FIM ASSET MANAGEMENT LTD
GIPS REPORT

2012–2016

FIM

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1 INTRODUCTION

The purpose of this document is to present the investment performance of FIM Asset Management in a standardized manner in compliance with the Global Investment Performance Standards (GIPS).

GIPS are global standards for calculating and presenting investment performance, the main objective of which is to improve fairness and comparability of investment management results. GIPS have become an important tool in evaluation of investment managers throughout the world.

1.1 SUMMARY OF THE GLOBAL INVESTMENT PERFORMANCE STANDARDS

In April 1999 the Association of Investment Management and Research (AIMR) published the Global Investment Performance Standards (GIPS). Since then the standards have been revised and updated in 2005 and 2010.

GIPS are ethical investment performance presentation standards for investment managers to ensure fair representation and full disclosure of investment managers' performance. In order to claim GIPS compliance, firms are required to follow all the requirements, but they are also strongly encouraged to adopt the recommendations to achieve best practice in performance presentations.

GIPS are divided into five sections: Input Data, Calculation Methodology, Composite Construction, Disclosures and Presentation and Reporting.[1]

1.2 GIPS COMPLIANCE STATEMENT

FIM Asset Management Ltd has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS). In accordance with the GIPS Policy of FIM Asset Management Ltd, verification of GIPS compliance will be carried out on an annual basis. The data of this GIPS Compliance Report has been verified until 31 December, 2016.

[1] For further information about GIPS, see the following web site: http://www.gipsstandards.org/

1.3 VERIFICATION REPORT

EY
Building a better working world

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Independent auditor's report on GIPS verication of FIM Asset Management Ltd

We have verified FIM Asset Management Ltd's GIPS report 2016, covering period from 1 January 2012 to 31 December 2016.

Management's responsibility
It is management's responsibility that requirements under GIPS (Global Investment Performance Standards) are complied with and that recommendations are acted upon to the widest extent possible.

Our responsibility
It is our responsibility to express an opinion on the GIPS report, based on our verification.

Limitation of scope
Our verification relates to the FIRM FIM Asset Management Ltd.

Procedures performed
We performed our verification in accordance with the directions laid down in the GIPS standards dated 29 March 2010.

We checked the delimitation and structure of composites and benchmarks for composites.

We reviewed business processes and routines as well as computation models for purposes of assessing if they are suited for ensuring compliance with the GIPS requirements and recommendations. We reviewed FIM Asset Management Ltd's business process relating to GIPS on which the GIPS implementation is based.

We checked sample basis, whether key controls and reconciliation procedures have been working as stipulated in the business procedures. In that connection we reviewed, on a sample basis, procedures and the fundamental data on the entire period.

Compliance whit the GIPS requirements calls for current, correct implementation of the requirements. We reviewed the registration made, yield computations and risk ratios as well as the presentation of same in the report in order to assess whether GIPS standards have been fulfilled.

We consider our verification to be sufficient for purpose of expressing the below opinion.

Conclusion
Based on our verification, we have not become aware of any matters invalidating that

- FIM Asset Management Ltd has complied with all the composite construction requirements of GIPS standards on a FIRM-wide basis, and
- FIM Asset Management Ltd's policies and procedures are designed to calculate and present performance in compliance with GIPS standards.

Helsinki 17.5.2017

Ernst & Young Oy

Tuomas Rahkamaa
Authorized Public Accountant

2 DESCRIPTION OF FIM ASSET MANAGEMENT LTD

2.1 DEFINITION OF THE FIRM

It is required that the application of GIPS is done on a firm-wide basis. Thus, the investment management firm which claims compliance must state how it defines itself as a "Firm".

For the purposes of the GIPS, the firm is defined as FIM Asset Management Ltd. The firm comprises all discretionary asset management mandates from institutional clients.

As institutional clients are considered all investors whose juridical form is public limited company, mutual insurance company, savings bank, pension trust, voluntary association, mutual indemnity insurance association, economic association, government authority, government enterprise, body governed by public law, state church, other religious body or the client is managed within the institutional client handling model.

2.2 TOTAL ASSETS UNDER MANAGEMENT

The table below presents total assets under management by the Firm at the end of each period.

Total assets under management by the Firm (GIPS AuM)

