

# FUND-SPECIFIC RULES OF THE FIM ASSET MANAGEMENT 50 MUTUAL FUND



The rules consist of fund-specific rules and common rules in accordance with the UCITS directive on mutual funds.

These rules of FIM Asset Management 50 Fund are part of the prospectus of FIM Asset Management Ltd.

The Finnish Financial Supervisory Authority has confirmed these rules on 28 January 2020. These rules are valid as of 18 March 2020.

## 1 § NAME OF THE FUND

The name of the Fund is FIM Varainhoito 50 Sijoitusrahasto in Finnish, FIM Kapitalförvaltning 50 Placeringsfond in Swedish and FIM Asset Management 50 Fund in English (hereinafter "the Fund").

## 16 § INVESTMENT OF THE FUND'S ASSETS

The objective of the Fund's investment activity is to earn as high a return as possible over the long term by diversifying the assets within the confines of the Act on Common Funds and the rules of the Fund. The Fund has a benchmark index against which the Fund's return is compared. The Fund is actively managed. A significant share of the funds invested in are actively managed; additionally, the country and fixed-income class allocation as well as asset class allocation may differ from the benchmark index. The assets of the Fund are invested globally, mainly in units of existing mutual funds and UCITS, so that

- A) 20-80% of the Fund's assets are invested in equities and equity-related securities, as well as in mutual funds and UCITS that invest in said instruments; and
- B) 20-80% of the Fund's assets are invested in fixed-income securities and low-risk hedge funds, as well as in mutual funds and UCITS that invest in said instruments.

The Fund's assets may be invested in:

- 1) Units of mutual funds or UCITS that are authorised to operate in Finland or another member state of the European Economic Area and comply with the requirements of the UCITS directive based on the applicable laws of their domicile.
- 2) Units of Finnish non-UCITS funds and units of mutual funds and UCITS other than those authorised to operate in a member state of the European Economic Area as referred to in item 1 above or units in mutual funds authorised to operate in a third country. Assets may only be invested in said entities if they are, in accordance with the applicable laws of their domicile, supervised in accordance with principles that are comparable to EU legislation, and the co-operation between the regulatory authority and the Finnish Financial Supervisory Authority is sufficiently secured. It is further required that the level of protection for unit-holders and the regulations on asset segregation, borrowing, lending and uncovered sales of transferable securities or money market instruments in these non-UCITS and UCITS funds are equivalent to the requirements of the UCITS directive.

Assets of the Fund may only be invested in such funds and UCITS referred to in items 1–2 above that may not, according to their rules or articles of association, invest more than 10% of their assets in units of other mutual funds or UCITS. The fixed management fee of the mutual funds or UCITS that are the object of investment may not exceed 5%. In addition, the mutual funds and UCITS that are the object of investment may charge a performance-based management fee from the Fund.

No more than 20% of the assets of the Fund may be invested in units of any one mutual fund or non-

UCITS fund or the units of any one UCITS, and no more than 30% of the assets may be invested in non-UCITS funds or UCITS referred to in item 2. The Fund may purchase no more than 25% of the units of any one mutual fund or UCITS.

The Fund's assets may be invested in units in mutual funds managed by the Management Company referred to in items 1 and 2 above, but no subscription or redemption fee shall be charged to the Fund regarding these (except for any fees payable to the target fund).

- 3) Standard and non-standard derivative contracts whose underlying assets may be securities, money market instruments, interest rates, deposits in credit institutions, derivative contracts, financial indices, foreign exchange rates, or currencies. Currency derivatives may be used only for hedging currency risks. Other derivatives may be used both in order to make the portfolio management more efficient and for hedging purposes. The counterparty of a non-standard derivatives contract may be an entity whose financial stability is supervised in accordance with the principles specified in EU legislation, or an entity subject to and complying with regulations pertaining to financial stability that are comparable to EU legislation. These are credit institutions, investment firms and insurance companies in the European Economic Area and credit institutions in other OECD countries. Counterparty risks relating to investments in non-standard derivative contracts must not exceed 10% of the Fund's assets with any one counterparty, if such counterparty is a credit institution mentioned above, or 5% of the Fund's assets in the case of any other counterparty.

The standardised derivative contracts referred to in item 3 are subject to public trading on a stock exchange or on another regulated, regularly functioning and recognised market place that is open to the public in the European Economic Area or a member state of the OECD.

A list of the marketplaces in use at any given time is available from the Management Company.

- 4) Deposits in credit institutions, provided that such deposits are repayable on demand or can be withdrawn and become payable within 12 months at the latest, and that such institution is domiciled in the European Economic Area or in a member state of the OECD. No more than 20% of the Fund's assets may be invested in deposits accepted by any one credit institution.

The combined counterparty risk related to the securities or money market instruments of any one issuer along with any deposits accepted by it, or any non-standardised derivative contracts that expose the Fund to counterparty risk relating to said entity, may not exceed 20% of the Fund's assets.

The risk position of derivative contracts will be monitored daily on the basis of the collateral requirement and delta ratio of the exposure. Chained forward rate agreements are treated as one synthetic investment when calculating the

delta. The collateral requirement of derivative contracts may not exceed 30% of the value of the Fund.

The Management Company may borrow money in the name of the Fund for a short-term purpose related to fund operations, provided that such borrowings do not exceed 10% of the Fund's assets. The Fund must always have the liquid assets necessary to ensure continuous operations.

## 17 § MAXIMUM FEES FOR THE MANAGEMENT COMPANY AND CUSTODIAN

As compensation for its activities, the Management Company will receive a management fee that varies according to the unit class involved, the maximum being 1.5 per cent of the value of the fund unit class. The amount of the fee is calculated specifically for each individual unit class on each valuation day, based on the value of the unit class on the previous valuation day (1.5%/percentage-based fee/number of banking days in year). The amount is deducted daily from the value of the fund unit class in conjunction with the value calculation, and the fee is paid to the Management Company monthly in arrears. The management fee includes the custody fee that the Management Company pays to the custodian for the custody of the fund's securities and for other statutory tasks of a custodian. The Board of the Management Company will approve the exact sum of the management fee, which will be published in the fund prospectus valid at the time.

*This document is a translation. The Finnish Financial Supervisory Authority has confirmed these rules in Finnish. If there are any discrepancies between the translation and the original Finnish document, the Finnish document shall prevail.*