

Incentives

Introduction

Handelsbanken Fonder AB (the Management Company) conducts fund management activities and administers both securities funds (UCITS) as well as non-UCITS funds. The Management Company also conducts discretionary asset management for institutional investors.

In accordance with the regulations of the Financial Supervisory Authority that are based on EU directives, the Management Company may only pay or accept a fee, commission or incentives under certain stated conditions within its fund management activities.

Any payment made to or incentive provided by a third party must be designed to increase the quality of the fund management activities/services concerned and may not prevent the Management Company from safeguarding the interests of the unit holders or customers. Based on these criteria, the Management Company has reviewed those incentives paid or provided by the Management Company and has determined that they meet the regulatory requirements.

Information regarding such incentives that occur within the Management Company's activities is provided below. Detailed information will be provided free of charge to a unit holder or a customer in a discretionary asset management assignment upon request.

Remuneration within the scope of the fund management activities

The Management Company receives remuneration from the fund in the form of a management fee for the management of the fund. The management fee covers the Management Company's costs for management, administration, marketing, distribution, custody of securities, auditing and oversight. In the event the Management Company outsources an activity, such as the administration of certain funds, the management fee covers the payments made by the Management Company to the recipient of the assignment. The management fee is a predetermined amount and is expressed in percent of the fund's average value per year. The fee normally consists of a management fee at a fixed percentage, although there can also be a variable

fee (performance-based). The maximum fee that may be charged is stated in the fund rules for each fund and the current fee is stated in the information brochure.

In addition to remuneration in the form of a management fee, the fund also pays any estimated taxes, trading fees (commissions), settlement fees and corresponding transaction-related fees to third parties.

Remuneration from third parties for investments in funds of other fund management companies

The fund is compensated in full for the fixed management fees in underlying funds when the Management Company's funds invest assets in funds issued by other fund management companies within the Handelsbanken Group. When the Management Company's funds invest assets in funds issued by fund management companies external to the Handelsbanken Group, the fund is charged a management fee for the underlying funds. However, the Management Company can receive a discount (i.e., kickback) on the management fee in the funds of other fund management companies. This type of remuneration from external fund management companies is calculated as a percentage of each fund's management fee and is allocated in its entirety to the fund. Performance-based fees for underlying funds are not reimbursed by the Management Company.

Investments within discretionary asset management can occur in funds administered by other fund management companies within the Handelsbanken Group. In such cases, discounts may be applied to the management fee for each fund. The discount is calculated as a percentage of each fund's management fee. Such discounts are reinvested in new fund units within the scope of the fund administration assignment.

Remuneration to third parties for brokering the Management Company's funds

The Management Company also utilises distributors for brokering the Management Company's funds,

e.g., Svenska Handelsbanken AB. Brokerage remuneration from the Management Company to Svenska Handelsbanken AB is payable in an amount corresponding to 50 percent of the management fee related to the funds' primary share classes (A1/B1), while there are no or specified brokerage fees paid for other share classes.

The Management Company also utilises distributors external to the Handelsbanken Group for brokering the Management Company's funds. These distributors receive a brokerage fee in accordance with the distribution agreement concluded with the Management Company. The remuneration amount is calculated as a percentage of the management fee and is between 20 and 65 percent of this fee. Unit holders only pay a management fee to the Management Company in accordance with the percentage stated in the information brochure for each fund. The Management Company's exchange-traded funds (ETFs) do not pay any brokerage fees.

The remuneration received by Svenska Handelsbanken AB or the external distributor does not result in any additional costs for the customer. When a customer acquires a fund through Svenska Handelsbanken AB, the customer is notified of the terms of the agreement for the aforementioned incentives to Svenska Handelsbanken AB. When a customer acquires the Management Company's funds through a distributor external to the Handelsbanken Group, the distributor is responsible for independently reporting the incentives received from the Management Company in accordance with the distribution agreement and applicable legislation.

Distribution remuneration example

As a customer at an external distributor, units in a fund managed by the Management Company are purchased for SEK 10,000. The fund has an annual management fee of 1.2 percent. The remuneration paid by the Management Company to the external distributor for brokering the fund totals 40 percent of the management fee. The management fee paid as a customer in this case totals SEK 120 annually (SEK 10,000 x 1.2% = management fee of SEK 120), which is SEK 48 for the brokerage fee to the distributor (SEK 120 x 40% = SEK 48). Thus, the

brokerage remuneration does not result in any additional cost for the customer.

Securities loans

The securities funds of the Management Company are permitted to lend transferable securities (in practice, this refers to equities) at an amount equivalent to a maximum of 20 percent of the fund capital for the purpose of earning revenues from the lending. NonUCITS funds may also lend securities. The limits for lending are also 20 percent of fund capital as with UCITS funds, unless stated otherwise in the fund rules. The Management Company employs the services of JP Morgan SE – Luxembourg Branch (JPM) as the broker for securities loans for the purpose of optimising revenues from the securities lending. JPM receives remuneration for the brokerage services provided to the Management Company in an amount equivalent to a percentage of the premium paid by the borrower. The remaining portion of the premium is passed on to the lending fund. The lending occurs under market conditions, increases the quality of fund management and is in the best interest of the unit holders.

Revenues from securities lending are reported in the annual and semi-annual reports of the lending fund.

Other information

Detailed information is provided free of charge to a unit holder or a customer in a discretionary management assignment upon request. The Management Company refers to the following contact information to request additional information regarding incentives.

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