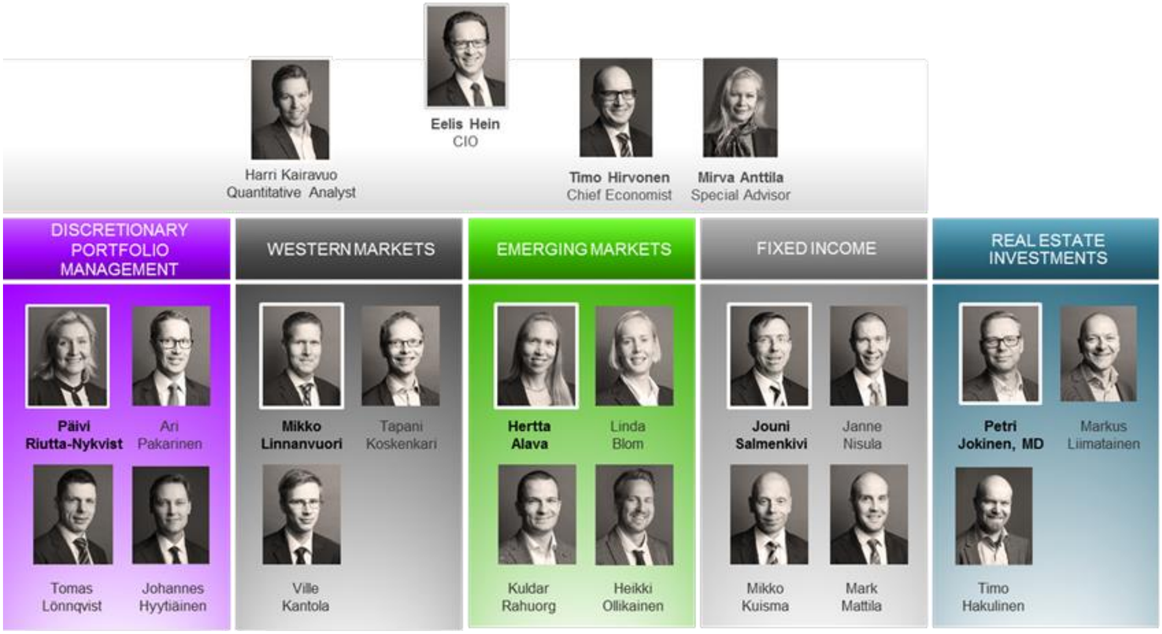
Date	Market value (MEUR)
31 Dec, 2012	260,7
31 Dec, 2013	325,5
31 Dec, 2014	380,8
31 Dec, 2015	419,8
31 Dec, 2016	425,9

2.3 INVESTMENT STYLE AND TEAM

The investment style of FIM Asset Management is based on our strong belief that active investment decisions based on systematic research and asset allocation process will generate value and lead to a superior risk-adjusted returns. Our investment style is characterized by the objective of always adding value: we differ actively from the benchmark and our research process is designed in a way that allows us to react proactively to changes in investment landscape. We take active positions on the overall risk-level of the portfolio by weighting asset classes (equities, fixed income, alternatives), regions within the asset classes, currencies, risk factors, investment styles and individual instruments. Risk management is a key part of our investment process. We always consider the risk contribution of our positioning, but do not have specific constraints on portfolio tracking error.

Investment decisions are always based on the asset allocation view of FIM Asset Management. We have a rolling 3-6 month investment horizon in our tactical investment decision. We have differentiated three key factors, which we believe drive asset class returns over our investment horizon: economic fundamentals, risk sentiment and valuation. Correct assessment of the economic cycle is the cornerstone in our investment process. We have developed different macroeconomic models, which typically anticipate changes in economic conditions by around 6 months. We believe that markets are relatively efficient on a longer time-horizon, but short-term dislocations from fundamental do happen regularly. To time our investment decisions, we have developed several quantitative models, which help us spot market dislocations, when investors have either over or underreacted to changes in investment landscape. Thirdly, we look at valuations especially in our relative positioning within asset classes. We recognize that valuation is generally a poor timing tool, but do consider the valuation to be an important tool when assessing the risks and potential impact of specific events.

The portfolio management team at FIM Asset Management is one of the largest in Finland. We have 20 investment professionals working at our company with an average investment experience of 17 years.



2.4 DESCRIPTION OF THE ORGANIZATION AND SIGNIFICANT EVENTS

The following information about the organization and significant events is disclosed to support the interpretation of the performance history.

FIM's predecessor company, Finanssimeklarit Oy, was established in 1987. After changes in ownership, the name of the company was changed to FIM Securities Ltd in November 1992.

In 1994 business operations were expanded through the establishment of FIM Asset Management Ltd. In the same year FIM's first mutual fund, FIM Forte, was established. The first Russia-focused mutual fund in Finland, FIM Russia, was established in 1998.

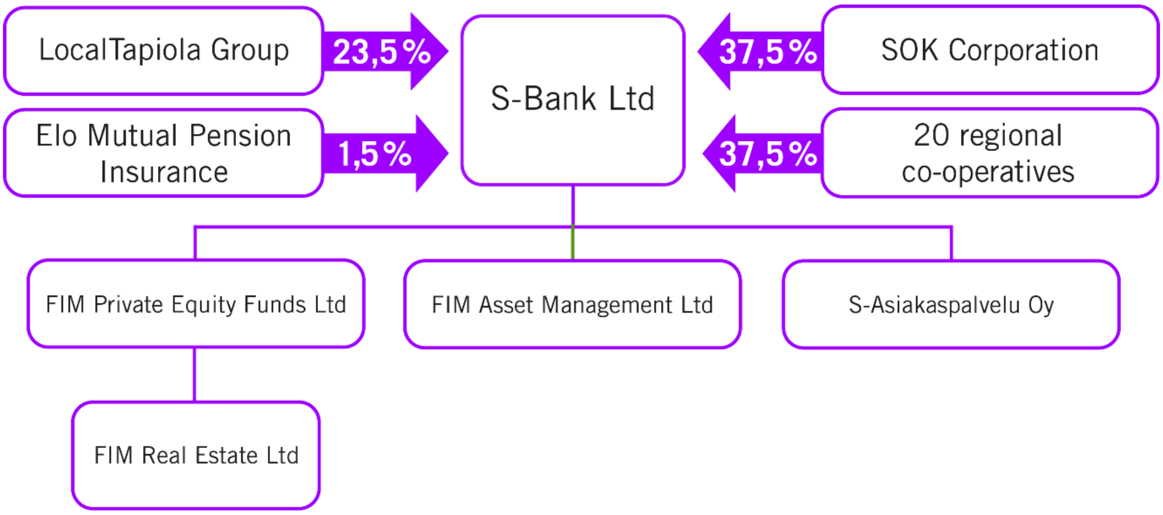
The Group's legal structure was reorganised in 2003. The name FIM Securities Ltd was changed to FIM Group Corporation, which became an administrative company for the Group.

