obligation to pay interest on late payment also applies if the Management Company temporarily postpones the date of sale or redemption of units in application of § 10.

The above limitations of liability do not restrict the unitholder's right to damages according to Chapter 3, Article 14-16 LVF.

The Management Company is liable for damages according to Chapter 2, Article 21 LVF.

## **§ 17 Additional information**

The Fund or the units in the Fund are not and are not intended to be registered in accordance with the United States Securities Act 1933 or the United States Investment Companies Act 1940 or other applicable legislation in the United States.

Units in the Fund (or rights to fund units) may not or will not be offered, sold or otherwise distributed to or on behalf of a U.S. Persons (as defined in Regulation S of the United States Securities Act and interpreted in the United States Investment Companies Act of 1940).

Units in the Fund may also not be offered, sold or otherwise distributed to natural or legal persons if, in the Management Company's judgment, this would mean or result in a risk of violation of Swedish or foreign law or constitution, that the Management Company must take special registration or other measures or significant disadvantages are incurred from a fiscal or financial point of view and this cannot reasonably be demanded by the Management Company, or that the Fund incurs damage or costs that are not in the interests of the unitholders.

Anyone who wishes to acquire units in the Fund must inform the Management Company of their national residence. Unitholders are also obliged to, where applicable, notify the Management Company of any changes in national residence.

Purchasers of units in the Fund must further confirm to the Management Company that he or she is not a U.S. Person and that units in the Fund are acquired through a transaction outside the United States in accordance with Regulation S. Subsequent transfer of the units or rights to them may only be made to a non-US person and must take place through a transaction outside the United States that is subject to exceptions according to Regulation S.

If the Management Company deems that it does not have the right to offer, sell or otherwise distribute units in the Fund as above, the Management Company has the right to refuse

execution of an order to purchase units in the Fund, and where applicable, without prior consent, to redeem such unitholder's units in the Fund on his behalf and thus pay additional assets to him.