In 2004 FIM established a subsidiary in Moscow. During the following year FIM Asset Management Ltd established a branch office in Stockholm in March and in October 2005, the company was changed from a private limited liability company to a public limited company, FIM Group Corporation.

FIM Group Corporation was listed on the Helsinki Stock Exchange in April 2006. Over the following year FIM was passed into foreign ownership and its shares were delisted from the Helsinki Stock Exchange on 17 August 2007.

In the autumn 2008 the executive management acquired the share capital of the company and changed its name back to FIM. At the end of the year, FIM discontinued its subsidiaries in Russia and its corporate finance function.

In 2013 S-Bank acquired 51% of FIM. By joining forces, S-Bank and FIM were able to offer a broader range of services, and in 2016 S-Bank acquired the rest of FIM.



3 COMPOSITES

3.1 DEFINITION OF A COMPOSITE

One important requirement of GIPS is that performance is to be presented separately for each composite.

Composites are defined according to investment mandate, objective or strategy. Composites include all discretionary, fee-paying portfolios and funds that meet the composite definition. FIM Asset Management Ltd maintains a complete list of composite descriptions, including all composites that have closed within the past five years. The firm's list of composite descriptions will be provided to any client or prospective client who requests it.

Composites include new portfolios at the beginning of the first full month under management provided that the portfolio is fully invested. Terminated portfolios are included in the historical performance of appropriate composites through the last full month under management. Portfolios that switch composites due to strategy changes are removed from composites at the end of the last month under the old mandate and are eligible for re-inclusion in composites at the beginning of the first full month after the change.

Information about the composites is presented in the following with the aim of providing a thorough and transparent presentation of performance over time.

3.2 INVESTMENT STRATEGIES AND OBJETIVES OF COMPOSITES

The investment objectives and strategies of the operating composites on 31.12.2016 are presented in the table below. The complete list of composite descriptions will be provided to any client or prospective client who requests it.

Global Low Risk Composite	Low risk composite includes all institutional balanced mandates that invest in a well-diversified portfolio of global fixed income and equities with the aim of steady long-term capital growth and income with low aggregate level of risk. Although the composite strategy allows for equity risk exposure to range between 0–30%, the typical equity allocation is around 20%. We have set no minimum size requirement for the portfolios included in the composite. The composite benchmark is calculated as the asset-weighted average of the individual client benchmarks agreed with customer. If no individual benchmark has been agreed with customer, composite benchmark used is 25% MSCI AC World Index Daily, 15% Merrill Lynch EMU Corporate Index , 7.5% BofA Euro Government Index, 7.5% BofA Euro High Yield Index, 7.5% J.P. Morgan EMBI Global Diversified Index, 37.5% Bloomberg Euro Cash Index Libor Tr 1 Mth. The benchmark is rebalanced monthly.

Global Neutral Risk Composite	Neutral risk composite includes all institutional balanced mandates that invest in a well-diversified portfolio of global equities and fixed income with the aim of long-term capital growth and steady income with medium aggregate level of risk. Although the composite strategy allows for equity risk exposure to range between 30–70%, the typical equity allocation is around 50%. We have set no minimum size requirement for the portfolios included in the composite. The composite benchmark is calculated as the asset-weighted average of the individual client benchmarks agreed with customer. If no individual benchmark has been agreed with customer, composite benchmark used is 50% MSCI AC World Index Daily, 10% Merrill Lynch EMU Corporate Index , 5% BofA Euro Government Index, 5% BofA Euro High Yield Index, 5% J.P. Morgan EMBI Global Diversified Index, 25% Bloomberg Euro Cash Index Libor Tr 1 Mth. The benchmark is rebalanced monthly.
Global High Risk Composite	High risk composite includes all institutional balanced mandates that invest in a well-diversified portfolio of global equities and fixed income with the aim of aggressive long-term capital growth and income with high aggregate level of risk. Although the composite allows for equity risk exposure to range between 70–100%, the typical equity allocation is around 80%. We have set no minimum size requirement for the portfolios included in the composite. The composite benchmark is calculated as the asset-weighted average of the individual client benchmarks agreed with customer. If no individual benchmark has been agreed with customer, composite benchmark used is 85% MSCI AC World Index Daily, 3% Merrill Lynch EMU Corporate Index , 1.5% BofA Euro Government Index, 1.5% BofA Euro High Yield Index, 1.5% J.P. Morgan EMBI Global Diversified Index, 7.5% Bloomberg Euro Cash Index Libor Tr 1 Mth. The benchmark is rebalanced monthly.

4 CALCULATION AND PRESENTATION OF PERFORMANCE

FIM uses TWR-calculation (time-weighted-return) to calculate the return for every portfolio. Returns include every market price changes, daily transactions and accrued interests from fixed income instruments. Cash and cash equivalents are included into portfolio and interests are included on a monthly basis. The dividends are calculated on ex-date.

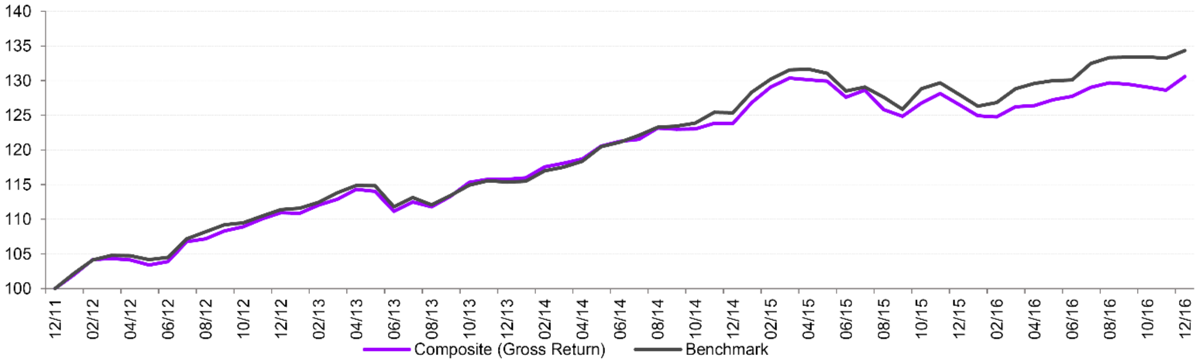
The portfolios are valued every banking day so there is also a calculated TWR-return for each day. These daily returns can then be geometrically linked to calculate portfolio return over any period of time. In the composite performance calculations FIM uses monthly portfolio returns.

FIM presents both gross-of-fees and net-of-fees returns in the composite reports. Gross-of-fee return is presented after deduction of direct trading expenses but before deduction of asset management fees (asset management fees include custody fees) and fund management fees of funds managed by FIM Asset Management Ltd. Net-of-fees return is presented after deductions of asset management fees and fund management fees of funds managed by FIM Asset Management Ltd.

GLOBAL LOW RISK COMPOSITE
FIM ASSET MANAGEMENT LTD

1 JANUARY 2012 TO 31 DECEMBER 2016, REPORTING CURRENCY: EUR

Year	Composite Gross Return %	Composite Net Return %	Benchmark Return %	Composite 3yr Standard Deviation %	Benchmark 3yr Standard Deviation %	Internal Dispersion %	No. of Portfolios	Composite Assets (EURm)	% of GIPS Assets
2016	3,18 %	3,16 %	4,94 %	3,45 %	3,51 %	1,08 %	10	133	31 %
2015	2,19 %	2,03 %	2,10 %	3,85 %	3,86 %	2,09 %	10	131	31 %
2014	6,96 %	6,67 %	8,67 %	3,29 %	3,19 %	1,68 %	12	127	33 %
2013	4,36 %	4,03 %	3,56 %	N/A	N/A	2,63 %	7	72	22 %
2012	10,06 %	9,67 %	10,46 %	N/A	N/A	2,16 %	7	51	19 %



COMPLIANCE STATEMENT

FIM Asset Management Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. FIM Asset Management Ltd has been independently verified for the periods 1.1.2012–31.12.2016. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

DEFINITION OF THE FIRM

For the purposes of the GIPS®, the firm is defined as all assets managed by FIM Asset Management Ltd via tailored asset management for institutional clients.

POLICIES

FIM Asset Management Ltd's policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

COMPOSITE DESCRIPTION

Low risk composite includes all institutional balanced mandates that invest in a well-diversified portfolio of global fixed income and equities with the aim of steady long-term capital growth and income with low aggregate level of risk. Although the composite strategy allows for equity risk exposure to range between 0-30 %, the typical equity allocation is around 20 %. We have set no minimum size requirement for the portfolios included in the composite.

BENCHMARK

The composite benchmark is calculated by asset-weighting each portfolio's individual benchmark agreed with customer. If no individual benchmark is agreed with customer, composite benchmark used is 25 % MSCI AC World Index Daily, 15 % Merrill Lynch EMU Corporate Index, 7,5 % BofA Euro Government Index, 7,5 % BofA Euro High Yield Index, 7,5% J.P. Morgan EMBI Global Diversified Index, 37,5 % Bloomberg Euro Cash Index Libor Tr 1 Mth. The benchmark is rebalanced monthly.

FEES

Returns are presented gross of management fees, custodial fees, and withholding taxes but net of all trading expenses.

LIST OF COMPOSITES

A list of all composite descriptions is available upon request.

FEE SCHEDULE

The firm provides tailored asset management where fees are negotiable for clients. The firm has not list prices for fees.

INTERNAL DISPERSION

Internal dispersion is calculated using the equal-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. For those years when less than six portfolios were included in the composite for the full year, no dispersion measure is presented.

EX-POST STANDARD DEVIATION

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.

FIM

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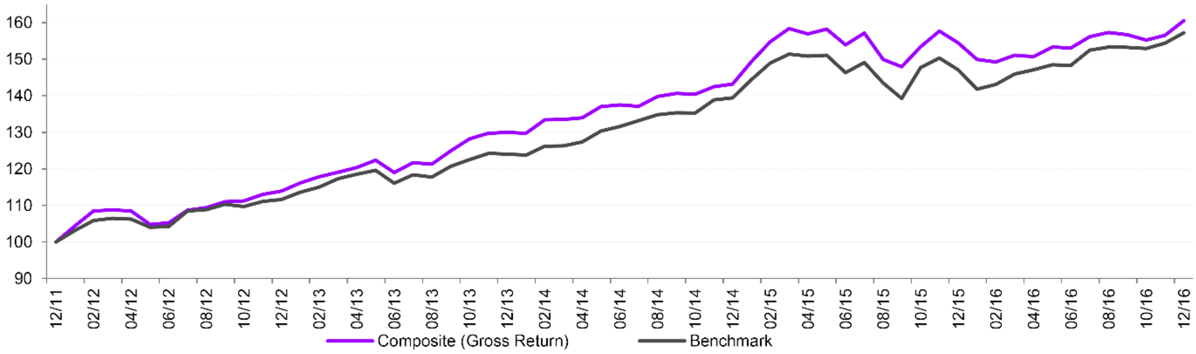
GLOBAL NEUTRAL RISK COMPOSITE
FIM ASSET MANAGEMENT LTD

1 JANUARY 2012 TO 31 DECEMBER 2016, REPORTING CURRENCY: EUR

Year	Composite Gross Return %	Composite Net Return %	Benchmark Return %	Composite 3yr Standard Deviation %	Benchmark 3yr Standard Deviation %	Internal Dispersion %	No. of Portfolios	Composite Assets (EURm)	% of GIPS Assets
2016	3,94 %	3,58 %	6,88 %	6,70 %	7,00 %	0,89 %	29	129	30 %
2015	7,85 %	7,20 %	5,52 %	6,75 %	6,89 %	1,23 %	30	127	30 %
2014	10,18 %	9,46 %	12,35 %	5,47 %	4,74 %	2,12 %	26	108	28 %
2013	14,12 %	13,30 %	11,16 %	N/A	N/A	2,60 %	24	101	31 %
2012	13,02 %	12,28 %	11,11 %	N/A	N/A	2,28 %	21	88	34 %



COMPLIANCE STATEMENT

FIM Asset Management Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. FIM Asset Management Ltd has been independently verified for the periods 1.1.2012–31.12.2016. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

DEFINITION OF THE FIRM

For the purposes of the GIPS®, the firm is defined as all assets managed by FIM Asset Management Ltd via tailored asset management for institutional clients.

POLICIES

FIM Asset Management Ltd's policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

COMPOSITE DESCRIPTION

Neutral risk composite includes all institutional balanced mandates that invest in a well-diversified portfolio of global equities and fixed income with the aim of long-term capital growth and steady income with medium aggregate level of risk. Although the composite strategy allows for equity risk exposure to range between 30-70 %, the typical equity allocation is around 50 %. We have set no minimum size requirement for the portfolios included in the composite

BENCHMARK

The composite benchmark is calculated by asset-weighting each portfolio's individual benchmark agreed with customer. If no individual benchmark is agreed with customer, composite benchmark used is 50 % MSCI AC World Index Daily, 10 % Merrill Lynch EMU Corporate Index, 5 % BofA Euro Government Index, 5 % BofA Euro High Yield Index, 5% J.P. Morgan EMBI Global Diversified Index, 25 % Bloomberg Euro Cash Index Libor Tr 1 Mth. The benchmark is rebalanced monthly.

FEES

Returns are presented gross of management fees, custodial fees, and withholding taxes but net of all trading expenses.

LIST OF COMPOSITES

A list of all composite descriptions is available upon request.

FEE SCHEDULE

The firm provides tailored asset management where fees are negotiable for clients. The firm has not list prices for fees.

INTERNAL DISPERSION

Internal dispersion is calculated using the equal-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. For those years when less than six portfolios were included in the composite for the full year, no dispersion measure is presented.

EX-POST STANDARD DEVIATION

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.

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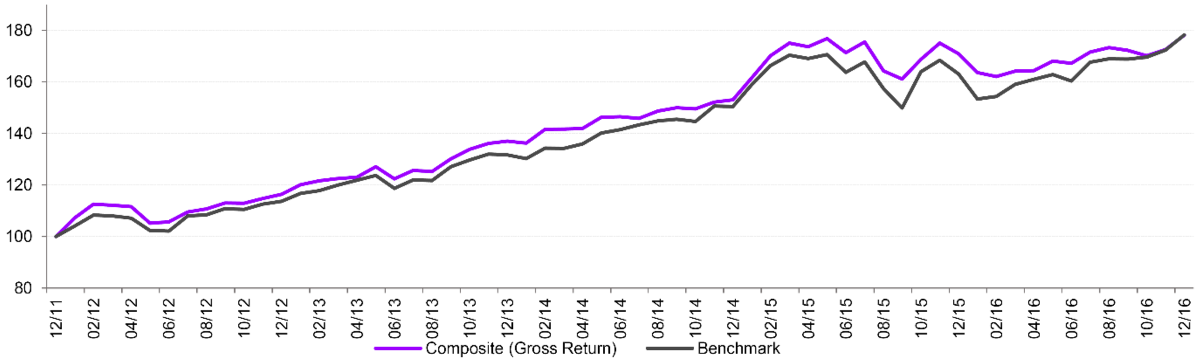
GLOBAL HIGH RISK COMPOSITE
FIM ASSET MANAGEMENT LTD

1 JANUARY 2012 TO 31 DECEMBER 2016, REPORTING CURRENCY: EUR

Year	Composite Gross Return %	Composite Net Return %	Benchmark Return %	Composite 3yr Standard Deviation %	Benchmark 3yr Standard Deviation %	Internal Dispersion %	No. of Portfolios	Composite Assets (EURm)	% of GIPS Assets
2016	4,25 %	2,35 %	8,88 %	8,98 %	12,98 %	0,66 %	14	167	36 %
2015	11,64 %	9,59 %	9,20 %	8,99 %	12,40 %	2,88 %	14	160	38 %
2014	11,74 %	9,94 %	12,71 %	7,96 %	9,05 %	2,62 %	14	167	41 %
2013	17,69 %	15,73 %	21,01 %	N/A	N/A	5,32 %	15	164	46 %
2012	14,73 %	12,96 %	12,16 %	N/A	N/A	2,68 %	17	150	49 %



COMPLIANCE STATEMENT

FIM Asset Management Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. FIM Asset Management Ltd has been independently verified for the periods 1.1.2012–31.12.2016. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

DEFINITION OF THE FIRM

For the purposes of the GIPS®, the firm is defined as all assets managed by FIM Asset Management Ltd via tailored asset management for institutional clients.

POLICIES

FIM Asset Management Ltd's policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

COMPOSITE DESCRIPTION

High risk composite includes all institutional balanced mandates that invest in a well-diversified portfolio of global equities and fixed income with the aim of aggressive long-term capital growth and income with high aggregate level of risk. Although the composite allows for equity risk exposure to range between 70-100 %, the typical equity allocation is around 80 %. We have set no minimum size requirement for the portfolios included in the composite.

BENCHMARK

The composite benchmark is calculated by asset-weighting each portfolio's individual benchmark agreed with customer. If no individual benchmark is agreed with customer, composite benchmark used is 85 % MSCI AC World Index Daily, 3 % Merrill Lynch EMU Corporate Index, 1,5 % BofA Euro Government Index, 1,5 % BofA Euro High Yield Index, 1,5% J.P. Morgan EMBI Global Diversified Index, 7,5 % Bloomberg Euro Cash Index Libor Tr 1 Mth. The benchmark is rebalanced monthly.

FEES

Returns are presented gross of management fees, custodial fees, and withholding taxes but net of all trading expenses.

LIST OF COMPOSITES

A list of all composite descriptions is available upon request.

FEE SCHEDULE

The firm provides tailored asset management where fees are negotiable for clients. The firm has not list prices for fees.

INTERNAL DISPERSION

Internal dispersion is calculated using the equal-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. For those years when less than six portfolios were included in the composite for the full year, no dispersion measure is presented.

EX-POST STANDARD DEVIATION

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.

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4.1 VALUATION OF COMPOSITES AND BENCHMARKS

Investment assets included in the client portfolios in individual asset management, namely securities, money market instruments and standardized derivative contracts, are valued at market value, which is the last available closing price at the time of valuation. Investment funds are valued at the last fund value available at the time of valuation. When it is not possible to obtain a market value for investment assets continuously, they are valued using the objective principles defined by FIM Asset Management Ltd.

4.2 VALUATION OF SHARES

4.2.1 A SHARE'S LAST TRANSACTION PRICE AND BUYING OR SELLING QUOTATION

Shares are valued at market value either at the official closing price on the date or the last transaction price preceding the valuation. If no such reference rate exists on the valuation date, the last available transaction price shall be used, provided this is between the buying and selling quotations. If the last transaction price is higher than the selling quotation or lower than the buying quotation, either the buying or the selling quotation shall be used, depending on which is closer to the last transaction price. If necessary, pricing can also be checked from a parallel exchange where the security was quoted.
If a transaction price is not available for the valuation date, or only a unilateral buying quotation is available, the last available transaction price will be used, provided that the buying quotation is lower than the last transaction price. If a unilateral buying quotation is higher than the last available transaction price, the buying quotation will be used.

If a transaction price is not available for the valuation date and only a unilateral selling quotation is available, the last available transaction price will be used, provided that the selling quotation is higher than the last transaction price. If a unilateral selling quotation is lower than the last available transaction price, the selling quotation will be used.

If the last transaction price is not available, the valuation methods mentioned above will be used for no longer than two weeks. When the two-week period ends, the valuation methods specified in section 4.2.2 for the valuation of illiquid shares will be used.

If a share's transaction price has not changed for five days or substantial changes have occurred in conditions related to a security, it will be taken under special monitoring. In this case, the valuation methods for illiquid shares, discussed in subsection 4.2.2 will be taken into use if necessary.

4.2.2 ILLIQUID SHARES

If a market place is open and only occasional quotations are obtained for a security, the parameters employed for valuation are reviewed at least twice a month. If a last transaction price from the previous two-week period is not available at the time of valuation, the valuation will be carried out in accordance with the following principles:

a) If both a bid and offer quotation, or only a unilateral bid quotation, are available for a share, the share is valued at the price of the bid quotation.

b) If a bid quotation is not available for a share, or an existing bid quotation is not considered reliable, a comparison group can be established for a security, in which case the valuation is carried out in accordance with subsection 4.2.2.

Other valuation principles can also be used case-specifically. If significant changes have occurred in the conditions related to a share since the last quotation, this change shall be taken into account in the market value on the basis of prices of similar shares at the time of valuation. If it can be shown that the last quotation is not a current value (for example, because it does not represent an amount that would be gained or paid in an emergency sale, compulsory liquidation or distress sale), the price will be adjusted.

4.2.3 BINDING BID OFFER FOR A SHARE ISSUED BY A MARKET MAKER

If a share is not subject to public trading, its market value can be considered to be the price quoted by a securities broker, where the securities broker continuously issues binding bid offers for a number of shares whose market value is sufficient.

4.2.4 TRANSACTIONS OUTSIDE PUBLIC TRADING

A share value may be adjusted on the basis of transactions taking place outside public trading, provided that

a) reliable information about the transaction is obtained from an acceptable source,

b) the transaction is genuine, and not an internal arrangement between owner groups,

c) the transaction volume can be considered significant for price formation.

4.2.5 SECONDARY SALE OR ISSUE

Situations where the issuer sells shares to investors are also taken into account in the determination of market prices for shares. Especially when shares are sold to new investors, the information about the share price can be considered a reliable market price, on the basis of which the share valuation is adjusted.

4.2.6 INITIAL PUBLIC OFFERING OR SALE

If a company is becoming listed and shares are offered for purchase or subscription in connection with the listing and maximum and minimum limits are set for the shares on offer, the share valuation must be adjusted to be within the new price limits. Once the listing has been completed, the valuation is always adjusted to the actual price. Should an initial public offering or a sale be cancelled, the share value shall be adjusted downwards, using the lower limit of the price bracket, issued in connection with the cancelled listing, as the maximum price of the share.

4.2.7 A SHARE'S COMPARISON PRICE

A comparison group consisting of shares of companies operating in the same sector, which can be considered to be represent the general development of the sector, can be formed for share valuation purposes. In this case, the price of a security is formed on the basis of the comparison group and the recommendations of the pricing committee, which is responsible for the systematic monitoring of the comparison group.

The comparison group can be used on the following conditions:

a) It is possible to identify a group of 2–5 comparison companies from the same or similar business sector, listed primarily in the stock exchange of the target company's home location. A market value-weighted average shall be used in the calculation of the average describing the development of the share values of the comparison group, if possible.

b) A share's valuation level shall be adjusted if the average consisting of the share value development of the companies in the comparison group has changed at least 20% since the last adjustment of the share value. The development of the share values of the comparison group is monitored every two weeks.
c) The comparison group shall be monitored systematically and, if necessary, it may be reviewed again and adjusted, for example, in a situation where exceptional information is obtained concerning an individual company belonging to the comparison group.

d) Share valuation based on a comparison group may be overlooked on the basis of exceptional information pertaining to the target company, if this positive or negative information can be considered, with good reason, to only concern the company itself. Such exceptional information may be, for example, a declaration of a corporate acquisition, merger, reorganization, liquidation, a strong growth or decrease of market share or other measure that can be considered, with good reason, to affect the company in question but not the valuation of the business sector represented by the comparison group. If it is not possible to form an appropriate comparison group, a business-sector specific index or a general index of the company's home location may be taken into account in the valuation of the share. In this case, the share's valuation shall be adjusted in accordance with section b).

4.3 VALUATION OF MONEY MARKET INSTRUMENTS

Money market instruments with maturity of less than one year (certificates of deposits, commercial papers and debt obligations) shall be valued at the last available bid quotation on the valuation date. If no bid quotation is available for a money market instrument, the instrument is valued at market value, which is the benchmark interest rate quoted on the valuation date closest to the remaining maturity of the money market instrument plus a security-specific credit spread..

The credit spread is determined by calculating the difference between the yield based on the market price of the instrument and the benchmark interest rate with a corresponding maturity to the money market instrument. The credit spread shall be defined at the time of purchase. The credit spread may be adjusted if the market situation requires, by requested binding bid quotations for the money market instrument from multiple market makers. However, the credit spread is reviewed monthly with the aim of obtaining a valuation that is as precise and accurate as possible.

4.4 VALUATION OF BONDS

As a last transaction price is usually not available for bonds, a centralised market price information system is used in their valuation. Pricing is usually based on an average price calculated by the system, for example, a Bloomberg generic price. It is also possible to use binding prices offered by individual counterparties (brokers) for pricing. If the above prices are not available or the Bloomberg price is different from the market price, indicative buying quotations by individual counterparties may be used in the valuation.

Only the quotations of relevant counterparties in each market are taken into account in the valuation of bonds. FIM Asset Management specifies the relevant counterparties on the basis of, for example, their good reputation, reliability, credit rating and other essential qualities. When the counterparties are selected, the feasibility of the transaction in terms of its size and amount shall be taken into account, among other things.

If an indicative buying quotation is not available for a bond, a theoretical pricing model, employing the Bloomberg BVAL calculator, shall be used for the valuation. The price produced by a theoretical valuation model shall be assessed critically in relation to other prices that may be available.

If the valuation of a bond has not changed within a period of five days or substantial changes occur in the conditions related to the bond, it shall be taken into close monitoring. In this case, a comparison group may be formed for the bond or theoretical modelling may be used for price determination.
The prices of inflation-protected bonds are reviewed daily and their valuation shall be adjusted, using an index factor produced by the market information system.

4.5 VALUATION OF CONVERTIBLE BONDS

A current quotation from a market information system is used in the valuation of convertible bonds. If such a quotation is not available, convertible bonds are valued by producing separate valuations for the bond and the right of conversion. The bond element is valued in the same way as other bonds. The models used are either Bloomberg calculators or a centralised market price information system.

4.6 VALUATION OF INVESTMENT AND ALTERNATIVE INVESTMENT FUND UNITS

Investment fund units and units in undertakings for collective investment in transferable securities shall be valued at the value of the valuation date established in accordance with the rules of the investment fund in question, if this is early enough for the completion of the valuation calculations.
If a value is not obtained early enough for our own value calculations, the units in investment funds and UCITS shall be valued at the last available value. Exchange traded funds are valued in accordance with the same principles as publicly traded shares.

Investment fund units for which a daily value is not available may also be valued at a preliminary value or estimate issued by the party responsible for the fund's management, if this is considered the most reliable assessment of the unit's value.

4.7 VALUATION OF SECURITIES LENDING AGREEMENTS

Securities given as a loan remain in the balance sheet and shall be valued in accordance with the rules at the market value of the underlying securities. Lent securities shall not be valued unless they are sold. Borrowed securities that have been sold shall be valued in accordance with the same principles as publicly traded shares.

4.8 VALUATION OF DERIVATIVE CONTRACTS

The derivative contracts used, such as share, index, interest rate and currency derivatives are primarily valued at market price. If no market price can be obtained for a derivative contract, if quotations are not available often enough, or if the quotations available cannot be considered reliable, the valuation can be based on a theoretically calculated value. Alternatively, a price may be requested from a market maker, in which case a buying price shall be used.

When determining theoretical values, the valuation shall be based on price parameters available from the market price information system and, for example, Bloomberg calculators. If the price parameters for the underlying security of the above mentioned derivative contract are not considered reliable, the price may be modelled on the basis of other observable parameters.

Non-standardized derivative contracts shall be valued in accordance with this guideline. If a market price is not available for derivative contracts, quotations are not regular enough, or the quotations cannot be considered reliable, valuation can be based on a theoretical calculation. The pricing committee shall verify the value of non-standardized derivative contracts when necessary.

When appropriate, value determination models based on widely approved principles and developed either by a third party or ourselves should always be used in the determination of non-standardised derivative contracts.

4.9 VALUATION OF REAL ESTATE AND REAL ESTATE SECURITIES

Real estate and real estate securities, other than those subject to public trading, shall be valued at market value. The market value is obtained from a real estate analyst approved by the Central Chamber of Commerce, who shall estimate the market value in accordance with the rules of good real estate analysis issued by the Finnish Association for Real Estate Valuation KA (Kiinteistöarvioinnin Auktorisointiyhdistys KA).

4.10 OTHER FAIR VALUE OF INVESTMENTS

An investment can also be valued at a so-called other fair value, if this is considered to provide the most reliable idea of the investment's value. For example, instead of the last transaction price for a share, a buying quotation on the valuation date may be used if this is considered to be the most objective value for the share's market value.

Similarly, a public, voluntary or compulsory bid offer may be a situation where other market value of the investments may be used. A security for which there is an approved bid offer is valued at its last available transaction price until the end of the offer period when the bid offer price becomes valid. After this, the agreed offer price, which will be paid on the payment date, shall be used for the security. Should the agreed sale expire after the offer period for some reason, the last transaction price shall again be used for the security.

4.11 INVESTMENT VALUATION AT ACQUISITION COST

If a market value cannot be determined for an investment and it is not possible to determine it reliably through other valuation methods, it shall be valued at acquisition cost, i.e. book value. The value of investments valued at acquisition cost must be actively monitored and adjusted when a reason for value adjustment arises. The value of investments valued at acquisition cost shall be reviewed twice a month.

4.12 COMPOSITE AND BENCHMARK RETURNS

Composite returns are calculated on a monthly basis by asset-weighting portfolio returns using beginning of month valuations. Consistent beginning and ending valuation dates are used for all periods. Monthly composite performance results are geometrically linked to obtain quarterly and annual results.

4.13 USE OF EXCHANGE RATES

The composite and benchmark performance are presented in euros. The portfolio, composite and benchmark returns that are denominated in other currencies than euro are converted to the reference currency using the relevant market exchange rates from Bloomberg at the time of 4.00 pm Great Britain, London time.

4.14 USE OF LEVERAGE AND DERIVATE INSTRUMENTS

Derivatives can be used by the underlying mutual funds invested in by the discretionary portfolios. In the underlying funds, derivatives are mainly for hedging purposes and to enhance the portfolio management process.

APPENDIX 1: FORMULAS USED FOR PERFORMANCE PRESENTATION

An Index of Composite Performance

For the purposes of composite construction, an index of individual composites' performance is created in the following way:

$$I_i = \left(\frac{NAV_i + D_i}{NAV_{i-1}}\right) * I_{i-1}$$

I_i = Index value, day i.
NAV_i = Net Asset Value, day i.
D_i = Dividend on day i.

If the composite pays dividends annually, D_i is zero on all but one day of the year. Index value is set to 100 for the first day of index calculation.

Composite Returns

Composite return for the period i is calculated as follows:

$$R_i = \left(\frac{I_i}{I_{i-1}} - 1\right) * 100$$

R_i = Return for period i
I_i = Composite index value for period i

Benchmark Returns for Benchmarks Consisting of Multiple Indices
Benchmark daily return is calculated as follows:

$$R_B = w_1 * R_1 + w_2 * R_2 + ... + w_n * R_n$$

R_B = Benchmark's return for day i
w_n = Index n's weight in the benchmark
R_n = Index n's daily return

Geometric Linking

The composite and benchmark returns are calculated in a way that renders the same result as geometric linking of daily returns.

$$R_t = (1 + R_{d,1}) \times (1 + R_{d,2}) \times (1 + R_{d,3}) \times ... \times (1 + R_{d,N}) - 1$$

where $R_{d,1}$, $R_{d,2}$,…,$R_{d,N}$ = daily returns 1,2,…N

Risk Measures

Volatility

Volatility is calculated as from monthly observations and annualized for each year of the reporting period.

$$\sigma_p = \sqrt{\frac{\sum_{i=1}^{n}(r_i - \bar{r})^2}{n-1}} * \sqrt{m}$$

σ = volatility
r_i = return on month i
$\bar{r}$ = average return for the reporting period
n = number of days in the reporting period
m = number of trading days per year